

Elekta Annual Report 2006/07



Fighting serious disease



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Further information

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Regulatory status of products

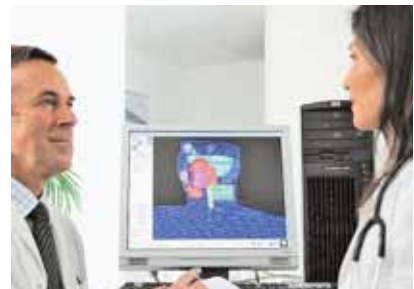
This document presents Elekta's product portfolio. Certain products or functionality described may be works in progress or pending regulatory approval for certain markets.

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Please fold out the flap on the back cover to see the table of contents while reading.

Elekta – a comprehensive provider of clinical solutions and information systems for treating cancer and brain disorders

- ▶ Elekta is an international medical technology group, providing oncologists, radiation therapists, neurosurgeons and many other medical specialists with state of the art tools to fight serious disease. All over the world, patients can benefit from the advanced clinical solutions, comprehensive information systems and services developed by Elekta for efficient and high precision treatment of cancer and brain disorders.
- ▶ All of Elekta's solutions employ non-invasive or minimally invasive techniques, which are clinically effective, yet cost-effective and gentle on the patient.
- ▶ Through ambitious Research & Development programs and close collaborations with clinical partners, Elekta continues to launch ground-breaking new technology at rapid pace.
- ▶ Elekta's systems and solutions are used at over 4,500 hospitals globally to treat cancer with radiation therapy, to diagnose and treat brain disorders as well as to run efficient and effective clinical practices.
- ▶ Elekta is the world leader in image guided and stereotactic clinical solutions for radiosurgery and radiation therapy, methods for aggressively treating tumors and functional targets with ultrahigh precision while sparing healthy tissue.
- ▶ The company was founded in 1972 by Lars Leksell, Professor of Neurosurgery at the Karolinska Institute in Stockholm, Sweden. Elekta's corporate headquarters is located in Stockholm and the company's shares are listed on the Nordic Exchange since 1994 under the ticker EKTab. In August 2007, the market cap of Elekta was approximately SEK 11 billion. During fiscal year 2006/07, Elekta's sales amounted to SEK 4.5 billion and net profit increased by 14 percent to SEK 346 million, with 2,031 employees at fiscal year end.



Elekta's operations 2006/07

Results from operations

- Order bookings rose 8 percent to SEK 5,102 M (4,705). In local currency, order bookings rose 15 percent.
- Order backlog at year-end amounted to an all time high of SEK 4,247 M.
- Net sales increased by 2 percent to SEK 4,525 M (4,421). In local currency, net sales rose 8 percent.
- Operating profit amounted to SEK 509 M (453) and operating margin was 11 percent (10).
- Profit after taxes amounted to SEK 346 M (304). Earnings per share after dilution amounted to SEK 3.70 (3.21).
- Cash flow after investments was a negative SEK 107 M (pos. 158). Acquisitions are included in the amount of SEK 144 M (195).

Significant events during fiscal year 2006/07

- In fiscal year 2006/07, Elekta reinforced its leading position in image guided and stereotactic solutions for radiosurgery and radiation therapy, through the market introduction of several new advanced treatment systems.
- During the year, Elekta continued to install Elekta Synergy® for intensity modulated and image guided radiation therapy (IGRT) at a rapid pace and is steadily strengthening its leading position in this new method for treating cancer with greater precision and accuracy. A clear majority of the linear accelerator orders placed to Elekta are now including technology for high-resolution 3D Volume Imaging.

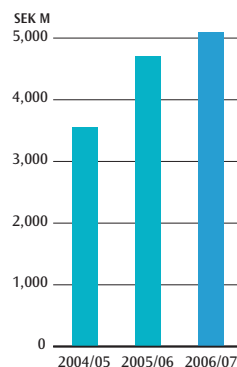


- During fiscal year 2006/07, Elekta successfully introduced Leksell Gamma Knife® Perfexion™. The launch exceeded expectations and confirms Elekta's leadership in stereotactic radiosurgery.
- The first installation was carried out in June 2006 at La Timone Hospital in Marseille, France and the first patients were treated in July.
- Feedback from first users has been overwhelmingly positive, generating strong interest from both current and future Gamma Knife® centers.
- A majority of Elekta's Gamma Knife orders during the year were for Leksell Gamma Knife Perfexion.
- In August 2006, the U.S. Food and Drug Administration (FDA) issued a

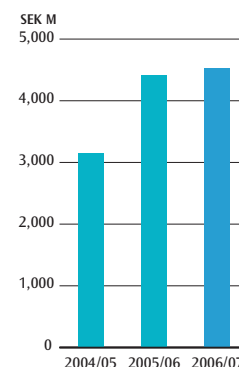
Key data

	2004/05	2005/06	2006/07
Order bookings, SEK M	3,558	4,705	5,102
Net sales, SEK M	3,152	4,421	4,525
Operating profit, SEK M	364	453	509
Operating margin, %	12	10	11
Return on capital employed, %	21	18	20
Cash flow after			
continuous investments, SEK M	342	353	37
Equity/assets ratio, %	38	35	35
Net debt/equity ratio, times	0.05	0.06	0.27
Earnings per share after dilution, SEK	2.69	3.21	3.70

Order bookings



Net sales



510k pre-market clearance, allowing Elekta to market Leksell Gamma Knife Perfexion on the U.S. market.

- In November 2006, Elekta received an order for four Leksell Gamma Knife Perfexion units from GK Financing, LLC, a part of American Shared Hospital Services (AMEX:AMS).

- During the year, Elekta received several orders for Elekta Neuromag® the world-leading equipment for non-invasive registration of nerve cell activity using magnetoencephalography (MEG), including from such prestigious institutions as the Friedrich-Schiller-University in Jena and Max Planck Institute for Human Cognitive and Brain Science in Leipzig, Germany.

- In June and July 2006, Elekta repurchased 801,700 B shares for a total sum of SEK 100 M, which was later cancelled after decision by the AGM on September 20, 2006. In March 2007, the company repurchased an additional 759,271 B shares for a total sum of SEK 100 M.

- In August 2006, Elekta finalized the acquisition of 80 percent equity of Beijing Medical Equipment Institute (BMEI), a Chinese provider of radiation therapy equipment, and transformed the company into a Joint Venture.



- In October 2006, Elekta was awarded an order from St Luke's Hospital in Dublin, Ireland, valued at over EUR 10 M including the installation of four Elekta Synergy systems.

- In October 2006, the Midwest Center for Hematology/Oncology in Joliet, IL, USA, became the first hospital to go live with MOSAIQ™, the new generation Electronical Medical Records and oncology workflow automation system developed by IMPAC Medical Systems, an Elekta Company.

- In November 2006, Elekta was selected to equip the new Somerset Oncology & Haematology Centre, at Taunton & Somerset NHS Trust's Musgrove Park Hospital, with advanced radiation therapy solutions and oncology software systems. As part of this Private Financing Initiative, Elekta will be responsible for equipment maintenance

and replacements during the lifetime of the 30-year agreement, which has a total value for Elekta of approx. SEK 330 M.

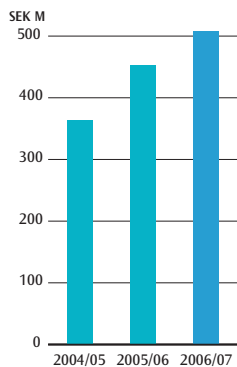
- In February 2007, Elekta could announce an order valued at over SEK 70 M from Landeskrankenhaus Feldkirch in Austria, including two Elekta Synergy systems and the MOSAIQ comprehensive oncology information management software for installation on more than 30 workstations.

Significant events after the end of the fiscal year

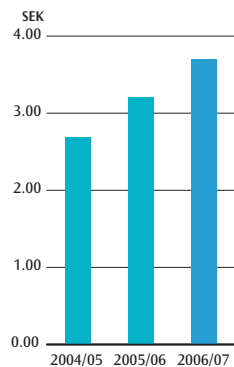
- In May 2007, Elekta finalized the acquisition of the Italian company 3D Line Research and Development S.r.l., adding to Elekta a highly qualified R&D group specialized in stereotactic radiosurgery and dynamic IMRT treatments as well as a product portfolio of advanced equipment and treatment planning software systems for performing advanced radiation therapy.

- In June 2007, Elekta repurchased 871,600 B shares for a total sum of SEK 100 M, making the total treasury holding 1,630,871 shares. The Board of Directors will propose to the Annual General Meeting on September 25, 2007, that the shares are cancelled.

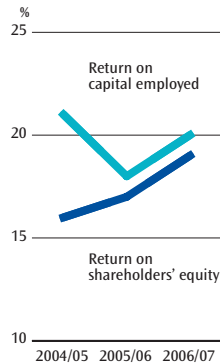
Operating profit



Earnings per share



Return on capital employed and shareholders' equity



Financial information

Annual General Meeting	September 25, 2007
3-month interim report	September 25, 2007
6-month interim report	December 12, 2007
9-month interim report	March 2008
Year-end report	June 2008
Annual Report 2007/08	September 2008

New launches drive continued profitable growth

During the 2006/07 fiscal year, Elekta continued to develop positively. Sales and profitability improved and during the year we launched both new hardware and new software systems. Today, Elekta has a young and competitive product portfolio, which forms the basis for continued profitable growth. I am also very proud to state that Elekta, our clinical solutions, IT systems and services are gaining increasing importance for global cancer care and for patients throughout the world. We continuously develop into a more comprehensive partner to the health-care sector, which was demonstrated during the year by the fact that we signed several long-term collaboration agreements.

During the year, our order bookings rose 8 percent to SEK 5,102 M. Adjusted for currency changes, order bookings increased by 15 percent, partly a result of an increasing interest in Gamma Knife surgery and the successful launch of our new Leksell Gamma Knife® Perfexion™.

At the end of the fiscal year, order backlog was a record high SEK 4,247 M. With lead times from order to delivery often between 6–12 months, the size of the order bookings is naturally an important factor for continued growth in the coming year. We expect to deliver, and subsequently recognize as revenue, 75–80 percent of the order backlog during the following 12 months. This means that 60–65 percent of the anticipated sales in 2007/08 should derive from the order backlog at the beginning of the year.

During 2006/07, net sales amounted to SEK 4,525 M, an increase of 2 percent. Adjusted for currency changes, the increase in net sales was 8 percent, which was somewhat lower than the growth target of more than 10 percent in local currency. The reason why we did not reach the target was in part due to a weak market situation in China



and in part an effect of the strong interest in the new Leksell Gamma Knife Perfexion, which resulted in demand that exceeded production capacity. This capacity was ramped up during the year according to plan and is now fully expanded.

Elekta's operating profit for the year increased by 12 percent to SEK 509 M. The operating margin was 11 percent, which was in the lower part of our

guidance range. Also this year, the operating margin was strongly influenced by currency changes. Worth noting is that currency developments during the past two years, primarily in terms of the decline of the USD, have weakened Elekta's operating margin by approximately 1.5 percentage points. The underlying margin improvements that we have achieved have therefore not been evident in the reported figures.

» *Our product portfolio and its competitiveness underpin my confidence that Elekta will continue to develop positively in the coming years.*”

Changed purchasing pattern

Elekta’s geographic profile, in terms of sales and production/sourcing, makes us exposed to currency changes mainly pertaining to the USD and GBP. Within the Group, a long-term program is in progress to change the currency profile of our cost structure, primarily by steering more of the sourcing to countries with currencies that are linked to the USD. In future, we will be intensifying this effort. But at the same time these

changes must occur at a rate that does not jeopardize our delivery capability.

The Group’s profit after tax for 2006/07 increased by 14 percent to SEK 346 M and earnings per share after dilution amounted to SEK 3.70, an increase of 15 percent.

Cash flow after continuous investments, but before acquisitions amounted to SEK 37 M, a significant decrease compared with the preceding year. This is due mainly to accounts receivable at the end of the year amounting to SEK 345 M more than a year earlier. This is in part explained by the very high delivery volumes in April, but also by the fact that we during the year had significantly higher proportion of sales to countries with longer payment terms, compared with a year earlier.

For those who have been following Elekta for some time, it is a known fact that we experience significant quarterly fluctuations in terms of order bookings as well as sales and profit. This is partly attributable to the fact that our deliveries

are often in the region of SEK 20-50 M and it only takes a few of these occurring on one side or the other of a quarter to have a significant impact. It is therefore important to never over-interpret individual quarters and always assess Elekta’s development with a perspective of at least one year.

With regard to the 2007/08 fiscal year, we anticipate that net sales and operating profit will be significantly higher during the second half of the year than during the first, since the strong order bookings during the fourth quarter of 2006/07 will result in deliveries primarily at the end of the fiscal year.

Research & Development lays the foundation

Elekta is an R&D-intensive company and during 2006/07 we invested SEK 374 M in the development of new products, which represent 8 percent of net sales. We can definitely conclude that the R&D investments made by Elekta in recent years are the basis of our

IN FOCUS Vision – Mission – Strategy

At the corporate level, Elekta manages its operations by formulating the company’s vision, mission, strategy, values and financial objectives.

In an organization where responsibility for earnings and operations in general is highly decentralized, these statements provide guidance for managers and employees when making decisions in their daily work.

Vision

“By working together we can fight serious disease and enhance quality of life”

...reflects the spirit that pervades within Elekta, as well as the value that Elekta’s employees see in their work. Elekta’s strong customer focus and collaborative approach is the foundation for continuous development of advanced clinical solutions for the benefit of cancer and brain disorder patients all over the world.

Mission

“To always be the first choice”

...summarizes Elekta’s ambition to be the company that patients, healthcare professionals, employees, shareholders and other stakeholders first think of when they seek treatment, a supplier, employment or an investment opportunity.

Strategy

Elekta’s strategy is to provide meaningful clinical solutions, comprehensive information systems and services for improved cancer care and management of brain disorders through:

- Clinically effective and cost-efficient technology for precise radiation and minimally invasive techniques.
- Complete information-technology solutions and integrated management systems.
- Excellent customer support and value-added services across the entire care process.
- Operational proficiency based on Elekta Values.

successes today. And, it is today's R&D efforts that are laying the foundation for Elekta's future growth. For this reason, I foresee our R&D investments in the coming years to be on at least the same level as they are today.

Every day, more than 100,000 patients throughout the world, receive diagnosis, treatment or follow-up with the help of treatment equipment or IT systems from Elekta. And it is with great satisfaction that I witness the collective input from Elekta's more than 2,000 employees in continuing to contribute to the improvement in the care of cancer and brain disorders.

During the 2006/07 fiscal year, Elekta introduced several new systems and new functionality within oncology and neurosurgery. The greatest revolution to be launched during the year was Leksell Gamma Knife® Perfexion™, probably the most important news within radiosurgery for at least a decade.

Positive feedback from the first users

The new Gamma Knife was designed from the ground up with a strong focus on ease of use and comfort for both patients and staff. The patented collimator system provides the neurosurgeon or radiation oncologist with almost unlimited possibilities to shape and adapt the dosage with an unsurpassed precision and up to 40 percent more patients are now able to benefit from Gamma Knife surgery.

The feedback we have received from the first users of Leksell Gamma Knife Perfexion in Marseille, London and Fremont in California, has been overwhelmingly positive. All report significant timesavings and simplicity in formulating the radiation dosage extremely precise to the target, providing even better protection to the surrounding tissue.

Also from a business perspective, all indications point to Leksell Gamma Knife Perfexion being a success. Order

bookings were strong during 2006/07 and the business pipeline is strong, with more solid interest in Leksell Gamma Knife than perhaps ever before. This interest is also driven by the fact that Elekta, for the first time, is able to offer several different alternatives for Gamma Knife surgery, which provides our customers with a choice in terms of price and performance. Complementing the Leksell Gamma Knife Perfexion and Leksell Gamma Knife 4C models, we are also introducing Leksell Gamma Knife 4, a new system for primarily smaller hospitals.

New systems for radiation therapy and radiosurgery

Elekta continues to launch new and highly competitive systems also within radiation therapy. Elekta Axesse™ is specially adapted for advanced radiation therapy and radiosurgery and is now installed in a number of important

IN FOCUS Elekta Values

Elekta Values

Elekta's decentralized organization and decision processes give each manager and employee considerable scope in making decisions regarding his or her work. While this implies a large degree of freedom, it also places substantial responsibility on Elekta employees.

The five Elekta Values function as support for decision-making and as general guidelines in everyday operations.

Long-term Customers

When a customer selects Elekta, this is the start of a long-term partnership, with a commitment to ensure that the systems and solutions will continue to facilitate first-class treatment for a long time.

Trust and Reliance

When delivering systems and solutions for treatment of serious disease, trust and reliance are crucial in all stages, internally as well as externally. Patients, clinical specialists and healthcare providers can all rely on

Elekta's commitment to fast and efficient service and support, as well as the continued enhancement of technology, methods and solutions for the entire treatment chain.

Stretch Boundaries

An international and competitive market requires innovative thinking, openness to new ideas and the courage to think "outside the box".

Careful with Resources

Sustainable profitable growth requires efficiency in all operations. Optimal use of resources use helps Elekta, as well as Elekta's customers to reach their goals.

Speed and Performance

The foundation for Elekta's success is the ability to meet customer demands in development and delivery times and at the same time exceed the expectations of customers with respect to quality in performance and results.

reference centers. Elekta Axesse complements Leksell Gamma Knife and in total Elekta has the most advanced and clinically efficient product portfolio for stereotactic radiation therapy and radiosurgery on the market.

Elekta Compact™ is currently under development and we have already encountered significant interest in this system mainly from Asia, since the price level for this system is suitable for countries that are in the process of building up their radiation treatment capacity.

Product development within software is also proceeding at a rapid pace. MOSAIQ™, our system for electronic medical records (EMR), is now being introduced on a wide front primarily in the U.S., but also in many European countries. MOSAIQ™ Oncology PACS, a supplementary system for the storage, retrieval and management of image data, will significantly simplify procedures at hospitals that routinely perform image guided radiation therapy.

Continued profitable growth

Our product portfolio and its competitiveness underpin my confidence that Elekta will continue to develop positively in the coming years.

The demand for efficient treatment solutions for cancer and brain disorders is strong and with Elekta's advanced technology and new systems, we anticipate continued sales growth that exceeds 10 percent in local currency.

I also believe that we have favorable conditions to continue to improve the Group's profitability. During 2007/08, our expenses will increase at a slower pace than sales growth. Combined with lower sourcing and manufacturing costs, and a changed product mix, this should result in an increase in operating profit of more than 30 percent, despite a somewhat negative currency effect for Elekta also in 2007/08.

An increasing portion of Elekta's future revenue will be recurring from the installed base. During 2006/07, our installed base of linear accelerator systems increased by 10 percent, excluding contributions from BMEI. Also within our other product areas, the number of installations is growing at a steady rate. In all our important markets, we are now in a position in which we have or are close to critical mass, which makes it possible to utilize economy of scale and which will generate possibilities for increased aftermarket sales.

An important condition for Elekta's continued growth and development is that we have internal processes, methods and IT systems that support efficient work methods and uniform reporting systems. In recent years, we have therefore made substantial investments in an enterprise resource planning (ERP) system and a new logistics platform. The reason for these investments is to be able to increase sales without increasing administrative resources at the same rate.

During 2006/07, the ERP system was implemented in our largest divisions and from this year, I expect that we will see efficiency gains.

Comprehensive partner

During 2006/07, we received additional proof that Elekta is an attractive partner in large projects involving long-term commitments, sometimes as long as 30 years. I believe that such contracts will be more common going forward and that we as supplier will play an even greater role in the customer's entire value chain.

Elekta is steadily developing into a more comprehensive partner in healthcare by supplying systems, clinical solutions and services for the entire health chain within cancer treatment and neurosurgery. Elekta is also a partner to the healthcare providers in the work to

develop and improve clinical and administrative procedures within cancer care aimed at helping our customers to improve the quality of care as well as productivity.

Through the years, Elekta has developed a broad and in-depth understanding of our customers' needs, with a focus on patients and the processes and procedures that are necessary to provide the best possible care. Our customer relations are becoming more long-term and we are to a greater extent becoming involved in the entire treatment process.

Our strategy is to continue the development of Elekta and broaden our offering of products and services to address a considerably larger market and simultaneously provide additional contribution to improved patient care throughout the world.

With this summary of the 2006/07 fiscal year, I would like to express my thanks to all our customers, employees, suppliers, partners and shareholders, and I look forward with great confidence to yet another exciting year for Elekta.

STOCKHOLM, AUGUST 15, 2007

Tomas Puusepp, President & CEO



- ▶ Non-invasive solutions
- ▶ Enabling clinicians to focus on patients
- ▶ Options in terms of price and performance
- ▶ Entire spectrum of care

A comprehensive provider in the fight against cancer and brain disorders

Elekta was founded on the vision of one man, seeing the need for less traumatic solutions for brain surgery. During the 1940s, Professor Lars Leksell developed the concept of stereotactic surgery, to be able to position surgical instruments into the brain with great precision.

Today, 100 years after Professor Leksell was born, Elekta has developed into a global medical technology Group, leading the development towards more efficient, cost effective and less traumatic treatment of cancer and brain disorders.*

In recent years, Elekta has continued the development from mainly being a treatment equipment provider towards becoming a medical technology Group that provides clinical solutions, IT systems and services for the entire spectrum of cancer care and brain disorder treatment.

Non-invasive solutions

The clinical solutions provided by Elekta are not only developed to combat cancer and brain disorders with the highest efficacy. They are also designed to carry a minimal negative impact on the patients' quality of life. As a result, almost all of Elekta's treatment solutions are non-invasive, in the sense that surgical incisions are not required, resulting in shorter recovery periods than invasive treatments.

In addition, non-invasive methods reduce the demand for aftercare, thus saving valuable health care resources and reducing cost.

Enabling clinicians to focus on patients

In order to provide effective care to as many people as possible, efficiency is at the very center of every healthcare process. From referral to billing, all care providers strive to run operations in a



smooth and cost effective way, enabling professionals to focus on their core competence – to treat their patients. Through the electronical medical records and information process and management systems provided by the Elekta Group, an efficient care and smooth treatment process is facilitated at hospitals around the world.

Solutions across the spectrum of price and performance

While used at many of the world's most advanced hospitals with good ability to invest in cutting-edge technology, Elekta also accommodates the needs of health care providers in less affluent countries.

The ongoing development at Elekta BMEI in Beijing brings to Elekta the ability to fully meet the needs of the Chinese and other emerging markets for clinically effective and affordable radiation therapy solutions for treatment of cancer.

Along with the introduction of Leksell Gamma Knife® Perfexion™, Elekta has also introduced Leksell Gamma Knife® 4, a new entry-level

system, and thus giving Gamma Knife customers three options in terms of cost and technical performance as well as different upgrade possibilities.

Entire spectrum of care

Over the years, Elekta has built up a broad and profound understanding of the customers' requirements, with focus on the patient as well as on the processes and routines that are required to provide optimum care. The customer relations are becoming more long-term and Elekta is increasingly part of the customer's entire value chain. Subsequently, Elekta is now able to address a substantially larger market, while also making additional contributions to patient care worldwide.

Going forward, Elekta will continue to change steadily to become a comprehensive partner to the healthcare community in the efforts to provide the best possible care for treating cancer and brain disorders.

* Elekta Milestones, a presentation of the history of Elekta, can be downloaded from www.elekta.com.

What is cancer?

Cancer is a generic term for more than 200 diseases that can affect all parts of the body. Although there are many different kinds of cancer, they all start because of out-of-control growth of abnormal cells. Normal body cells grow, divide and die, but because cancer cells continue to grow and divide, they outlive normal cells and continue to form new abnormal cells.

The development of cancer can be initiated by external agents and/or inherited genetic factors. Cancer is classified by the part of the body in which it originated, and by the cell type.

Cancer cells typically form tumors arising from one single cell. Some cancers, like leukemia, do not form tumors. Instead, they involve the blood and blood-forming organs and circulate through other tissues where they grow.

Cancerous (malignant) tumors can spread to other parts of the body and form a new tumor, a metastasis. The sooner a malignant cancer is diagnosed and treatment begins, the better are the chances for survival.

Not all tumors are cancerous. Non-cancerous (benign) tumors do not spread to other parts of the body, but can still be life threatening if not treated in time.

The earlier cancer is diagnosed and treatment initiated, the better the chances are for a successful outcome.

Metastases

One reason for the difficulty to cure cancer is that it can spread to other parts of the body from where it started.

In order to spread, some cells from the primary cancer must break away, travel to another part of the body and start growing there. Cancer can spread through the blood stream or the lymphatic system. The new tumor is a secondary cancer and is called a metastasis.

It is not uncommon for digestive system cancers to spread to the liver. The brain and the lungs are other organs where metastases commonly occur.

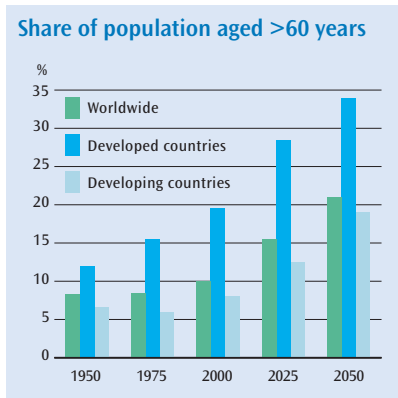


Aging population results in increased cancer incidence

The number of new cancer cases (cancer incidence) is increasing in both developed and developing countries, mainly as a result of the steadily aging population.

During the twentieth century the proportion of older persons continued to rise, and this trend is expected to accelerate in the twenty-first century. For example, the proportion of people over 60 years old was 8 percent in 1950, 10 percent in 2000, and is projected to reach 21 percent in the year 2050.

Other factors contributing to an increased cancer incidence are smoking habits and the growing adoption of unhealthy lifestyles. Tobacco consumption remains the most important avoidable cancer cause.



In summary, the World Health Organization predicts a fast increase in cancer incidence and that by the year 2020 some 15 million new cases will be diagnosed annually. The most common forms of cancer are lung (12 percent) and breast cancer (11 percent).

It is estimated that worldwide there are over 25 million people living who have received a diagnosis of cancer in the last five years. About 50 percent of these people live in Europe and North America.

Cancer survival

Thanks to earlier detection and better treatments, survival rates are improving for many types of cancer. Still, survival varies very much depending on the type of cancer. Each year at least 7 million people worldwide die from cancer and around 12 percent of all deaths worldwide are from cancer. The proportion of all deaths caused by cancer varies, from 4 percent in Africa to 23 percent in North America.

Death from cancer is projected to continue rising, with an estimated 9 million people dying related to cancer in 2015 and over 11 million dying from the disease in 2030. Cancer is becoming the leading cause of death worldwide.

How is cancer treated?

The treatment of cancer varies depending on a number of factors including the type, location and amount of disease as well as the general condition of the patient. The treatments are designed to either directly kill/remove the tumor or bring about its destruction by depriving it of signals needed for cell division. Other treatments work by stimulating the body's own immune defense.

The actual types of treatment and the order in which they are administered are decisions made by the physician and the patient. The most common types of treatment are surgery, radiation therapy and chemotherapy. Other treatments include immunotherapy, monoclonal antibody therapy and bone marrow transplantation.

Because cancer refers to a class of diseases, it is unlikely that there ever will be a single cure for cancer any more than there will be a single treatment for all infectious diseases.

Surgery

Cancer can be cured if it is entirely removed by surgery, but this is not always possible. When the cancer has metastasized to other parts of the body, complete surgical excision can be impossible. The goal of surgery can be either the removal of only the tumor, or the entire organ.

Surgery is often used in combination with either radiation therapy or chemotherapy. After breast cancer surgery, the patient can receive radiation therapy to ensure that all cancer cells are eliminated.

Radiation therapy and radiosurgery

Radiation therapy and radiosurgery use controlled high-energy rays to treat tumors and other diseases of the body. Radiation therapy is generally the term used for a fractionated treatment, daily over several days, while radiosurgery normally refers to a single high dose given with high precision in one session.



Radiation works by damaging the DNA inside cells making them unable to divide and reproduce. Abnormal cancer cells are more sensitive to radiation because they divide more quickly than normal cells. Over time, the abnormal cells die and the tumor shrinks. Normal cells can also be damaged by radiation, but they can repair themselves more effectively.

The goal of radiation therapy is to maximize the dose to the tumor while minimizing exposure to normal tissue. The effects of radiation are not immediate; the treatment benefit occurs over time. Typically, more aggressive tumors, whose cells divide rapidly, respond more quickly to radiation.

Radiation is often given as a curative treatment with the intent of destroying the tumor and curing the disease. In other cases radiation is used to relieve symptoms in what often is referred to as palliative treatment. Radiation can also be used to prevent tumors from developing or spreading, i.e. as a prophylactic treatment.

Radiation may be used alone or in combination with other treatments such as surgery, chemotherapy or immunotherapy. If used before surgery, radiation may shrink the tumor to make it easier to remove. If used after surgery, radiation is given in order to destroy tumor

cells that may have been left behind.

Over 50 percent of all cancer patients require radiation therapy treatment. The most common technology for radiation therapy, i.e. creating, shaping and aiming a beam of ionizing radiation (gamma rays), is the linear accelerator.

Chemotherapy

Chemotherapy is the treatment of cancer with drugs that can kill cancer cells.

Chemotherapeutic drugs interfere with cell division in various ways. Most forms of chemotherapy target all rapidly dividing cells and are not specific for cancer cells, although some degree of specificity may stem from the inability of many cancer cells to repair DNA damage, while normal cells generally can. Hence, chemotherapy has the potential to harm healthy tissue, especially those tissues that have a high replacement rate (e.g. intestinal lining). These cells usually repair themselves after chemotherapy.

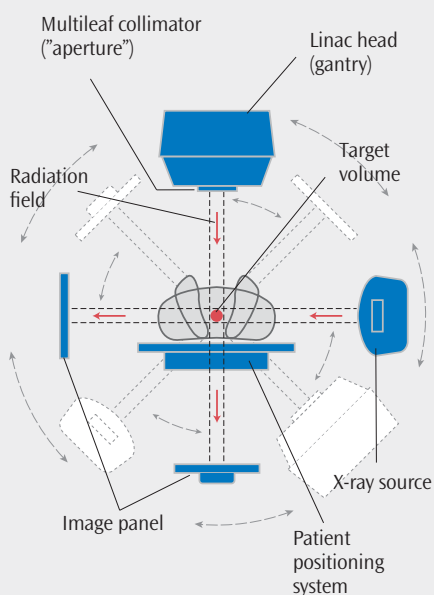
Chemotherapy is often used in combination with radiation therapy and surgery, and chemotherapy can also be administered to make radiation therapy more effective.

Sources:

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GLOBOCAN 2002. Cancer Incidence, Mortality and Prevalence Worldwide. IARC. CancerBase No.5, Version 2.0. IARC Press, Lyon, 2004.
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Radiation therapy and radiosurgery

Radiation therapy with a linear accelerator



A linear accelerator produces a radiation beam of either high energy X-rays or electrons. The patient is positioned to ensure that the beam is directed at the tumor and the beam is shaped to conform to the shape of the tumor.

In the majority of cases, radiation therapy is given as fractionated treatment, meaning that the patients receive a daily dose of radiation five days a week for six to seven weeks. At each daily treatment, the radiation beam from the head of the linear accelerator is rotated around the patient at different angles so that the entire tumor receives an optimal radiation dose.

With Elekta Synergy® the patient is imaged at the time of treatment and in the treatment position, using a kilovoltage X-ray source and an additional imaging panel. This enables 2D images, fluoroscopic real-time monitoring and 3D volumetric images.

IN FOCUS | Treatment Different forms of radiation therapy

There are many forms of radiation therapy and both technology and methodology is developing rapidly. Elekta supplies dedicated solutions, optimized for different forms of radiation therapy and radiosurgery and leads the development, not least of the more advanced methods.

Conventional radiation therapy is a form of external beam radiation that delivers a fraction of the complete radiation dose over many sessions to shrink or destroy tumors but without advanced shaping of the beam. Commonly, radiation therapy is delivered in a fractionated manner, with the patient coming to the hospital daily for around 30 days to receive a part of the total dose.

Conformal radiation therapy is when the radiation is shaped, or made to conform to the shape of a tumor in all three dimensions, usually with the aid of a multileaf collimator. The ability to shape the beam (the more precisely the better) helps the physician to deliver a high dose to the tumor with limited effect on surrounding normal tissue.

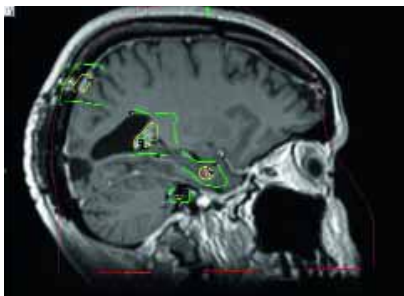
Intensity modulated radiation therapy (IMRT) is an advanced form of three-dimensional conformal radiotherapy, using sophisticated software and hardware to vary the shape and also the intensity of radiation delivered to different parts of the tumor.

Image guided radiation therapy (IGRT) is a process of using integrated, high-resolution 3D imaging technology to visualize the target and surrounding organs at the time of treatment. This process is aimed to improve the treatment accuracy by minimizing errors in patient setup and internal organ movements and subsequently reduce the need for margins around the tumor. As a result, the amount of healthy tissue exposed to radiation can be reduced, minimizing the risk for side effects.

Stereotactic radiation therapy (SRT) is a treatment procedure using high doses of radiation delivered in a few fractions with the help of advanced beam-shaping technology, image guidance together with body immobilization and tumor localization equipment. This concept is specifically relevant for treatment of small tumors close to critical structures, e.g. spine tumors.

Stereotactic radiosurgery (SRS) delivers a high dose of radiation during a single session. Because a single radiosurgery dose is significantly higher than multiple fractionated doses, the target area must be precisely located and positioned with stereotactic techniques. The most sophisticated form of stereotactic radiosurgery is Gamma Knife® surgery.



IN FOCUS | Disease | **Brain metastases**

Brain metastases originating from primary tumors elsewhere in the body, occur in 20 to 40 percent of all cancer patients, commonly in a late stage of the primary disease but not seldom at a point in time when there is good hope of curing the primary cancer.

Traditionally the standard therapy for brain metastases is open surgery and/or fractionated whole brain radiation therapy (WBRT). Microsurgical techniques and image guided surgery, with so called neuronavigation, reduce the surgical risk, but a brain tumor resection close to or within sensitive brain structures can still result in severe neurological deficits. The non-invasive alternative is Gamma Knife® surgery.

Gamma Knife surgery has become standard therapy for many brain tumors and so far about 150,000 patients with brain metastases have been treated worldwide using Leksell Gamma Knife®. The results have been documented in a large number of publications.

Gamma Knife surgery destroys the brain metastases and prevents further local tumor growth. A summary of 20 retrospective studies dealing with local control and survival of 3,033 patients with cerebral metastases treated with radiosurgery provided very consistent and reproducible results with reported local tumor control between 71 and 97 percent. Gamma Knife surgery provides a level of tumor control similar to that achieved by open surgery followed by WBRT.

One study of brain metastases from breast cancer treated with Leksell Gamma Knife demonstrated a very typical local tumor control rate: 94 percent of the patients did not experience local brain tumor recurrence after radiosurgery. These results are highly reproducible and have been reported in numerous studies.

Good clinical outcome

Radiosurgery with Leksell Gamma Knife focuses the radiation to the tumor alone while sparing surrounding normal tissue. Gamma Knife surgery can be applied to multiple tumors in one session or repeated if needed for new tumors. Even metastases that are resistant to radiation, such as metastatic malignant melanoma, can be treated with Gamma Knife surgery due to the locally confined high dose. Side effects are very rare.

Multiple metastases

The most dynamic development in Gamma Knife surgery has been among patients with multiple metastases, since the high level of tumor control is reproducible also in this group. This is a clinically important development, showing that aggressive treatment of multiple metastases is a valuable strategy. High efficacy, short treatment time and improved quality of life are the main reasons for the increasing use of Gamma Knife surgery. With the introduction of Leksell Gamma Knife® Perfexion™, planning and treatment of multiple metastases can now be performed more effectively and in significantly less time than before.

Sources:

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- Lippitz B, Kraepelien T, Hautanen K, Ritzling M, Rahn T, Ulfarsson E, Boethius J: Gamma Knife Radiosurgery for Patients with Multiple Cerebral Metastases. *Acta Neurochirurgica*. 9/2004.

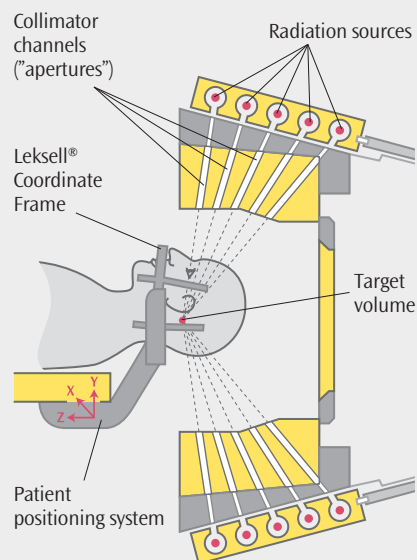
Stereotactic radio-surgery with Leksell Gamma Knife®

Gamma Knife surgery® is, with very few exceptions, given in one single session and without general anesthesia. After Gamma Knife surgery the patient normally leaves the hospital the same or the following day, making it a very cost effective alternative to open surgery.

During the procedure, some 200 radiation beams from cobalt-60 sources converge on the target with very high accuracy. Each individual beam has low intensity and therefore does not affect the tissue through which it passes on its way to the target.

The beams converge in an isocenter where the cumulative radiation intensity becomes extremely high.

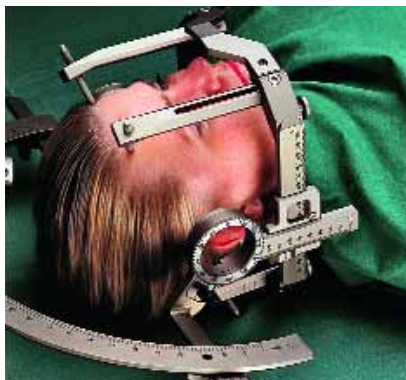
By moving the patient's head in relation to the beams' isocenter, the radiation dose can be optimized in relation to the shape and size of the target. The extreme precision of Leksell Gamma Knife, guaranteed to be better than 0.5 mm, makes it possible to administer a high radiation dose to the diseased area, with minimal risk of damaging healthy tissue.



Elekta – meeting the needs for...

...precision tools for stereotactic neurosurgery

The driving force in the treatment of brain disorders is to achieve the highest possible level of clinical accuracy, in order to optimize patient outcomes and maximize cost efficiency.



Leksell Stereotactic System®

Stereotactic neurosurgery is a minimally-invasive form of surgical intervention which makes use of a three-dimensional coordinate system to locate small targets inside the body and to perform some action such as ablation (removal), biopsy, lesion, injection, stimulation, implantation, radiosurgery etc.

Elekta supplies the benchmark of neurosurgical solutions – Leksell Stereotactic System®. The high accuracy of this system is based on the secure fixation of Leksell® Coordinate Frame to the skull. The frame's simple, effective design provides versatility for a wide range of applications for diagnostic, therapeutic, functional and microsurgical procedures.

Leksell Stereotactic System provides physicians with the highest level of clinical accuracy, while reducing the amount of planning and treatment time. For the patient, it can shorten the length of stay in the hospital and the process of rehabilitation.

The Elekta solution has the largest stereotaxy user group in the world. Today it is being used by over 1,200 clinical centers and academic institutions worldwide for both treatment and training.

...meaningful forums for medical professionals

The advancement of methods for fighting serious disease relies on publication of data and open sharing of clinical experience. The users of Elekta's systems share results and publish findings at the major scientific meetings around the world such as ASTRO, ESTRO, CNS and AANS. But there are still a need for more specific gatherings, convening users with specific interests and needs; to improve results achieved in the clinical field, to promote and support of basic and clinical research and to stimulate multi-center trials and multi-center collaboration.



Elekta societies for the exchange of knowledge and experience

The Leksell Gamma Knife® Society was established in 1989 to provide a forum for Gamma Knife users to share information, experiences, clinical techniques and advanced scientific research for the application of Leksell Gamma Knife.

The meetings, which are held bi-annually, are resulting in a large number of clinical publications, in recent years published as a supplement to *Journal of Neurosurgery*.

The Society plays an important role in increasing the visibility and acceptance of Gamma Knife® surgery in the worldwide medical community and among healthcare providers and patients. The open sharing of results and experiences allows all Gamma Knife users to maintain leadership in the field of radiosurgery, based on the most recent clinical advancements.

The 13th Leksell Gamma Knife Society meeting was held in Seoul, Korea in 2006 under the honorary chairmanship

of Kim Dae-Jung, former President of the Republic of Korea and the year 2000 Nobel Peace Prize Laureate. Kim Dae-Jung joined Vaclav Havel, the former president of the Czech Republic, who was installed as honorary chairman at the 11th Society meeting held in Prague, 2002. The next meeting, the 14th, will be held in Quebec, Canada in 2008.

Following the recent introduction of Elekta Axesse™, a similar society for knowledge sharing and advancement of stereotactic radiation therapy is under formation.

The Elekta Axesse Society is exclusive to Elekta Axesse users and contains thought leaders in the advances of radiation therapy treatment including stereotactic and IMRT delivery techniques. Membership of the Elekta Axesse Society provides opportunity for research collaborations and support through research grants. Membership also provides special privileges through early access to information and technology as well as upgrade opportunities.



...better diagnosis of brain disorders

Prior to surgical procedures in the brain – invasive or non-invasive – it is often crucial to have mapped out the functions of the adjacent areas of the brain. Also when diagnosing epilepsy and similar functional disorders, it is paramount to see what parts of the brain that are involved, not only in spatial but also in high temporal (millisecond) resolution.



Elekta Neuromag® – mapping the brain

With magnetoencefalography (MEG), it is possible to determine the function of different parts of the brain for each specific patient in the current stage of his or her development. This information renders an important piece of the puzzle for diagnosing and treatment planning for patients with certain brain disorders. Elekta Neuromag® is the world's most advanced and most used MEG system. It enables researchers and clinicians to answer questions such as:

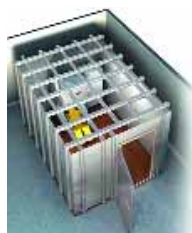
- What activity is the brain producing and where in the brain does it come from? For example, MEG can be used to measure brain activity associated with relaxation, migraine or epilepsy.
 - Which part of the brain undertakes different tasks? For example, MEG can determine exactly which part of the patient's brain controls specific actions.
 - How does the brain function?
- MEG researchers are working to further understand the way in which the brain functions, both normally, and when a patient is ill.

The rate of clinical and research areas employing MEG is accelerating, fostering excitement that this diagnostic

modality will have an increasing and more prevalent clinical role.

MEG analysis and diagnosis are sensitive to magnetic interference. Although Elekta Neuromag already has very high immunity to these kinds of disturbances, the new MaxShield™ is a significant advancement in interference reduction.

This patented concept utilizes coils that run perpendicular to the floor, walls and ceilings, compensating for external interferences and filtering out much of the rest-field. In addition,



a new, more sophisticated software program (MaxFilter™) actually performs the interference cancellation by separating the magnetic activity of the brain from the remaining interferences and also those created by patients' implanted devices, such as teeth fillings, pacemakers or stimulators in the brain. The software then enhances the data further during processing, producing images of the brain even more accurate than before.

...storage and retrieval of image data

Modern radiation therapy methods generate large volumes of data that must be archived securely and retrieved easily. Planar and volumetric datasets captured daily require large storage capacity and smooth solutions for easy access.



MOSAIQ™ Oncology PACS

Elekta has recently introduced MOSAIQ Oncology PACS, an archiving solution for management of all IGRT planar and volumetric datasets, including cone-beam and conventional computed tomography as well as treatment planning system images.

Elekta's technology for image archiving and communication offers the department the necessary tools and technology to accomplish its objectives of electronically managing large datasets, department wide access to archived data, and achieve full integration with the proven MOSAIQ™ system for electronic medical records.

MOSAIQ Oncology PACS is designed to manage the increasing volumes of large datasets in radiation therapy and simplify for the medical staff in archiving, retrieving and processing of the information needed to treat patients.

Seamless integration with a central storage device eliminates the need for individual database and imaging workstation backups.

Elekta – meeting the needs for...

...comprehensive customer support programs

Supplying an advanced treatment solution is the initiation of a partnership that includes a promise of continuous improvements in clinical effectiveness, financial performance, patient throughput and staff competence.



Elekta Lifecycle Services is a lifetime commitment for continuous improvement

Elekta Lifecycle Services include the industry's most comprehensive customer support programs, covering everything from site planning and monitoring to intelligent device management, clinical application training and education.

These products and services are fine-tuned to reduce unplanned stops, eliminate clinical interruptions, deliver consistent treatment quality and increase patient throughput. To meet specific needs, Elekta offers customized Service & Support Programs, a range of on-demand services to ensure maximum clinical availability and financial performance. Customized programs range from expert assistance for self-maintainers to all-inclusive service contracts for peace of mind at predictable costs. These long-term contracts enable clinics to focus their entire organization on what they do best – providing quality care and combating serious disease.

Elekta is committed to helping customers feel confident in the use of the

equipment, in order to achieve the highest clinical result. Elekta offers clinical training in collaboration with leading hospitals, on-site application training for confidence in clinical practice and technical training that helps the clinic optimize the management of the Elekta equipment.

One example of Elekta's long-term commitment to customers is the extensive training activities that Elekta has been conducting for many years, which is unique in the industry. These courses are intended for clinical users of Leksell Gamma Knife®, Leksell Stereotactic System® and linear accelerators.

Elekta's application specialists also ensure that customers quickly receive training in the technical use of the company's products. As the pioneer in IGRT, Elekta offers training in this area and contributes to the transfer of knowledge between the hospitals that provide treatment with Elekta Synergy®.

...real-time support

If the hospital experiences problems with a treatment system, intelligent device management and support can often dramatically reduce downtime while at the same time be cost effective for both the supplier and the customer.



Elekta IntelliMax™

Elekta IntelliMax™ on-line expert support provides a secure remote access for technical support and application guidance through Elekta IntelliMax™ Connect.

With the remote specialist looking at the same screen as the user, investigations and “over the shoulder” support can be given, reducing communication errors and seeing “real time issues.”

The main advantages are:

- On-demand application guidance
- Instant access to support specialists
- Interactive refresher sessions
- Make treatment planning easier

Elekta IntelliMax enables instant on-demand technical support using a special device connecting to both the customer system and to the Internet. In addition, it will be possible to use this service to provide on-line support assistance and guidance on the application itself.

...improved confidence through image guidance

When treating a cancer tumor with radiation therapy, a margin around the target is common, in order to compensate for patient set-up errors and internal organ movements. In order to reduce these margins as well as increase the therapeutic dose while protecting the surrounding healthy tissue, clinicians need the ability to visualize the target at the time of treatment.



Elekta Synergy® brings vision to radiation therapy

When Elekta Synergy® was introduced, it was the first advanced treatment system that allowed clinicians to both image and treat patients in the same frame of reference, at the time of treatment. This methodology is named image guided radiation therapy (IGRT).

Today, Elekta Synergy is established as the reference, cutting-edge technology for image guided radiation therapy (IGRT). The result is unmatched clinical confidence and enabling more aggressive treatment of tumors while minimizing damage to surrounding healthy tissue.

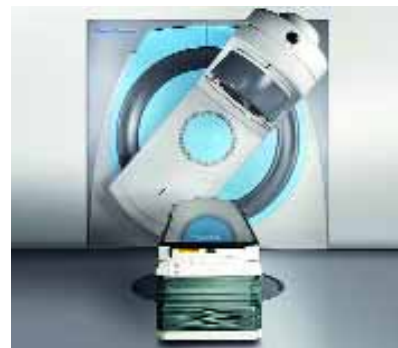
Today, in routine clinical use at hundreds of centers around the world, Elekta Synergy provides clinicians with an unprecedented ability to accurately define and treat tumors. This innovative new radiation therapy treatment platform directly addresses the two most persistent and significant problems in modern radiation therapy: internal organ motion and errors in patient set-up.

Combining volumetric and time-laps imaging enables 4D Adaptive™ IGRT (3D moving images with time as the 4th dimension) which can be used for example to register the movement of a lung tumor during the breathing cycle. With these new tools, clinicians can adjust for target motion, gate the patients breathing or the treatment beam and adapt the treatment plan according to tumor changes.

With the continuous roll-out of Elekta Synergy, Elekta maintains its leadership in the evolution of advanced radiation therapy practice. This leading-edge technology offers clinicians new tools in the fight against cancer; tools that have been clinically proven to improve precision and accuracy of treatment; tools that are backed by Elekta's commitment to service and support; tools that advance the fight against serious disease.

...solutions adapted for emerging economies

In large parts of the world, there is an immense need for more radiation therapy capacity. But not all countries and hospitals can afford the most advanced systems.



Elekta Compact™

In 2006 Elekta acquired Beijing Medical Equipment Institute (BMEI), the largest domestic Chinese supplier of radiation therapy systems with a strong R&D focus and a team of highly skilled engineers. Soon after, Elekta initiated an ambitious project, combining the robust BMEI product platform with advanced technology developed by Elekta and IMPAC.

Through this effort, Elekta will be able to fully satisfy the need of a highly effective, but more affordable solution for radiation therapy, specifically adapted for countries in need of rapid build-up of additional treatment capacity.

With the addition of Elekta Compact™ to the product portfolio, Elekta will become a comprehensive provider of linear accelerator systems across the spectrum of price and performance specifications and be able to offer a broader product portfolio than any other manufacturer. Elekta Compact will be manufactured in the modern facility in Chang Ping, a suburb north of Beijing, taken over by Elekta in conjunction with the BMEI acquisition.

Elekta's acquisition of BMEI should also be seen as a part of the overall strategy to increase the presence in China and throughout Asia in terms of sales, service, manufacturing and R&D.

Elekta – meeting the needs for...

...clinically relevant Research & Development

In the development of new and advanced treatment solutions, success relies on early involvement of future users. No vendor knows better than the frontline clinicians do, which features and functionality is required to advance the frontiers of modern treatment of cancer and brain disorders.



Developing tomorrow's solutions together with today's partners

Elekta is driven by the vision: “We believe that by working together we can fight serious disease and enhance quality of life.” In the spirit of “working together” Elekta has always through its history been working in close collaboration with active clinicians in order to supply the tools needed to stretch the boundaries and break new ground.

Elekta Synergy®, the revolutionary concept of image guided radiation therapy (IGRT) was developed by Elekta in close cooperation with The Netherlands Cancer Institute (NKI) in Amsterdam, Princess Margaret Hospital in Toronto, Canada, the William Beaumont Hospital in Royal Oak, USA, and the Christie Hospital in Manchester, U.K.

Following the introduction of this groundbreaking new ability to address patient set-up errors and internal organ motion, The International Elekta Synergy Research Group has been expanded and now meets regularly with the mission to further define and expand the

role of IGRT. As a result, a vast majority of all peer-reviewed scientific publications in the field of IGRT has been published by users of Elekta Synergy.

In the same spirit, Elekta continues to break new ground in Gamma Knife surgery. Some years ago, Elekta gathered six leading neurosurgeons, radiation oncologists and physicists from Europe and the U.S. and asked; how would you describe the ultimate Gamma Knife?

The response? Create a system with: Best dosimetry performance; Best radiation protection for patient and staff; Unlimited cranial reachable volume; Full automation and one-push button approach; and Outstanding patient and staff comfort.

For four years, Elekta R&D staff worked in close collaboration with these experts to develop Leksell Gamma Knife® Perfexion™, to meet the criteria and uphold the brand thus confirming the concept of product development in close cooperation with clinicians.

...treatment management in particle therapy

At any treatment center, efficiency and safety in patient and records management is of utmost importance, not least at a particle therapy facility.



MOSAIQ™ EMR support for particle therapy

Particle therapy works by aiming energetic ionizing particles onto the target tumor using for example protons, contrary to the photon (gamma) rays emitted by a linear accelerator or Gamma Knife® system.

The global adoption of particle therapy is increasing. For certain applications, the dose distribution characteristics of proton therapy provide the clinicians with the ability to deliver a high dose to the tumor whilst reducing entry and exit dose to healthy tissue.

Worldwide there are some 30 facilities currently delivering particle therapy treatments and the number is expected to double over the next 5-10 years.

Elekta's ability to lead the way with innovative technologies has proved successful also in the world of particle therapy. The MOSAIQ™ oncology information system, already deployed in two leading proton facilities, is the first of its kind to consolidate both conventional and particle therapy into a single system.

Particle therapy is evolving and Elekta now offers integrated proton support into existing treatment management and electronic medical record (EMR) environment for new and existing proton centers. Many new features developed originally for proton therapy are also being incorporated into the conventional radiation therapy treatment environment within MOSAIQ.

...integrated solutions for stereotactic applications

Intensity modulation, integrated 3D imaging and robotic couch corrections promise significant improvements in radiation therapy. For certain types of tumors, like spine tumors, even higher precision and accuracy is needed, requiring the most sophisticated technology available for imaging, dose planning, beam shaping and patient positioning.



Elekta Axesse™ – 6D robotic image guided stereotactic system

In the newly launched Elekta Axesse™ system, Elekta has created a breakthrough 6D robotic image guided stereotactic system to enable clinicians to apply stereotactic radiosurgery (SRS) and stereotactic radiation therapy (SRT) effective for challenging small field targets near critical structures. Elekta Axesse uses proprietary stereotactic technology, integrated treatment planning and true 3D imaging to ensure fast, efficient and accurate treatment.

The design and performance of Elekta Axesse reflects decades of leadership and innovation. Combining the most advanced technology with 50 years experience of stereotactic applications, Elekta has with Elekta Axesse been able to meet the exact clinical demands while

delivering an elegant workflow, which maximizes patient throughput.

Integrating accuracy and efficiency

Treatment planning: Sophisticated planning techniques support the latest stereotactic treatment technologies – SRS, SRT, IMRT, MLC and cone-based delivery. Highly efficient rotational techniques can increase the speed of delivery while achieving better dose distributions.

Patient immobilization: Elekta Axesse integrates the highest quality patient positioning technologies and immobilization techniques in the market to ensure the utmost in treatment accuracy. Non-invasive repeat positioning capabilities enable difficult targets to be

effectively treated throughout the body.

Tumor localization: True 3D imaging gives target and critical structure visualization at the time of treatment, improving accuracy in tumor targeting. Using kV-imaging, clinicians can monitor patient movement in real time and utilize MV imaging to choose a “beam’s eye view” during treatment.

6D Positioning: Elekta Axesse integrates remote, automatic positional correction in 6 degrees of freedom (x, y, z, roll, pitch and yaw) with submillimeter positional accuracy.

Dose shaping: Integrated, high resolution beam shaping technology is supported by sophisticated planning and delivery techniques to improve target conformance. The unique configuration of Elekta Axesse allows efficient treatment delivery with flexible beam shaping options, from circular cones through IMRT, and dynamic conformal delivery utilizing volumetric modulated arc therapy (VMAT).

Workflow management: Stereotactic programs require vast amounts of information integrated into one accurate and concise treatment solution. Elekta Axesse employs a powerful integrated workspace combining IGRT imaging, electronic medical records (EMR), and precise delivery on a single display. With one point of control, complexity is reduced and the decision making process streamlined, enhancing kV-based IGRT patient throughput.

Today, Elekta remains the innovation leader with stereotactic technology that is defining the future of radiation oncology. By integrating imaging technology with improved oncology workflow, Elekta enables the treatment of serious disease more aggressively than ever before.

Elekta – meeting the needs for...

...the ultimate tool for cranial radiosurgery

The brain is arguably the body's most sensitive organ. In treating brain disorders, the quest for precision and perfection must always be foremost. Compromises must be avoided. A new system must retain the characteristics of Gamma Knife® surgery, but be able to treat the parts of the head and upper spine that previously have not been accessible.



Leksell Gamma Knife® Perfexion™

Gamma Knife® surgery provides pinpoint accuracy, unmatched efficiency and outstanding results. Patients benefit from fast, painless treatment, often conducted in an outpatient surgical setting without the need for general anesthesia or even convalescence. To this date, about 500,000 patients have undergone Gamma Knife surgery.

Leksell Gamma Knife Perfexion, with its revolutionary design, provides full cranial reach. Future fixation techniques will also allow for treatments of the cervical spine as well as the head and neck regions. Together, this will significantly increase the number of patients that can benefit from Gamma Knife surgery. The system is built to deliver outstanding patient and staff comfort and better dosimetry performance than any other radiosurgical system. The system offers physicians a fully automated, single push-button approach to operations that translates into dramatic timesavings.

Every feature of Leksell Gamma Knife Perfexion reflects patient and staff safety and comfort. The system provides radiation shielding that is up to 100 times better than alternative technologies.

New standard for efficient and precise radiosurgery

Studies show that no other system is capable of delivering the standards of accuracy achieved by Leksell Gamma Knife. In intracranial radiosurgery, clinical accuracy is the sum of the accuracy contributions that make up the entire treatment procedure – imaging, dose planning, patient positioning, radiological and mechanical accuracy. Elekta guarantees that Leksell Gamma Knife systems will perform with a total radiological accuracy of 0.5 mm. A study of 189 installed systems, based on 332 commissioning protocols, proved an average level of radiological accuracy of 0.15 mm.

Leksell Gamma Knife Perfexion offers protocol reproducibility with full backward compatibility to existing Gamma Knife surgery protocols. That means building on the treatment experience of some 500,000 patients and 2,500 peer-reviewed publications.

With the introduction of Leksell Gamma Knife Perfexion, Elekta can now offer three choices for Gamma Knife surgery. The other two being:

● Leksell Gamma Knife® 4C

Leksell Gamma Knife® 4C meets the needs of hospitals and clinics with a strong patient caseload and offers all the benefits of Gamma Knife surgery to their patients. The built-in robotic Automatic Positioning System™ enables an efficient treatment procedure. Leksell Gamma Knife 4C meets the highest demands of performance, efficiency and economy.

● Leksell Gamma Knife® 4

Leksell Gamma Knife® 4 has been developed to meet the exact demands of hospitals and clinics with a small register of patients and an overriding objective of delivering the highest levels of care, efficiency and safety. The system, upgradeable at the choice of the customer, offers all the benefits of Gamma Knife surgery while requiring a more limited investment.

“I can say with confidence that Leksell Gamma Knife Perfexion is a quantum leap in radiosurgery and clearly stands alone technologically.”

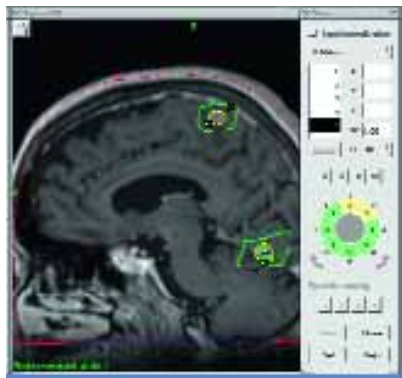
Prof. Jean Régis, MD,
University Hospital La Timone, Marseille, France

Efficacy and documented results

In today's cost-driven healthcare environment, it is crucial to evaluate technology investments on the basis of hard facts and proven results. This is particularly true when choosing the best care for patients suffering from brain tumors and other serious neurological diseases. In these cases, radiosurgery with Leksell Gamma Knife offers a range of benefits and efficacies fully supported by years of evidence-based medicine.

Leksell Gamma Knife is successfully used to treat malignant and benign tumors, vascular malformations and also functional disorders such as trigeminal neuralgia (chronic facial pain).

Gamma Knife® surgery is constantly expanding, with ongoing research for new indications and the development of existing protocols. Research is conduct-



ed around epilepsy, Parkinson's disease and certain eye disorders (glaucoma).

The design of Leksell Gamma Knife makes it especially suitable for treatment of multiple targets, which in most cases means brain metastases.

Today, Gamma Knife surgery is performed in hundreds of leading hospitals and clinics around the world. Around 50,000 patients undergo Gamma Knife surgery every year, and this unique procedure has an impressive scientific track record with more than 70,000 patients documented in peer-reviewed articles. No other method in this field has gained greater clinical acceptance.

“Leksell Gamma Knife Perfexion is a major improvement in dosimetry and ease of use, as well as patient and staff comfort. By this new installation at our center, we will be able to provide more conformal treatment options in less time, automate the record and verify procedure. It also dramatically improves patient throughput and can treat lesions which previously could not be reached.”

Christer Lindquist, MD, Director of The Gamma Knife Center, Cromwell Hospital, London, U.K.

Playing a vital role in modern healthcare

With the increasing incidence of cancer and brain disorders, Gamma Knife surgery plays an important role in modern healthcare. Hospital management and medical staff choose Leksell Gamma Knife for its extreme accuracy, streamlined workflow and outstanding therapeutic response. It frees resources in the clinic, provides evidence-based medicine, and gives the clinic confidence and reliability. Gamma Knife surgery helps reduce waiting lists for both radiation therapy and neurosurgery clinics.

Additionally, the short treatment times and rapid recoveries of the patients mean lower costs for the healthcare system and society. Patients get back to work and normal life faster compared to convalescence with open surgery. Several published studies demonstrate savings of more than 50 percent of direct costs associated

with microsurgery. These gains are primarily due to the minimal need for hospitalization and intensive care, as well as the reduction of complications related to open surgery.

Clinical need for more capacity

Gamma Knife surgery is standard of care for a number of brain disorders and, taking the most common Gamma Knife surgery indications into account, approximately 375 people per million are candidates for this treatment. This number will most certainly grow in the future.

The number of cancer cases is predicted to increase by 50 percent, to 16 million new cases, by the year 2020. As 20-40 percent of all cancer patients develop brain metastases, Leksell Gamma Knife will definitely play an important role in future healthcare.

Sources: World Cancer Report, World Health Organization, American Cancer Society.

“Our increasing ability to control primary cancers creates increased urgency to detect and treat metastatic lesions. Naturally, we want to do so non-invasively when possible and with a resulting positive impact on quality of life. Leksell Gamma Knife Perfexion, a remarkably sophisticated instrument, can safely and efficiently radiate multiple targets in a single session, and will surely benefit many patients.”

David Larson, MD, PhD, M.D., Radiation Oncologist and Co-Medical Director at the Gamma Knife Program at the Washington Hospital, Fremont, CA.

Elekta – products and clinical solutions

Precision Radiation Therapy



Elekta supplies the world's only fully digitally controlled linear accelerators used for conventional radiation therapy as well as intensity modulated techniques (IMRT). In addition, Elekta Precise™ offers multiple photon energies, an optional integrated multileaf collimator and true flexibility in treatment positioning.

Leksell Gamma Knife is the only gold standard for non-invasive treatment of brain disorders. Leksell Gamma Knife® Perfexion™ is Elekta's most advanced system for stereotactic radiosurgery and provides a unique platform for further expansion of procedures in the brain, cervical spine and head & neck regions.

Gamma Knife® surgery



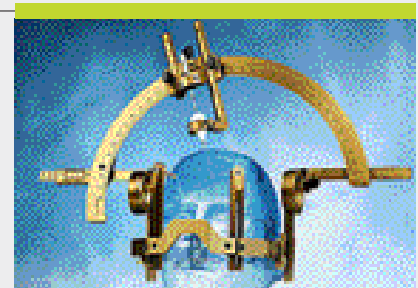
Image Guided Radiation Therapy



Elekta is the world leader in image guided radiation therapy (IGRT), which addresses the two most significant problems with advanced radiation therapy techniques – organ movements and uncertainties in patient set-up. Elekta Synergy® provides high resolution 3D volumetric imaging, at the time of treatment.

Leksell Stereotactic System® creates a three-dimensional reference system which allows the surgeon to accurately localize and treat brain disorders with high precision. The system is used for minimally invasive procedures – diagnostic as well as therapeutic.

Stereotactic Neurosurgery



Stereotactic Radiation Therapy



Elekta has combined its knowledge of high precision radiation, stereotaxy and image guided techniques into the new Elekta Axesse™, the world's only 6D robotic image guided radiosurgery system optimized for treatment especially of the spine.

Elekta Neuromag® is the world's most advanced magnetoencephalography system. The unique sensor design combined with Elekta's advanced software makes it possible to gain data with unsurpassed details even from the deepest realms of the brain.

Functional Mapping



IMPAC – IT-systems for cancer care



IMPAC's full range of cancer care IT-systems help oncology departments by reducing cost, increasing productivity and providing seamless connectivity to the systems and devices that are integral to the full spectrum of cancer care.

Elekta's commitment to its customers includes the industry's most comprehensive support programs – from site planning and monitoring to intelligent device management and clinical application training.

Elekta Lifecycle Services



Elekta's personnel – the key to success

Elekta's business strategy has been successfully implemented over the years by applying a clear employee philosophy and value-based leadership. At Elekta, the employees' opportunities for development, clarity of expectations and freedom of action have resulted in stability and the continuous development of the individual and the organization.

The inspiring combination of products of high technical complexity and clear clinical significance combined with the company's distinct international focus promotes a broad and extensive skills base among the employees as well as a strong sense of loyalty to the company. For example, approximately 60 percent of employees have university degrees, of which about half are engineers and Elekta has overall a notably low turnover of personnel. Global employee surveys are carried out every year and in 2006 improvements were noted in such areas as work climate and relations as well as performance evaluation.

The organization changes with the operations

Elekta's growth strategy, which is based on extensive investments in the development of new technology combined with acquisitions aimed at expanding in new product areas and markets, has demanded an organization that promotes the bridging of different structures. Elekta has a functional organization with teams that often have members in several different countries. A large portion of work takes place within the framework of the three core processes: "Time to Market," "Time to Customer," and "Installed Base Management." The focus on the development of these processes in recent years has formed the basis of cross-functional cooperation and created a foundation for a common management structure and common working methods and values.

At the beginning of the current fiscal

year, Elekta's management structure was changed to reduce the distance between the Executive Committee and the regional sales and marketing organizations. This is part of Elekta's continuous efforts to adapt the operations to customers' and patients' changing needs in various regions and allow this to govern the development of new products and services.

Continued growth in number of employees

On April 30, 2007, the Elekta Group had a total of 2,031 employees, an increase of 219 compared with the year-earlier period. Approximately 150 of these are new colleagues at Elekta BMEI, based in Chang Ping outside Beijing, China.

The R&D specialized 3D Line Research and Development S.r.l., primarily based in Milan, Italy, was acquired in the spring of 2007 and provided an additional 20 highly qualified employees with unique expertise and experience.

Integration of new units

In line with Elekta's vision and values, it is the company's philosophy that the integration of new units shall take place at a pace that facilitates the use of business and organizational synergies at the same time as the acquired operations continue to perform favorably and customer relations are maintained.

In May 2007, two years after IMPAC Medical Systems became part of Elekta and the trust between both parts of the operations had grown strong, Elekta's operations in North America were integrated into one coherent organization. Based on this integration, Elekta is in a better position to utilize existing resources and accordingly enhance competitiveness in North America.

Human Resources initiatives

In 2005, an initiative was launched aimed at offering Elekta managers a common method for managing employees, regardless of position, function or geographic location in the company. This initiative

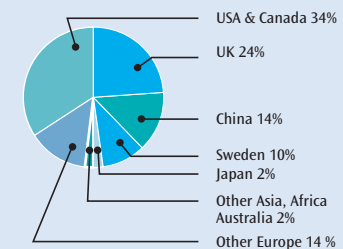


focuses on Performance Management, Compensation and benefits as well as Recruitment. The area that has seen the largest changes during the past year has been Compensation, especially in the U.S. and Sweden where new systems for pension provisions was introduced.

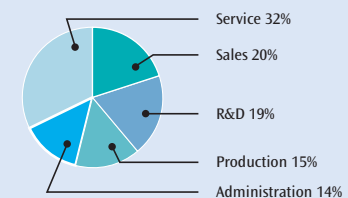
Parallel to integrating acquired operations, the work with increasing growth in the existing operations is continuing and Elekta's management is focusing on preparing the organization for future challenges. To ensure natural manager succession within the company, major focus has been directed toward the next generation of managers. Individual development plans have been prepared for employees with identified leadership potential with the aim of recruiting most new managers internally within Elekta.

Elekta employees* by...

...country/region



...function



*As of April 30, 2007

Region Europe including Middle East and Africa

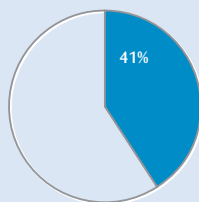


Elekta's position in the Western European market for radiation therapy is strong with a large number of linear accelerators installed and a loyal customer base.

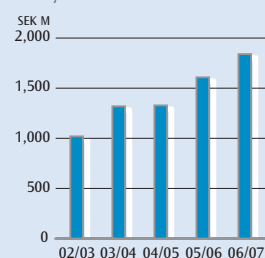
Region Europe including Middle East and Africa



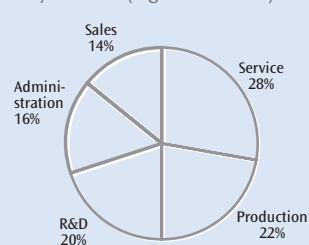
The region's share of total net sales 2006/07



Net sales in the region – five years



Elekta employees in the region by function (region total: 963)

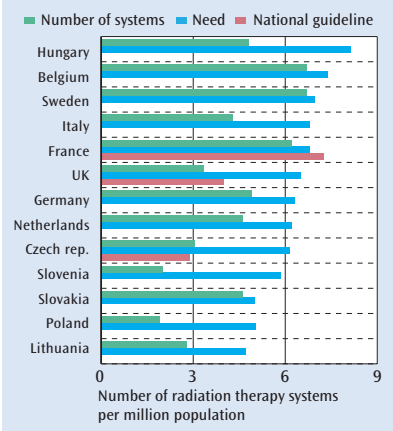


In 2006/07, Elekta's net sales in Region Europe including Middle East and Africa amounted to SEK 1,840 M. Order bookings amounted to SEK 1,997 M, an increase by 18 percent in local currency.

Investment activity in individual European countries shows substantial variation year over year. The most important markets are United Kingdom, Germany, France, Italy and the Netherlands.

Cancer remains second only to cardio-vascular disease as a cause of death in the European Union. Lifestyle changes together with an ageing population in the EU mean that cancer incidence is still going up. The good news is that there are strong signs that cancer mortality is on the decline in many EU countries. This means that early detection and improved treatment is beginning to have a demonstrable effect on cancer survival. Of those cancer patients who are cured it is estimated that 49 percent are cured by surgery, 40 percent by radiation therapy alone or combined with other treatment and 11 percent by

Treatment capacity in Europe



chemotherapy alone or combined. Radiation therapy is also a highly effective option for palliative care and symptom control in many cases of advanced or recurrent cancer.

In 2006 in Europe, there were an estimated 3.2 million cancer cases diagnosed and 1.7 million deaths from cancer. The most common form of cancers was breast cancer followed by colorectal cancers and lung cancer.

Since 2004, the total number of new cases of cancer in Europe has increased by 300,000. Cancer remains an important public health problem in Europe and the ageing of the European population will cause these numbers to continue to increase even if age-specific rates remain constant.

Lack of capacity

Europe is significantly underserved with capacity for radiation therapy and radiosurgery, ranging from seven linear accelerators per million inhabitants in Belgium and Sweden, down to two systems per million in Slovenia and Poland.

Governments and health authorities in several EU countries have identified under-provision of radiation therapy as a problem and are trying to improve the situation. National investment programs are in place or under planning in several EU countries even if fiscal year 2006/07 saw fewer extraordinary orders for new capacity than in the two prior years. In 2007/08, the market is expected to show growth.

IN FOCUS | Financing Partnerships between the public and private sectors

Private Finance Initiatives for the development of new hospitals

Private finance initiatives (PFI) is a method, developed initially by the U.K. government, to provide financial support for partnerships between the public and private sectors. It is a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving construction firms and health care technology providers, are contracted to design, build, and in some cases manage new projects. Contracts typically last for 30 years, during which time the building is leased by a public authority.

Several countries are showing interest in different forms of private financing of public health care, similar to the model that has been established in the U.K.. Elekta's ability to provide comprehensive and integrated solutions, yet based

on industry standards and open connectivity, makes the company an attractive partner in such projects.

One recent example is the new Somerset Oncology & Haematology Centre, at Taunton & Somerset NHS Trust's Musgrove Park Hospital, which is due to open in the spring of 2009 and will provide radiotherapy treatment for approximately 1,200 patients each year. Under a 30-year contract valued at approximately SEK 330 M, Elekta was selected to supply the new unit with two linear accelerators for radiation treatment as well as software solutions for treatment planning and information management.

As part of the PFI Managed Equipment Service arrangement, Elekta will be responsible for equipment maintenance and replacements



during the lifetime of the 30-year agreement. Elekta will also supply and manage all of the quality assurance equipment for the full life cycle.

Elekta has earlier been selected as equipment supplier in other PFI contracts – including St. James' Hospital, at The Leeds Teaching Hospitals NHS Trust.



Elekta's position in the Western European market for radiation therapy is strong with a large number of linear accelerators installed and a loyal customer base. Through a strong network of distributors, supported by Elekta specialists, Elekta is also making important

inroads into Eastern Europe and the Middle East, markets that are expected to grow significantly in years to come.

Penetration of Leksell Gamma Knife® is relatively low in Europe, predominantly as a result of the lack of financial incentives for equipment saving

substantial after-care resources. The introduction of Leksell Gamma Knife® Perfexion™ and the new abilities in this revolutionary system has resulted in a renewed interest in Gamma Knife surgery also in many European countries.

Many European hospitals are less computerized compared to North America. As a result, there is substantial need and demand in Europe for information systems for cancer care, particularly for the purpose of improving productivity, streamlining operations and multi-site connectivity. With strong reference sites specifically in the U.K. and France, Elekta continues to introduce IMPAC systems on more markets in Europe, at a pace deemed suitable taking into account installation and service resources.

Sources:
 - Elekta data.
 - Bentzen, et al. Towards evidence-based guidelines for radiotherapy infrastructure and staffing needs in Europe: the ESTRO QUARTS project. *Radiother Oncol.* 2005 Jun; 75(3): 355-65.

IN FOCUS | Country situation **United Kingdom**

Significant investments in radiation therapy required

In the United Kingdom, there are approximately 310 installed linear accelerators, serving a population of 60.8 million. Despite significant investments in additional capacity, today's penetration of 5 linacs per million inhabitants is deemed much too low and experts are calling for an 80 percent increase in treatment capacity.

In the United Kingdom, health care to ordinary citizens are predominantly provided by the National Health Services (NHS). The NHS has made extensive investments in additional capacity for radiation therapy, thanks to funds made available from the National Lottery. In total, 157 linacs have been ordered from U.K. hospitals during the last 5 years.

Additional capacity and improved methodology in radiation therapy are likely to be one of many different factors behind improved cancer survival rates in the United Kingdom.

Despite recent years' investments in linear accelerators, there is a continued strong pressure for further improvement of treatment capacity

throughout the nation. Limited capacity is reflected in waiting times. Over 50 percent of patients have to wait longer than the maximum recommended 28 days, for radical or adjuvant postoperative radiotherapy.

A recent scientific article concluded that "To secure adequate access to treatment and optimal dose fractionation, substantial increases in radiation therapy activity of 92 percent in England, 61 percent in Scotland and 97 percent in Wales are required. Achieving this will require a planned programme of investment in staff, training and equipment."¹

The National Radiotherapy Advisory Group (NRAG) recently submitted a report to the U.K. Government concluding: "There is a general consensus among experts that the projected need for radiotherapy was significantly underestimated 15-20 years ago. There is a large gap (63 percent) between current activity levels and optimal treatment levels, if radiotherapy were to be given to all who might benefit. The position is

set to worsen as cancer incidence increases with the ageing population."²

At present, the NHS delivers around 30,000 radiation therapy fractions per million inhabitants. NRAG strongly recommends that NHS radiotherapy services should be developed to deliver up to 54,000 fractions per million inhabitants throughout the country by 2016.

Such a program as proposed by the country's leading cancer experts would require significant efficiency improvements on the treatment systems already in clinical operations. Furthermore, it would require, according to NRAG, installation of an additional 90 linear accelerator systems, on top of the average 18 systems annually that need to be replaced in the coming 10 years.

1) Radiotherapy Dose Fractionation, Access and Waiting Times in the Countries of the U.K. in 2005 - Williams, M. V. et al. *Clinical Oncology*, 2007.

2) Radiotherapy: Developing a world class service for England - Report to Ministers from National Radiotherapy Advisory Group, February 2007.

Case Study:
Treatment of left atrium myxoid sarcoma using Elekta Synergy®

Radiation Therapists: Claire McCarthy, Michelle Nuffy,
Julie Davies, Julie Stratford
Radiation Oncologist: Dr. J. Wylie

Patient history and diagnosis

A 37 year-old female developed right-sided chest pain which rapidly worsened and lead to the patient's collapse. A cardiac echo scan revealed cardiomegaly with a filling defect in the left atrium extending through to the left ventricle. The patient went on to have open-heart surgery, where a tumor arising in atrial septum was discovered measuring 6cm x 3cm. Histology revealed the tumor to be a pleomorphic high-grade myxoid sarcoma. /./ The intention was to deliver a reasonable dose of radiation to a limited volume of the heart.



Planned Treatment

The clinical target volume (CTV) was identified as the left atrium, and a margin of 2cm was applied in all directions to generate the planning target volume (PTV). The dose limiting regions were the left ventricle and lung. A total dose of 60Gy in 33 fractions was prescribed. The V20 (volume of lung receiving >20Gy) was kept below 25%. The ventricle dose was kept as low as was reasonably practical and the dose to the spinal cord was maintained <45Gy. Due to the high degree of dose conformity required to avoid critical structures while delivering the planned dose, a standard conformal plan was not suitable (an initial standard conformal plan produced a V20 > 25% and resulted in a high dose to the ventricles) and a five-field intensity modulated radiation therapy (IMRT) plan had to be employed. Mega-voltage imaging was deemed as unsuitable for verification purposes due to the location of the target volume and Elekta VolumeView™ 3D imaging was requested as an alternative.

Treatment using an image-guidance technique

The patient was placed supine with arms above head using an in-house immobilization device. /./ Due to the level of precision that was required, Elekta VolumeView™ 3D images were acquired and on-line image registration and correction protocol was used for the first three fractions. This meant that if any deviations occurred which were greater than 3mm, an instantaneous correction could be applied. After three fractions the systematic and random errors were calculated; these demonstrated that the largest error was 2mm in the cranio-caudal direction. Consequently, further Elekta VolumeView™ 3D imaging was carried out, off-line, on a weekly basis. /./

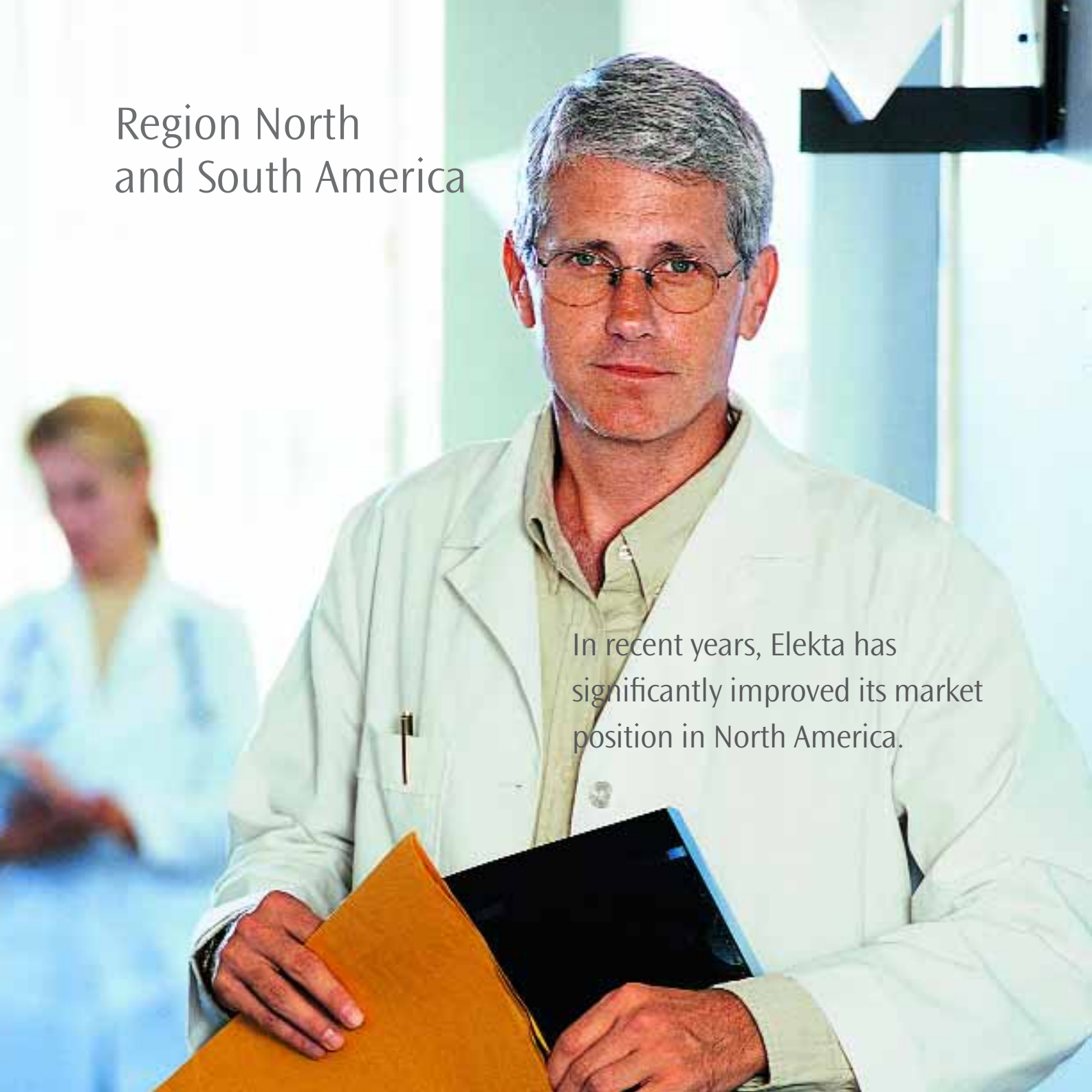
Outcome and follow-up

The patient tolerated the treatment extremely well. The only obvious acute toxicity was mild oesophagitis and skin erythema over the back at the time of writing. /./

Discussion

The diagnosis of this patient is the first notable point. Heart sarcomas are exceedingly rare and they tend to be highly aggressive so initial local control at an early stage is important. The fact that we had superior imaging capabilities with soft tissue visualization, in the form of Elekta VolumeView™ 3D imaging, to verify the target position gave us the confidence to design highly conformal IMRT for this patient. This in turn allowed us to deliver an acceptable dose of radiation to the CTV whilst minimizing the dose to critical structures.

Region North and South America

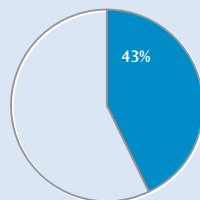


In recent years, Elekta has significantly improved its market position in North America.

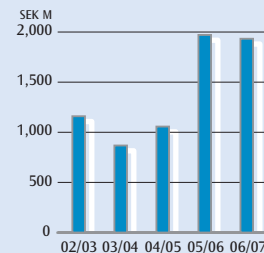
Region North and South America



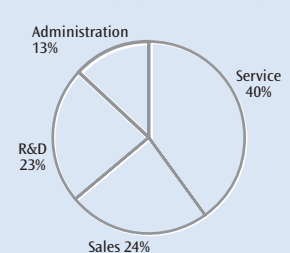
The region's share of total net sales 2006/07



Net sales in the region – five years



Elekta employees in the region by function (region total: 695)



In 2006/07, Elekta's net sales in Region North and South America amounted to SEK 1,933 M. Order bookings amounted to SEK 2,307 M, an increase by 16 percent in local currency.

The United States represents a large portion of net sales in the region and naturally, this market is the single most important market for Elekta.

The U.S. market is characterized by a high number of relatively small sites. Over half of all radiation therapy and radiosurgery providers only have one system and less than 10 percent have more than three systems installed.

While the U.S. is relatively well served with capacity for radiation therapy and radiosurgery with about 13 linear accelerators per million inhabitants, the market is continuing to show healthy growth. The primary growth drivers are the rising cancer incidence, rapid acceptance of new and refined treatment methods such as image guided radiation therapy (IGRT) and stereotactic radiation therapy (SRT), competition among hospitals and reimbursement levels supporting investments in new technology.

Looking ahead, the growth is expected to continue – driven by the ongoing rollout of IGRT and an accelerating interest in stereotactic radiation therapy and radiosurgery (SRT/SRS).

These plans are also reflected in the fact that capital budgets at radiation oncology departments are growing, with 33 percent of sites reporting a capital budget for 2007 higher than USD 1.5 M, compared with 19 percent 2006.

During this decade, Elekta has significantly improved its market position in North America, thanks to new technology offerings and investments in service and support excellence. The leadership in image guided radiation therapy, combined with Elekta's ability to supply treatment equipment and information management systems as one comprehensive and integrated offer, have



changed the market's perception of Elekta and substantially strengthened Elekta's competitive position.

Virtually all linear accelerator orders placed to Elekta from North America are for Elekta Synergy®, including technology for high-resolution 3D X-ray imaging technology.

Elekta is the market leader in the segment for stereotactic radiation therapy and radiosurgery (SRT/SRS) which is expected to grow rapidly in coming years.

The market introduction of Leksell Gamma Knife® Perfexion™ has been met with high interest from both current Gamma Knife users and new potential customers and through the launch of Elekta Axesse™, Elekta is now also offering a complete and multi-functional treatment system for all applications of SRS/SRT.

In the U.S. market, efficiency in patient flows and processing of clinical data are often decisive sales arguments.

IN FOCUS | Financing

Payment systems in the USA

Reimbursement through Medicare/Medicaid

While a majority of the healthcare provided in the United States is paid for by private insurance, the Medicare and Medicaid programs are the predominant source of payment for radiation oncology procedures. Healthy and stable reimbursement levels under these programs are important for market confidence, while minor yearly adjustments for certain procedures have very limited effect on demand.

Medicare is a health insurance program for people age 65 or older and people with certain disabilities and Medicaid is available only to certain low-income individuals and families. In total, these programs cover about 95 million Americans. In radiation therapy about 65 percent

and in Gamma Knife® surgery 35 percent of cases are reimbursed through Medicare/Medicaid while almost all other cases are reimbursed by private insurance companies.

CMS (Centers for Medicare & Medicaid Services) reviews the reimbursement levels annually. In radiation therapy, overall reimbursement has been relatively stable in recent years and this is expected to continue, with perhaps gradual reductions for certain procedures where efficiency improvements are saving time and resources.

Reimbursement for delivery of Gamma Knife surgery has increased by over 50 percent since 2005, while similar procedures on linac-based systems have experienced significant reductions.

Software systems that handle both the entire treatment process and administration and resource allocation are therefore in most cases an integrated part of the delivery of treatment systems. Most departments have oncology-specific information management systems installed and over 50 percent

of these are provided by IMPAC Medical Systems, an Elekta company.

In America, Group Purchasing Organizations (GPOs) are an important factor on the market. Almost half of all radiation oncology sites indicate they are members of at least one GPO, while the level of compliance varies

significantly. Elekta has signed provider contracts with most of the leading healthcare GPOs in the U.S. for radiation oncology, stereotactic radiosurgery and associated neuroscience products.

Sources:
- Elekta data
- IMV

IN FOCUS | Elekta customer

University of Colorado Cancer Center

Safe streamlining of the cancer care process

The University of Colorado Cancer Center (UCCC), a customer of both IMPAC and Elekta for many years, has effectively utilized Elekta linear accelerators and IMPAC EMR software in the delivery of medical and radiation oncology treatment. This combination has provided the center, part of the University of Colorado Hospital, with a powerful competitive advantage by streamlining its care processes, allowing it to become more cost-effective, while at the same time improving care quality and patient safety.



UCCC using IMPAC in both radiation and medical oncology

The University of Colorado Cancer Center is an NCI designated comprehensive cancer center located in Aurora, Colorado. Affiliated with a teaching hospital that emphasizes research and clinical trials, the center features Elekta linear accelerators in its oncology outpatient center. Encompassing and integrating the entire oncology workflow is IMPAC's MOSAIQ™ comprehensive EMR solution. UCCC provides a multidisciplinary team approach to care and the opportunity to meet with a variety of specialists, in one location, in one day. Physicians are highly trained in the treatment of specific cancer types, using the latest technologies.

An IMPAC customer for many years, decision-makers appreciate the software's ability to work seamlessly within the enterprise, its single database between radiation and medical oncology, and its inbound and outbound interfaces with the general hospital information system for sharing orders and other documents. Today, all physicians in medical oncology write orders on the IMPAC MOSAIQ system.

"This was an important milestone for us," says Gail Curley, RN, Manager of Computer Applications for both oncology and outpatient care. "Complete physician adoption is a considerable challenge. Now that we have it, all orders go into the system. Based on these orders, nurses administer and document treatment in the infu-

sion area. Physicians from strategically located computers on campus can access the patient record, including current lab results that are automatically pulled from other systems and demographics that get pushed in from the HIS. They can view, approve, and make changes to orders. This creates a continuum of care that is absolutely vital for our patients."

One of the most important advantages of the IMPAC electronic medical record (EMR) solution is its flexibility in helping UCCC reduce the cost of care. For example, the facility was able to replace the scheduling and task management software used in its bone marrow transplant program simply by retooling an existing component of the IMPAC solution. This enabled UCCC to eliminate all the costs of licensing, maintenance, and software support from a different vendor.

With its IMPAC EMR use, The University of Colorado Hospital is positioned to provide detailed documentation of patient care, and collect outcomes management data, both of which are critical to the future of oncology practice - data which cannot be effectively extracted from paper records. UCCC views the IMPAC MOSAIQ EMR in their outpatient hospital-based center as providing them with the competitive advantage needed to streamline patient processes in a safe manner, while at the same time providing a wealth of electronic, performance-based oncology data.

"IMPAC software solutions are the right choice for our medical oncology department," Curley says. "They offer the features and functionality our physicians need, as well as smooth integration with enterprise systems, and the versatility to adapt to our changing needs."

What is an electronic medical record (EMR)?

An EMR is an electronic patient medical record system specifically designed to support medical clinicians and support staff, by providing complete and accurate data, reminders, alerts and clinical decision support.

What are the benefits of an EMR?

- Improved patient safety
- Increased quality of care
- Fewer errors
- Reduced costs
- Improved efficiency
- Documentation for correct payment
- Increased patient, physician and employee satisfaction

Case Study

Stereotactic radiation therapy of a solitary lung tumor with on-line correction using Elekta Synergy®

Radiation Oncologists: Jung S. Grillo, MD, E. Kenneth Chan, MD
Medical Physicists: Geoffrey D. Hays, PhD, Jennifer L. Wloch, D.J. Yan, DSc.

Patient Diagnosis and History:

The patient is a 72-year-old male with a history of emphysema and stage IA adenocarcinoma involving the left upper lobe of the lung. The patient underwent a lobectomy and mediastinal lymph node dissection in 2006 and in February 2006 he presented with a new nodule in the right lung.

Thorough work-up including a CT scan of the chest, an F-18 Fluoro-2-deoxyglucose (FDG) PET scan, routine blood work, and a brain MRI, revealed a 1.4cm solitary nodule in the right lower lobe with abnormal FDG uptake (standardized uptake value = 5.8) uptake in the mediastinum. A CT-guided biopsy of the lung nodule adenocarcinoma. A mediastinoscopy with biopsy was negative for any mediastinal nodal disease.

The patient was evaluated by thoracic oncology, radiation oncology, and medical oncology. It was determined that he was only a candidate for a wedge resection of the lung due to his suboptimal pulmonary function and prior surgical resection. Given the significant risk of post-operative morbidity, the patient elected to proceed with a course of image-guided hypofractionated stereotactic radiation therapy on a phase II clinical trial.

Planned treatment

A seven-field, coplanar and noncoplanar, unopposed beam arrangement using 6MV photons was designed using Philips Pinnacle® V7.4 and optimized with the Dynamic Machine Parameter Optimization® module (figure 1). The prescription dose was 48Gy administered in 4 fractions of 12Gy each to the planning target volume (allowing up to 20% heterogeneity). [1]

Treatment using image guidance

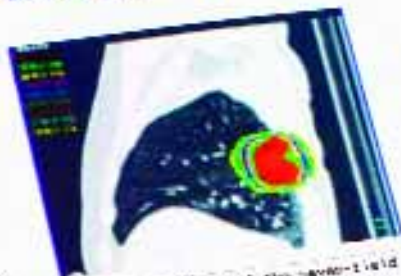
The patient was immobilized using Elekta Stereotactic Body Frame® and this was used throughout imaging and treatment. A planning CT scan, as well as a planning PET scan, were used for treatment planning. A 3D Elekta VolumeView® image was acquired using Elekta Synergy®. Image registration of the visible tumor was used to perform daily on-line translation-only position corrections. Pre-correction and post-correction images, compared to the initial planning data set. The gentleman tolerated the treatment very well and completed the course without any delays.

Outcome and follow-up

At the time of this case study completion, the patient's tumor is locally controlled and the patient has exhibited no signs of acute or subacute toxicity.

Discussion

Stereotactic radiation therapy of this lung tumor was optimized with daily on-line positional corrections using Elekta VolumeView® cone beam CT. Accurate dose delivered to the tumor was ensured while unnecessary exposure of the spinal cord and other critical normal tissues was minimized.



Dose distribution of the seven-field stereotactic radiation therapy plan with contour limits to spinal cord and pertinent mediastinal tissue structure.

Region Asia

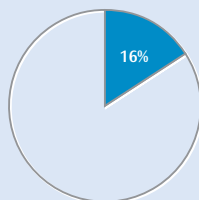


The Asia-Pacific region has the largest overall discrepancy between estimated need and supply.

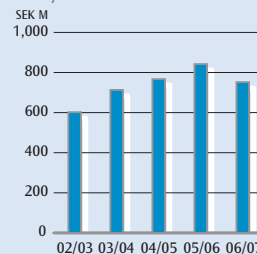
Region Asia



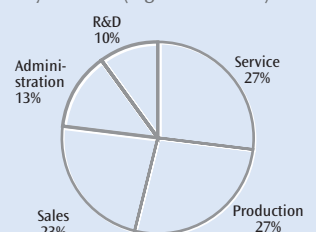
The region's share of total net sales 2006/07



Net sales in the region – five years



Elekta employees in the region by function (region total: 373)



In 2006/07, Elekta's net sales in Region Asia amounted to SEK 752 M. Order bookings amounted to SEK 798 M, an increase by 6 percent in local currency.

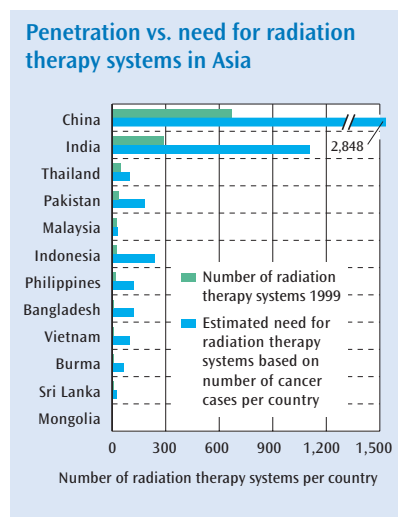
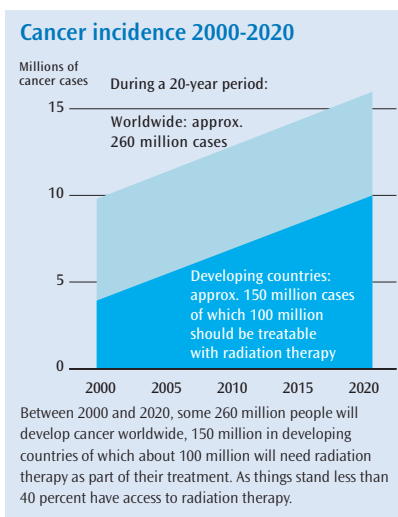
Today, more than half the cases of cancer in the world arise in people in low- and middle-income countries. This proportion will rise to 70 percent by 2020.

The amount of radiotherapy services available in countries of low and middle income varies greatly: many have no radiotherapy service; others have old or poorly functioning services restricted to a few centers. A major determinant of the level of radiotherapy service provided seems to be the ratio of gross national income per person and population size.

In the Asia-Pacific region, over four million cases of cancer are diagnosed each year. In twelve countries with available data, 1,147 radiation therapy systems were available for an estimated demand of nearly 4,000 systems. The Asia-Pacific region has the largest overall discrepancy between estimated need and supply. Strategies for developing services need planning at a national level and substantial investment for staff training and equipment.

In high-income countries, over half of new cases of cancer receive radiation therapy at least once and up to one out of four might receive a second course. Because of the different distribution of tumor types worldwide and of the advanced stage at presentation, patients with cancer in low-income and middle-income regions could have a greater need for radiotherapy than those in high-income countries.

In China, the healthcare system is currently undergoing reform and restructuring, in order to meet the growing need for advanced care and to make these services more accessible to a larger share of the population. This has caused the long-standing market growth in China to weaken temporarily and the market to decline, compared to previous



year. In the spring of 2007, business volumes have again started to grow.

The Chinese market for radiation therapy solutions consists of several relatively distinct segments. Elekta is the market leader in China in the advanced segment and the acquisition of BMEI, the market-leading domestic supplier, will further strengthen Elekta's position on the Chinese market.

Long-term, there is a solid rationale for a continued market growth in

China and other Asian countries. The number of linear accelerators in China is approximately 0.6 per million inhabitants and in countries such as India, the Philippines and Indonesia, this number is even lower. Through market leadership in the advanced segment and new offerings under development, combining the product platform developed by BMEI with advanced Elekta technology and EMR software from IMPAC, Elekta is well positioned to meet the strong





demand in the region and to support health care providers in these countries in their quest to develop cancer care.

In Japan, there is a large installed base of Leksell Gamma Knife and sub-

sequently, there is substantial potential for upgrades to Leksell Gamma Knife® Perfexion™ when this new system receives regulatory approval. Most of the installed base of linear accelerators

in Japan is of a domestic brand with a growing installed base of Elekta systems.

In recent years, Elekta has invested in the Japanese radiation therapy market, creating a number of strong Elekta Synergy® reference centers in Japan including Tokyo University, setting the stage for market share gains.

In India and Australia, Elekta has a strong presence in sales, marketing and service and an installed base as a platform for further growth. In both markets, Elekta continues to strengthen its position.

Sources:
 - Elekta data.
 - IAEA.
 - Role of radiotherapy in cancer control in low-income and middle-income countries. Michael B Barton, Michael Frommer, Jesmin Shafiq, *Lancet Oncol* 2006; 7: 584-95.

IN FOCUS | Country situation **Indonesia**

Radiation therapy capacity less than 10 percent

With a population of 235 million and only 14 linear accelerators supplemented by 17 single source cobalt systems, radiation therapy capacity in the country is less than 10 percent of the immediate need. At the same time, advanced hospitals like Cipto Mangunkusumo in Jakarta are commencing advanced stereotactic treatments.

Indonesia, a vast polyglot nation, has struggled to overcome the Asian financial crisis, and still grapples with persistent poverty and unemployment, inadequate infrastructure, and unequal resource distribution among regions. The country continues the slow work of rebuilding from the devastating December 2004 tsunami and from an earthquake in central Java in May 2006.

Since the incidence of cancer goes up with increasing of life expectancy and better control of communicable diseases, the cancer load in developing countries such as Indonesia can soon be expected to be formidable. It is currently estimated that there will be at least 170-190 new cancer cases annually for each 100,000 people and therefore cancer has risen to become sixth in rank among deaths after infectious diseases, cardiovascular diseases, traffic accidents, nutritional deficiency and congenital diseases. However, a majority of cancer patients seek medical treatment when it is already too late.



As there are no population based registries in Indonesia, the exact incidence and prevalence of cancer are not known, but is estimated to more than 200,000 new cases per year. Data collected from hospitals in several regions shows that cancer incidence increases by 2-8 percent per year. Most cases present in the advanced stage. The most frequent primary cancers are cervix, breast, lymph node, skin and nasopharynx.

With only 14 linear accelerator systems in clinical operation supplemented by 17 single source cobalt systems, Indonesia is very much underserved. One study suggests that the number of linear accelerators needed in the country is 236. (Barton et al, see above)

Provision of a safe and effective radiation oncology service is complex. It needs not only substantial capital investment in radiotherapy equipment and specially designed buildings but

also continuous investment in maintenance and replacement of equipment, in expert teams of doctors, therapists, and physicists, and in good access to engineering support. Operating linear accelerators also require the availability of secure access to reliable power supply. This is an issue also for the top hospitals in Indonesia and the reason why single source cobalt machines still may be the only option in parts of the country with less developed infrastructure.

Still, investments in new radiation therapy capacity are ongoing. Four new centers are under construction and Elekta have had the privilege of delivering the six systems most recently ordered from Indonesia.

One of Elekta's collaboration partners in the country is Cipto Mangunkusumo Teaching Hospital in Jakarta, the top referral hospital in Indonesia. At Cipto Mangunkusumo, the seven radiation oncologists and eight trainees are treating around 1,600 patients annually on three linear accelerators. The department performs 3D conformal therapy, IMRT and IGRT. With the recent commissioning of an Elekta Synergy® S system with Beam Modulator™ the hospital will start stereotactic treatments, taking a major step towards its vision to become one of the regions leading radiation therapy centers by the year 2010.



Tuen Mun
Hospital,
Hong Kong

Case Study:

Application of 3D Elekta VolumeView™ image guided radiation therapy in treatment of locally advanced nasopharyngeal carcinoma

Radiographer: Max Chung

Department Manager: Thomas Wong

Case history

A 34-year-old man was diagnosed to have a stage IVA (T4 N2 M0) NPC (nasopharyngeal carcinoma). Medical imaging showed a large tumor mass in the nasopharyngeal region with extensive involvement of neighboring structures including back of skull, sphenoid sinus, ethmoid sinuses and subcutaneous tissue. / /

Planned Treatment

/ / A twelve beam IMRT plan was generated for treatment on Elekta Synergy®. Two isocenters were used because of the long treatment volume. SBRT (simultaneous modulated accelerated radiation therapy) boost was employed to improve tumor control with reduced overall treatment time. Total doses of 70Gy, 60Gy and 54Gy were respectively prescribed to gross primary tumor/gross nodal region, planned target volume with margins, and elective nodal region in 33 daily fractions. Geometric accuracy is particularly important because of the close proximity of critical structures (especially brain stem and temporal lobes) to the high dose targets. / /

Treatment using an image guidance technique

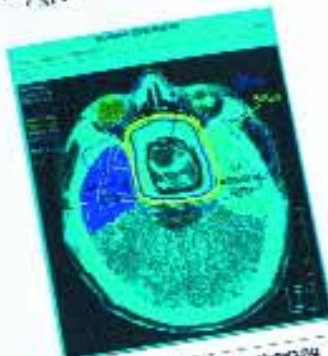
Isocenters were preliminarily verified through simulation and Elekta iViewGT™ planar portals prior to the first treatment. Elekta VolumeView™ cone beam CT-based IGRT using automatic grey scale matching algorithm was performed in 18 out of the total 33 fractions on alternate days. / /

Results

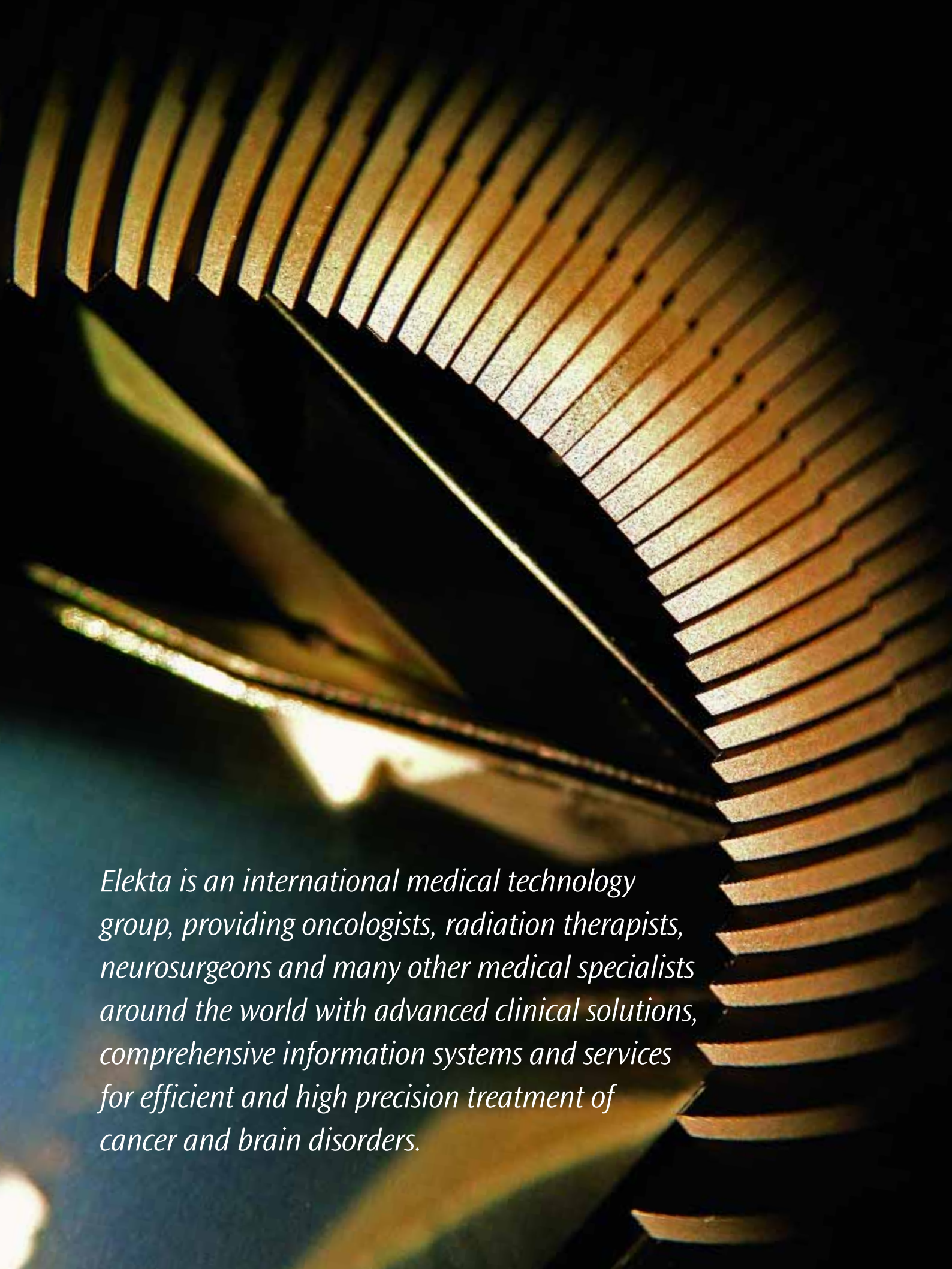
Measurement of linear displacements showed that there was a high level of consistency of set-up across the whole treatment course. The highest accuracy was found in the longitudinal displacement and perhaps worst in the vertical displacement but all with a narrow range of variability (SD < 0.05cm). / / With simple linear projection, it is estimated that 13 out of the 33 treatments (~40%) would have linear displacements exceeding our tolerance of 2mm in any one direction and needing on-line correction. Since we have already corrected seven of them on line, it means that 27 fractions or 82% of the entire course of this case were treated accurately within 2mm tolerance level. / /

Conclusion

This case study has shown that our current immobilization system for head-and-neck treatments is highly effective. Perhaps future improvement should particularly be focused onto the cervical region. / / Elekta VolumeView™ has enabled an even more precise treatment by its 3D volumetric verification and facilitates the practice of on-line correction if deviation is greater than a preset tolerance level. Vital structures like brain stem and temporal lobes, which are particularly close to the high dose regions in locally advanced disease, can be more confidently protected with Elekta VolumeView™. Moreover, computer-guided couch correction by the KV1 software eliminates potential errors in the interpretation of directions of any corrective moves. / /



Transverse section showing dose distribution

A close-up, low-angle shot of a medical device, likely a linear accelerator head. The image shows a series of parallel, curved metal slats that create a grid-like pattern. A bright, glowing light source is visible in the lower-left quadrant, casting a strong light across the slats and creating a dramatic interplay of light and shadow. The overall color palette is dominated by dark blues and blacks, with highlights of gold and white from the light source.

Elekta is an international medical technology group, providing oncologists, radiation therapists, neurosurgeons and many other medical specialists around the world with advanced clinical solutions, comprehensive information systems and services for efficient and high precision treatment of cancer and brain disorders.

Board of Directors' report*

The Board of Directors and the President of Elekta AB (corp. reg. no. 556170-4015) hereby submit the annual report and consolidated accounts for the fiscal year from May 1, 2006 to April 30, 2007.

Elekta's operations

Elekta is an international medical technology Group, providing advanced clinical solutions, comprehensive information systems and services for efficient and high precision treatment of cancer and brain disorders. Elekta's solutions are used at over 4,500 hospitals worldwide. Elekta is the world leader in image guided and stereotactic clinical solutions for radiosurgery and radiation therapy, methods for treating tumors and functional targets with ultrahigh precision while sparing healthy tissue. The Elekta Group is also the world's largest supplier of software solutions across the spectrum of cancer care. All of Elekta's clinical solutions employ non-invasive or minimally invasive techniques. This means that in addition to being clinically effective, these solutions are also cost-effective and gentle to the patient.

Market

Due mainly to a longer life expectancy and better diagnostics, the number of newly diagnosed cases of cancer is steadily increasing. Radiation therapy is an important weapon in the fight against cancer. Approximately 50 percent of patients diagnosed with cancer require treatment with radiation therapy during some part of the course of the disease. In most parts of the world, there is a significant shortage in treatment capacity.

New, advanced methods such as image guidance and stereotactic applications are expected to increase the use of radiation therapy in the future. This development is accelerated by the fact that radiation therapy is cost-effective compared with other cancer treatment methods while also being more gentle to the patient.

Elekta has unique experience of more than 30 years in image guidance and stereotactic applications in radiation treatment. On the basis of this experience, Elekta now leads the development of new advanced methods for radiation therapy of cancer.

Leksell Gamma Knife® is the leading and most advanced method for stereotactic radiosurgery in the brain, and development toward expanded areas of application continues.

The total market for Elekta's products and solutions is expected to grow by 5-10 percent annually, and demand remains strong.

The rapid development of new technology is resulting in higher average order values. An increasing number of customers are requesting more comprehensive and long-term relationships with suppliers.

* In addition to these pages, the Board of Directors' report includes the comments on financial results and position provided in conjunction with the income statement, balance sheet, changes in shareholders' equity and cash flow statement on pages 43, 45, 47 and 49).

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, product mix and geographical mix.

Competition

Elekta's main competitors on the global market for radiation therapy are Varian Medical Systems and Siemens Medical Solutions. Elekta is currently the world's second largest supplier.

In the market for Gamma Knife surgery, Elekta has no direct competitors, although Leksell Gamma Knife in certain areas competes with other treatment technologies.

IMPAC is the leader on the market for administrative software and information processing systems for cancer care, with Varian Medical Systems as the largest competitor.

Order bookings and order backlog

Order bookings rose 8 percent to SEK 5,102 M (4,705). Elekta BMEI, acquired in August 2006, contributed SEK 14 M. Based on unchanged exchange rates order bookings rose 15 percent.

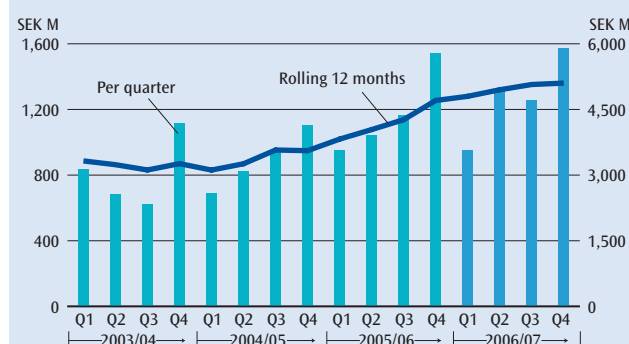
Based on unchanged exchange rates order bookings in North and South America rose 16 percent, region Europe, including Middle East and Africa, rose 18 percent and Asia rose 6 percent.

Order backlog on April 30, 2007, was at an all time high level of SEK 4,247 M (3,875).

Order bookings

SEK M	2006/07	2005/06	Change, %
Europe, Middle East, Africa	1,997	1,711	17
North and South America	2,307	2,169	6
Asia	798	825	-3
Group	5,102	4,705	8

Order bookings



Board of Directors' report cont.

Net sales

SEK M	2006/07	2005/06	Change %
Europe, Middle East, Africa	1,840	1,608	14
North and South America	1,933	1,971	-2
Asia	752	842	-11
Group	4,525	4,421	2

Market

For comments on the market situation in Elekta's business regions, see page 24-35 in this Annual Report.

Net sales

Net sales rose 2 percent to SEK 4,525 M (4,421). Elekta BMEI, acquired in August 2006, contributed SEK 23 M. Based on unchanged exchange rates, net sales rose 8 percent.

Earnings

Operating profit rose 12 percent to SEK 509 M (453), positively impacted by increased delivery volumes and lower amortization of intangibles and negatively by currency movements.

Net financial items amounted to a loss of SEK 2 M (loss 9). Net interest expenses amounted to SEK 25 M (31). Shares in the earnings of associated companies amounted to SEK 17 M (15) and financial exchange rate gains to SEK 6 M (7).

Profit after net financial items rose to SEK 507 M (444). Tax expense for 2006/07 amounted to SEK 161 M and was positively affected by adjustments regarding prior years. Profit after taxes amounted to SEK 346 M (304).

Earnings per share amounted to SEK 3.72 (3.23) before dilution and SEK 3.70 (3.21) after dilution.

Investments and depreciation

The acquisition of BMEI resulted in an increase in intangible and tangible fixed assets of SEK 170 M. Other investments in intangible and tangible assets amounted to SEK 153 M (187). Amortization of intangible and depreciation of tangible assets amounted to SEK 136 M (171).

Liquidity and financial position

Cash flow from operating activities was positive SEK 150 M (pos 498). Working capital increased due to high delivery volumes late in the fourth quarter. This together with a change in geographical mix resulted in an increase in trade receivables by SEK 345 M to SEK 1,261 M. Cash flow after investments was a negative SEK 107 M (neg. 158). Acquisitions were included in the amount of SEK 144 M (195).

Liquid funds amounted on April 30, 2007 to SEK 484 M (981). SEK 9 M of bank balances was pledged primarily for commercial guarantees.

Interest-bearing liabilities amounted on April 30, 2007 to SEK 987 M (1,091). Net debt amounted to SEK 503 M (110).

Acquisition of BMEI

Elekta's acquisition of 80 percent of the equity of the Chinese provider of radiation therapy equipment, Beijing Medical Equipment Institute (BMEI) and the transformation of the company into a Joint Venture (JV) was finalized after the business license was granted by the Beijing Administration for Industry and Commerce on August 18, 2006. The acquisition value including direct acquisition costs amounted to SEK 149 M.

BMEI's registered office is in Chang Ping, a suburb north of Beijing, and at time of acquisition BMEI had 146 employees.

The initial accounting for the fair values to be assigned to the acquired unit's identifiable assets and liabilities has been provisionally established. Intangible assets and goodwill have been valued at SEK 130 M. The intangible assets consist of technology under development and the amortization period is five years. Goodwill refers primarily to future synergy effects.

The acquisition enables Elekta to meet the needs of the Chinese and other developing markets for less capital-intensive equipment for radiation therapy. Elekta plans to develop the operations of BMEI through investments in research and development, production capacity and infrastructure.

Net sales from date of acquisition to end of April 2007 amounted to SEK 23 M and the operating loss amounted to SEK 7 M.

Acquisition of 3D Line

In May 2007, Elekta acquired 3D Line Research and Development S.r.l. (3D Line), adding to Elekta a highly qualified R&D group specialized in stereotactic radiosurgery and dynamic IMRT treatments as well as a product portfolio of advanced equipment and treatment planning software systems for performing radiation therapy with extreme precision and optimized dose distribution.

In May, Elekta paid 10 million Euro in cash for 3D Line. The purchase agreement contains also an earn-out maximized to 8 million Euro, dependent on the company's performance during the coming 3 years.

3D Line's registered office is in Milan, Italy and at time of acquisition 3D Line had 20 employees.

Risks

Due to its global structure and market focus, Elekta is exposed to various risk factors.

As a global supplier to the healthcare industry, Elekta is dependent on continued willingness to invest in the medical disciplines where Elekta's products are utilized. Political decisions that could impact the healthcare reimbursement systems also constitute a risk factor. Since Elekta operates in a large number of countries, this risk is limited for the Group as a whole.

Product safety issues and the regulatory approval processes in various countries constitute a risk since they could delay the ability of introducing products into the countries affected.

Elekta's ability to deliver treatment equipment is, to a large extent, dependent on customers being able to accept delivery in the agreed timeframe, which results in a risk of delayed deliveries and corresponding delayed revenue recognition.

In its operations, Elekta is subject to a number of financial risks, primarily related to exchange rate fluctuations. The Group's credit risks are limited since customer operations are, to a large extent, financed either directly or indirectly by public funds.

Risk management is regulated through a financial policy established by the Board of Directors. Overall responsibility for handling the Group's financial risks and developing methods and guidelines for dealing with financial risks, rests with executive management and the Finance function. For more detailed information regarding these risks, please see note 2.

Sensitivity analysis

Elekta's operations are characterized by significant quarterly variations in delivery volumes, which have a direct impact on net sales and profits.

Elekta's gross margin, meaning sales minus costs for sold products, can vary considerably from period to period depending on projects delivered, product and geographic mix and currency movements. During the year, Elekta had a gross margin of 41 percent.

As a result of its international operations and structure, Elekta has considerable exposure to exchange rate fluctuations. This pertains primarily to expenses in SEK and GBP against revenues in USD and EUR. A general change of 1 percentage point in the exchange rate for SEK against other currencies affects the Group's profit by about SEK 11 M, given the current structure and business focus. Short term the effect of currency movements is reduced through forward contracts. Hedging is conducted on the basis of expected net sales over a period of up to 24 months. The scope of this hedging is determined by the company's assessment of currency risks.

A general change of 1 percentage point in the interest on loans and investments would affect Elekta's profit by about SEK 6 M.

Research and development

Elekta conducts intensive R&D aimed at strengthening and enhancing the company's position as technology leader in its markets and product areas. During the year, SEK 374 M, corresponding to 8 percent of net sales, were invested in the following areas:

- The further development of treatment equipment, software systems and method support to enable a higher level of precision and to improve clinical results in radiation therapy.
- Continued development of image guided radiation therapy and stereotactic radiation therapy, two areas where Elekta leads the development, with support of new methods for ultra-precise patient immobilization and set-up.
- The further development of Gamma Knife surgery to develop methods for new anatomic regions, to further automate treatments and to make additional improvements to comfort and safety for both patients and staff.
- The further development of IT support for cancer care to enable an open and integrated flow of information throughout all stages of the treatment process.
- Development of new concepts for treatment of cancer and functional disorders.
- Within the framework of R&D operations, Elekta also conducts clinical research in close cooperation with leading neurosurgery and oncology clinics throughout the world.

Significant portions of Elekta's R&D investments involve integration and further development of acquired technology, with the purpose of strengthening Elekta's ability to offer integrated and comprehensive solutions for treatment of cancer and brain disorders.

IT

Elekta has continued its investments in global and efficient communications and systems solutions. The IT infrastructure is being continuously expanded to support business processes and to strengthen productivity and competitiveness. A project is in progress to implement a global ERP system. Global processes were established in internationally organized project groups for all functions during the 2005/06 fiscal year. In 2006/07, the system was implemented at the larger units and in 2007/08 it is expected to be operational at all larger units. The ERP system is expected to generate significant efficiency gains.

Quality

Elekta works determinedly to improve and assure quality in all processes within the Group. Quality work also ensures that all government requirements are fulfilled. All Elekta's development and production units are certified in accordance with the relevant ISO 9000 and ISO 13485 where appropriate. Elekta con-

Board of Directors' report cont.

ducts regular audits to ensure that the Group complies with the requirements that various supervisory authorities have established for medical technology companies.

Employees

The average number of employees was 1,951 (1,750).

The number of employees on April 30, 2007 totaled 2,031 compared to 1,812 on April 30, 2006. This increase is primarily due to the acquisition of BMEI.

Value added per employee amounted to SEK 881,000 (938,000).

Parent Company

The operations of the Parent Company include Group management, joint Group functions and financial management. The Parent Company's profit after net financial items amounted to SEK 38 M (19). The average number of employees was 20 (21).

Future prospects for fiscal year 2007/08

Demand for Elekta's clinical solutions, products and services remains strong. The order backlog is on a record high level. The product portfolio is broader and more competitive than ever before.

For fiscal year 2007/08, Elekta foresees a net sales growth exceeding 10 percent, in local currency.

Elekta's leading position in IGRT, combined with the newly launched systems for stereotactic radiation therapy and stereotactic radiosurgery, is shifting the product mix towards more advanced systems.

During fiscal year 2007/08, operating profit is expected to grow over 30 percent, primarily driven by product mix changes and operating leverage. Net sales and operating profit is expected to be higher in the second half of the fiscal year, compared with the first half.

Changes in currency exchange rates may affect Elekta's ability to reach its objectives.

Long-term financial objectives for Elekta

Elekta conducts its operations with financial objectives, which form the base for the Group's operational planning, aiming to achieve sustainable profitable growth:

- Annual sales growth exceeding 10 percent in local currency.
- Annual operating result growth to exceed sales growth.
- Return on capital employed to exceed 20 percent.
- Net debt/equity ratio not to exceed 0.25.

Dividend 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.

For fiscal years 2004/05 and 2005/06 respectively, dividend together with share repurchases in the following year, has corresponded to 86 percent and 97 percent of net profit, in line with the company's ambition to create shareholder value.

In accordance with the company's dividend policy, the Board proposes a dividend of SEK 1.00 per share, corresponding to approximately SEK 92 M and 27 percent of net profit.

The Board also intends to propose to the Annual General Meeting on September 25, 2007, 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 during the year based on the share price performance, Elekta's financial position, profitability trend and investment needs.

The Board's proposal to the Annual General Meeting regarding principles for remuneration for the executive management

The Board of Directors proposes that the meeting approves the following principles for remuneration and other terms of employment for the executive management of the Group. The principles will be valid for employment agreements entered into after the meeting and for any changes made to existing employment agreements thereafter. It is proposed that the Board is given the possibility to deviate from the below stated guide lines in individual cases where specific reasons or requirements exist.

Principles

It is of fundamental importance to the Group and its shareholders that the principles for compensation and other employment conditions for the executives of the Group aims to, in the short and long term, attract, motivate and retain competent employees and managers. To obtain this goal, it is important to ensure fairness and internal equality, while maintaining market competitiveness of the structure, scope and level of executive compensation within Elekta. Employment conditions for the executive management should comprise a balanced mix of fixed salary, annual incentives, long term incentives, pension and other benefits as well as notice and severance payments.

Total target cash compensation, i.e. fixed salary and variable incentives, should be competitive in the geographic market where the employee is resident. The level of total cash should be reviewed annually to ensure that it is in line with the median for similar positions in the relevant market. Compensation should be highly performance driven and therefore the target annual incentive should be a relatively high portion of the total target compensation.

Compensation components

The Group's compensation system comprises different forms of compensation in order to create a well balanced remuneration which strengthens and underpins long and short term objective setting and attainment.

Fixed salary

The fixed salary shall be individual and based on the content and responsibility of the role as well as the individual's competence and experience in relation to the role held.

Annual incentive

Executive management has an annual incentive with quarterly measurement and payment. The annual incentive is structured as a variable component of the total cash remuneration package and is primarily related to the achievement of common Group financial performance goals. The goals for the annual incentive are established annually by the Board so as to sustain the business strategy and objectives. Other measures, i.e. Key Performance Indicators, may be used to create focus on non-financial objectives of particular interest. The size of the annual incentive is dependent on the role held and may amount to between 30 and 100 percent of the fixed salary at target performance. At over-performance of financial and other quantitative goals the level of pay out against the annual incentive is capped at a maximum of 160 percent of target. The plan shall also contain a minimum performance level under which no bonus will be paid out.

In order to ensure long term engagement, continued employment as well as competitive compensation from an international perspective, the annual incentive may be complemented by an additional annual incentive with a deferred payment by 12-24 months. This deferred bonus requires continued employment until an agreed future date for any payment to be made. The deferred bonus should never exceed 50 percent of the normal annual incentive and shall in other aspects follow the group bonus plan.

Long Term Incentive and share related incentive programs

In order to strengthen long term thinking in decision making and ensure achievement of long term objectives, the Board may selectively decide on other type of non-share price related long term cash incentive programs. Potential remuneration in form of a long term incentive should be in line with practice in each market and requires continued employment in the Group.

The Board also uses long term incentives to reinforce a customer and shareholder perspective among executive and other management. On a yearly basis, the Board of Directors evaluates whether a share based long term incentive program, e.g. in the form of an option program, should be proposed to the AGM. The main content of the Board's proposal to this year's Annual General Meeting can be found under point 18 in the Notice to Attend the Annual General Meeting; Proposal of the Board for a resolution to adopt the Elekta AB 2007 Share Unit Plan.

Pension

When establishing new pension agreement, those senior executives that are entitled to pension benefits should have defined contribution schemes. The pensionable age for Swedish citizens is 65 years while other executives follow the rules of their respective countries of residence. The main guideline is that the size of pension contributions is based only on the fixed salary. Certain individual adjustments may occur based on market practice.

Other benefits

Other benefits, such as company cars and health, medical and sickness related insurance schemes, should be of a more limited value compared to other items of the compensation package and in line with the market practice for the respective geographic market.

Notice periods and severance agreements

The President and CEO has a notice period of 24 months. Other senior executives have notice periods between 6 and 12 months. Severance agreements will in principle not be signed. In a redundancy situation, the current practice in the geographic market where the executive is resident will apply.

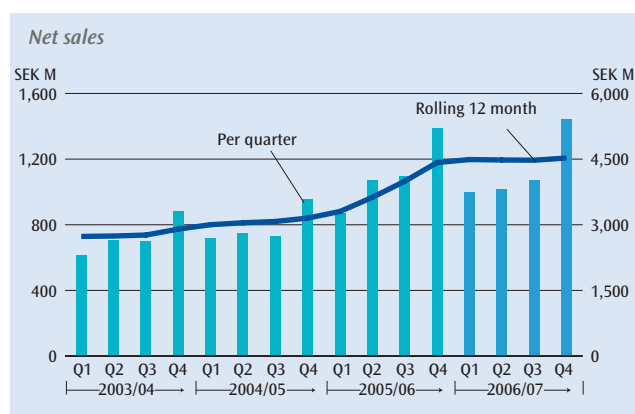
Income statement

SEK M	Note	IFRS GROUP		SWEDISH GAAP PARENT COMPANY	
		2006/07	2005/06	2006/07	2005/06
Net sales	4	4,525	4,421	—	—
Cost of products sold		-2,648	-2,579	—	—
Gross profit		1,877	1,842	—	—
Selling expenses		-613	-640	—	—
Administrative expenses		-430	-397	-54	-49
R&D expenses		-360	-317	—	—
Currency exchange differences in operations		35	-35	—	—
Operating profit/loss	5, 23–26	509	453	-54	-49
Income from participations in Group companies	6	—	—	61	50
Income from participations in associated companies	7	17	15	—	—
Interest income	8	46	28	85	82
Interest costs and similar profit/loss items	8	-71	-59	-63	-54
Financial currency exchange differences		6	7	9	-10
Profit after financial items		507	444	38	19
Appropriations	9	—	—	-5	-4
Taxes	10	-161	-140	-5	-2
PROFIT FOR THE YEAR		346	304	28	13
Attributable to:					
Parent Company shareholders		348	304	28	13
Minority shareholders		-2	0	—	—
Earnings per share before dilution, SEK		3.72	3.23		
Earnings per share after dilution, SEK		3.70	3.21		
Average number of shares before dilution, 000s		93,698	94,136		
Warrants, 000s		551	643		
Average number of shares after dilution, 000s		94,249	94,779		

Comments on the income statement

Net sales

Net sales rose 2 percent to SEK 4,525 M (4,421). Elekta BMEI, acquired in August 2006, contributed SEK 23 M. Based on unchanged exchange rates, net sales rose 8 percent.



	Net sales, SEK M	Change, %	Operating profit, SEK M	Operating margin, %
Q1	996	15	85	9
Q2	1,018	-5	74	7
Q3	1,068	-3	87	8
Q4	1,443	4	263	18
Full year 2006/07	4,525	2	509	11

Earnings

Operating profit rose 12 percent to SEK 509 M (453), positively impacted by increased delivery volumes and lower amortization of intangibles and negatively by currency movements.

Gross margin amounted to 41 percent (42). Operating margin was 11 percent (10).

The purchase of products, materials and consumables comprises the largest single cost item, accounting for 41 percent (41) of the Group's total operating expenses. The second largest item is personnel costs, at 35 percent (34).

The calculated IFRS 2 (Share-based payment) costs for Elekta's outstanding option programs amounted to SEK 22 M (20).

Investments in research and development rose 11 percent to SEK 374 M (337) equal to 8 percent (8) of net sales. Capitalization of development costs and amortization of capitalized development costs affected earnings in the amount of SEK 14 M (20). Capitalization amounted to SEK 27 M (32) and amortization to SEK 13 M (12).

Exchange rate effects on operating profit compared with preceding year:

- Exchange rate movements affected operating profit before recorded exchange differences negatively by SEK 106 M.
- Recorded exchange gains in operations amounted to SEK 35 M.
- Recorded exchange losses in operations preceding year was SEK 35 M.

In total, exchange rate fluctuations 2006/07 compared with the preceding year affected operating profit negatively by SEK 36 M.

Currency hedging is done on the basis of anticipated sales in foreign currency over a period of up to 24 months. Exchange rate gains from forward contracts in operating profit amounted to SEK 63 M (loss 27). Unrealized exchange rate gains from cash flow hedges amounted to SEK 18 M and are reported in shareholders' equity, taking into account the tax effect.

Net financial items amounted to an expense of SEK 2 M (expense 9). Net interest expenses amounted to SEK 25 M (expense 31).

Profit after financial items improved by SEK 63 M to SEK 507 M (444).

Tax expense for 2006/07 amounted to SEK 161 M and was positively affected by adjustments regarding prior years. Of the tax expense, SEK 43 M (21) was attributed to deferred tax.

Profit for the year rose SEK 42 M to SEK 346 M (304).

Balance sheet

SEK M	Note	IFRS GROUP		SWEDISH GAAP PARENT COMPANY	
		April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Intangible assets	11	2,198	2,182	—	—
Tangible fixed assets	12	252	230	—	—
Shares in associated companies	13	18	17	8	8
Deferred tax assets	10	14	38	15	—
Other financial fixed assets	13	14	9	2,123	2,071
Total fixed assets		2,496	2,476	2,146	2,079
Inventories	14	423	364	—	—
Receivables	15	1,953	1,463	146	69
Cash and bank	16	484	981	104	667
Total current assets		2,860	2,808	250	736
TOTAL ASSETS	4	5,356	5,284	2,396	2,815
<i>Parent Company shareholders</i>					
Share capital		188	189	188	189
Contributed funds		172	156	—	156
Statutory reserve		—	—	156	—
Reserves		–59	41	66	342
Retained earnings		1,556	1,482	342	361
Minority interest		6	0	—	—
Total shareholders' equity	17	1,863	1,868	752	1,048
Untaxed reserves	9	—	—	26	21
Deferred tax liabilities	10	198	201	—	3
Other long-term provisions	18	63	57	6	7
Long-term interest-bearing liabilities	19	840	1,049	840	1,045
Total long-term liabilities		1,101	1,307	846	1,055
Short-term provisions	18	62	64	—	—
Short-term interest-bearing liabilities	19	147	42	171	107
Current tax liabilities	10	35	52	1	0
Other interest-free liabilities	20	2,148	1,951	600	584
Total liabilities		2,392	2,109	772	691
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,356	5,284	2,396	2,815
Assets pledged	21	9	35	—	24
Contingent liabilities	22	89	127	267	243

Comments on the balance sheet

Assets and capital employed

The Group's total assets rose by SEK 72 M to SEK 5,356 M (5,284).

The Group's fixed assets totaled SEK 2,496 M (2,476) at fiscal year-end. The acquisition of BMEI increased goodwill by SEK 118 M and other intangible assets by SEK 12 M.

Current assets excluding liquid funds rose by SEK 549 M to SEK 2,376 M (1,827). Accounts receivable, accrued income for projects and inventory has increased by a total of 31 percent. This is partly explained by the high delivery volumes in April, but also by higher net sales to countries with longer payment terms compared to earlier years. Accounts receivable and accrued income for projects corresponded to 104 days (76) net sales. Inventory value in relation to net sales was 9 percent (8).

Liquid funds declined by SEK 497 M to SEK 484 M (981) at year-end, totaling 9 percent (19) of total assets. Of total bank balances, SEK 9 M (34) was pledged, primarily for commercial guaranties.

Expressed in SEK, the value of the Group's foreign net assets was SEK 1,786 M.

The Group's capital employed declined to SEK 2,850 M (2,959). The capital turnover ratio was 0.9 (0.9).

Liabilities and shareholders' equity

Interest-bearing liabilities totaled SEK 987 M (1,091). The reduction is mainly related to the effects of exchange rate fluctuation.

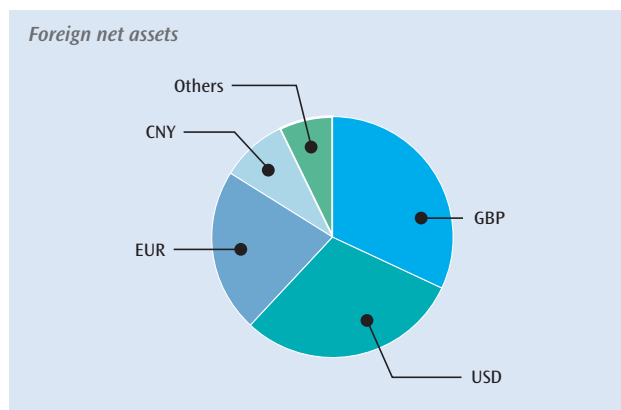
On April 3, 2007, Elekta AB signed a five year extendable USD 175 million Multi-Currency Revolving Credit Facility. The Facility has refinanced Elekta's USD 125 million Multi-Currency Revolving Credit Facility dated January 17, 2005 with the same lenders. The new Facility offers better conditions in pricing as well as terms and conditions and further strengthens Elekta's long term financing structure. On April 30, 2007, the credit was not utilized.

Net debt amounted to SEK 503 M (110). The net debt/equity ratio was 0.27 and equity/assets ratio was 35 percent.

Interest-free liabilities rose SEK 181 M to SEK 2,506 M (2,325), of which advances from customers increased by SEK 112 M. Operating liabilities exceeded operating assets by SEK 116 M (460).

Shareholders' equity was SEK 1,863 M (1 868).

Return on shareholders' equity was 19 percent (17) and return on capital employed totaled 20 percent (18).



Changes in shareholders' equity

Group, SEK M	IFRS	Share capital	Premium reserve	Translation reserve	Hedge reserve	Retained earnings	Elekta's owner's equity	Minority interest	Total
Opening balance May 1, 2005		158	169	9	0	1,358	1,694	—	1,694
Changed accounting principle IAS 39		—	—	—	10	1	11	—	11
Adjusted balance May 1, 2005		158	169	9	10	1,359	1,705	—	1,705
IFRS 2 cost and deferred tax		—	—	—	—	25	25	—	25
IAS 39 unrealized cash flow hedges		—	—	—	-3	—	-3	—	-3
Translation of subsidiaries and associated companies		—	—	37	—	—	37	—	37
Translation of loans for equity hedge		—	—	-12	—	—	-12	—	-12
Profit for the year		—	—	—	—	304	304	—	304
Total changes excluding transactions with company's owners		0	0	25	-3	329	351	—	351
Bonus issue		31	-31	—	—	—	0	—	0
Dividend		—	—	—	—	-207	-207	—	-207
Cancellation of repurchased shares		-1	—	—	—	1	0	—	0
Exercise of warrants		1	18	—	—	—	19	—	19
Closing balance April 30, 2006		189	156	34	7	1,482	1,868	—	1,868
IFRS 2 cost and deferred tax		—	—	—	—	18	18	—	18
IAS 39 unrealized cash flow hedges		—	—	—	6	—	6	—	6
Translation of subsidiaries and associated companies		—	—	-59	—	—	-59	—	-59
Translation of loans for equity hedge		—	—	-47	—	—	-47	—	-47
Minority's capital contribution		—	—	—	—	—	—	8	8
Profit for the year		—	—	—	—	348	348	-2	346
Total changes excluding transactions with company's owners		0	0	-106	6	366	266	6	272
Dividend		—	—	—	—	-93	-93	—	-93
Repurchase of shares		—	—	—	—	-200	-200	—	-200
Cancellation of repurchased shares		-1	—	—	—	1	—	—	0
Exercise of warrants		0	16	—	—	—	16	—	16
Closing balance April 30, 2007		188	172	-72	13	1,556	1,857	6	1,863

Parent Company, SEK M	SWEDISH GAAP	Share capital	Statutory reserve	Premium reserve	Unrestricted reserve	Retained earnings	Total
Opening balance May 1, 2005		158	—	169	548	324	1,199
Exercise of warrants		1	—	18	—	—	19
Bonus issue		31	—	-31	—	—	0
Dividend		—	—	—	-207	—	-207
Cancellation of repurchased shares		-1	—	—	1	—	0
Exchange difference on monetary item that is part of net investment in subsidiary		—	—	—	—	24	24
Profit for the year		—	—	—	—	13	13
Closing balance April 30, 2006		189	—	156	342	361	1,048
Transfer of premium reserve to statutory reserve		—	156	-156	—	—	0
Exercise of warrants		0	—	16	—	—	16
Dividend		—	—	—	-93	—	-93
Repurchase of shares		—	—	—	-200	—	-200
Cancellation of repurchased shares		-1	—	—	1	—	0
Exchange difference on monetary item that is part of net investment in subsidiary		—	—	—	—	-47	-47
Profit for the year		—	—	—	—	28	28
Closing balance April 30, 2007		188	156	16	50	342	752

Comments on the statement of changes in shareholders' equity

For 2005/06 Elekta paid a dividend of SEK 1.00 per share totaling SEK 93 M.

801,700 Series B shares repurchased during June-July 2006 were cancelled following the approval of the Annual General Meeting.

During the period March 12 through March 16, 2007, Elekta repurchased 759,271 Series B shares at an average price of SEK 131.65 totaling SEK 99,958,778. Accordingly, Elekta's holding of own shares on April 30, 2007 amounted to 759,271 Series B shares.

After the year-end close, during the period July 4 through July 12, 2007, Elekta has repurchased 871,600 Series B shares at an average price of SEK 114.73 totaling SEK 99,997,612. Accordingly, Elekta's current holding of own shares amounts to 1,630,871 Series B shares, which Elekta's Board intends to propose to the AGM to be cancelled.

During May-April 2006/07, 264,621 new Series B shares were subscribed through the exercise of warrants distributed within the framework of the established option program.

On April 30, 2007, the total number of shares was 93,794,776.

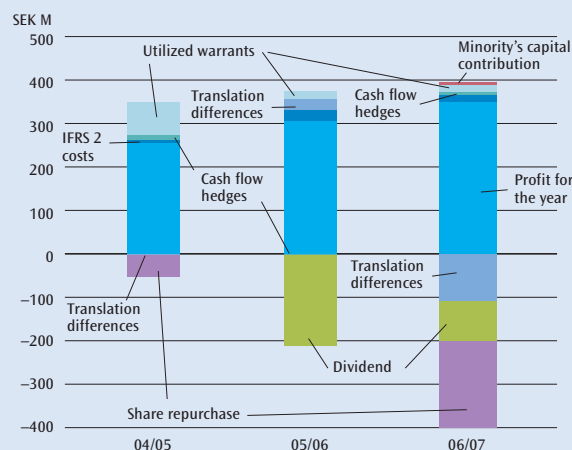
Shareholders' equity includes foreign currencies valued at the closing rate. The translation difference is reported directly against shareholders' equity. Shareholders' equity in foreign currency is hedged when it is deemed appropriate in individual cases. Long-term borrowing in USD raised in December 2002 is used to hedge net investment in US companies.

The translation reserve includes all exchange rate differences arising in conjunction with the translation of foreign operations that have prepared their financial reports in a currency other than that used in the Group's financial reports. The Parent Company and the Group present their financial reports in SEK. In addition, the translation reserve consists of exchange rate differences arising from the translation of liabilities raised as a hedging instrument for a net investment in foreign operations.

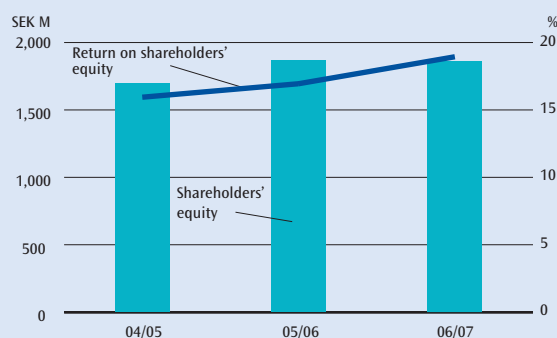
In accordance with IAS 39 cash flow hedges are also reported directly against shareholders' equity. Elekta hedges its currency risk in line with the policy established by the Board. The scope of this hedging is determined by the Company's currency risk assessment. Currency hedging is defined on the basis of the expected sales in foreign currency over up to 24 months. Hedging is done to reduce the effects of short-term fluctuations on the currency markets.

The hedge reserve includes the effective portion of the accumulated net change in the fair value of cash flow hedging instruments attributable to hedging transactions that have not yet occurred. See note 2.

Changes in shareholders' equity



Shareholders' equity and return



Cash flow statement

SEK M	IFRS GROUP		SWEDISH GAAP PARENT COMPANY	
	2006/07	2005/06	2006/07	2005/06
Profit for the year	346	304	28	13
Adjusted for:				
Depreciation and writedowns charged against these results	136	171	—	—
Participation in profit/loss of associated companies, after tax	-15	-15	—	—
Result from divestments of fixed assets	2	4	—	—
IFRS 2	16	8	—	—
Capitalized development	-27	-32	—	—
Appropriations	—	—	5	4
Taxes unpaid	27	17	1	—
Operating flow	485	457	34	17
Increase (-)/ decrease (+) in current receivables	-485	-189	-81	499
Increase (-)/ decrease (+) in inventories	-45	10	—	—
Increase (+)/ decrease (-) in interest-free liabilities	195	220	16	69
Changes in working capital	-335	41	-65	568
Cash flow from operating activities	150	498	-31	585
Investments in shares and participations	—	—	-162	-185
Repayments from partnerships	11	12	—	—
Increase (-)/ decrease (+) in long-term receivables	2	—	44	-8
Investments in intangible assets	-57	-50	—	—
Investments in machinery and equipment	-69	-107	—	—
Acquisition of operations*	-144	-195	—	—
Investments and divestments	-257	-340	-118	-193
CASH FLOW AFTER INVESTMENTS	-107	158	-149	392
Borrowings	39	958	—	958
Repayment of debt	-138	-714	-137	-687
New issues, warrant premiums, repurchase of shares and Group contribution	-184	30	-184	19
Dividend	-93	-207	-93	-207
Minority contribution	3	—	—	—
External financing	-373	67	-414	83
Change in liquid funds during the year excl. translation differences	-480	225	-563	475
Translation differences on liquid funds	-17	12	—	—
Change in liquid funds during the year	-497	237	-563	475
Liquid funds at the beginning of the year	981	744	667	192
Liquid funds at year-end	484	981	104	667
*Acquired operations				
Intangible assets	130	219	—	—
Tangible fixed assets	40	2	—	—
Financial fixed assets	7	—	—	—
Inventories	26	10	—	—
Operating assets	40	13	—	—
Liquid funds	5	0	—	—
Provisions	-1	-13	—	—
Liabilities	-93	-36	—	—
Minority	-5	—	—	—
Purchase price paid	149	195	—	—
Liquid funds in acquired company	-5	0	—	—
Effect on Group's liquid funds	144	195	—	—

Comments on the cash flow statement

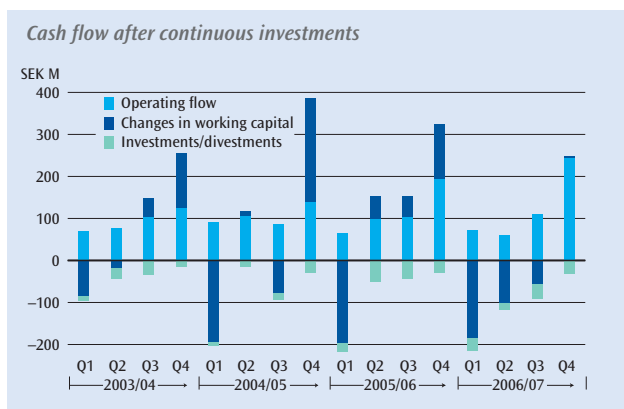
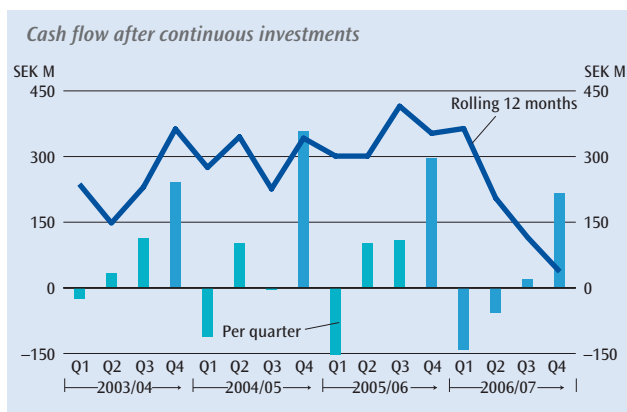
The purpose of a cash flow statement is to describe the ability of the operations to generate cash and cash equivalents. Elekta's cash flow is used primarily to finance market growth, strategic research projects and investments. Based on the income statement and balance sheet translated at the average exchange rate, the statement shows the Group's net flows during the year.

Elekta's project-based operations affect cash flow as well as order booking and net sales. Payment flows from projects generally occur in connection with order receipt, delivery and acceptance, generating considerable fluctuations in the amount of working capital during the year.

Profit for the year, adjusted for items not affecting cash flow, provided an operating flow of SEK 485 M, an improvement of SEK 28 M compared with the preceding year.

Tied up working capital increased during the year by SEK 335 M. Cash flow from operating activities decreased compared with the preceding year by SEK 348 M to SEK 150 M.

The acquisition of BMEI reduced cash flow by SEK 144 M. Cash flow from continuous investments and divestments amounted to a negative SEK 113 M (neg. 145). Cash flow after continuous investments totaled SEK 37 M (353).



Notes

NOTE 1 ACCOUNTING PRINCIPLES

Basis for accounting

Elekta's consolidated financial statements were prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS) and the Swedish Annual Accounts Act. Also, additional information is provided in accordance with Recommendation RR30 of the Swedish Financial Accounting Standards Council, Supplementary accounting rules for corporate groups. The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and recommendation RR32, Accounting for legal entities.

Consolidated accounts

Elekta's financial statements include all companies in which the Parent Company directly or indirectly holds more than 50 percent of the shares' voting rights as well as companies in which the Group exerts a decisive influence in some other manner. Companies in which Elekta holds more than 20 percent and less than 50 percent of the voting rights or in some other manner exerts significant influence are reported as associated companies. Associated companies are reported in line with the equity method.

Consolidated accounts was prepared in accordance with the purchase method, which means that the subsidiary's equity on the acquisition date – determined as the difference between the identifiable assets, liabilities and the fair value of any undertakings – is eliminated in its entirety against the acquisition price. Any remaining, non-eliminated share of the acquisition price is reported as goodwill.

Acquired companies are included in the consolidated accounts as of the date on which the Group gains control or influence over the company.

Internal transactions, internal dealings and unrealized internal profits in the Group are eliminated in the consolidated accounts.

The income statements and balance sheets of foreign subsidiaries have been translated in accordance with the current method. This means that all items in the income statements have been translated at the average rate for the fiscal year, while assets and liabilities in the balance sheets have been translated at the fiscal year-end rate. Translation differences have been reported directly against consolidated shareholders' equity.

Long-term financing of subsidiaries in their functional currency is considered to represent an increase in the Parent

Company's net investment in a subsidiary. Taking the tax effect into consideration, exchange gains and losses are reported against translation reserve in shareholders' equity.

Income recognition

Income from all Elekta products is recognized upon delivery of the products and when significant risks and benefits associated with ownership of the products are transferred to the purchaser.

Employee benefits

Remuneration paid to employees in the form of wages/salary, paid vacation, etc. is reported as it is earned.

Pensions

Most of Elekta's pension commitments are met through ongoing payments to authorities or other independent organizations that administer the pension plans. For these defined contribution pension plans, a pension cost is reported on a continuous basis as the benefits are earned, which normally coincides with the date on which the fees are paid.

Elekta has defined benefit pension plans for certain employees in a few countries. Independent actuaries calculate the magnitude of the obligations in each plan and revalue the obligations of the pension plans each year. The pension costs are estimated using the so-called Projected Unit Credit Method in a way that distributes the costs over the employee's working life. These obligations are valued at the present value of the expected future payments.

Actuarial gains and losses are reported in the income statement in the period during which they arise.

Employee share option program

Elekta has an employee share option program in progress, Elekta AB 2004 Share Unit Plan. This is reported in line with IFRS 2, Share-based payments, which entails that an estimated cost corresponding to the earned portion of the option value on the allotment of the option program 2004/2008 respective 2006/2010 is charged to earnings. In addition, there are calculated social security expenses for the earned portion of the options based on a theoretical market valuation of the option. The market value is calculated in accordance with Black & Scholes based on the share price on the closing date and the subscription price. For options exercised, social security expenses are paid on the basis of the difference between the market value on the exercise date and the price paid for the share.

Taxes

Deferred tax is calculated and reported in accordance with the balance sheet method. In accordance with this method, deferred tax is calculated on the basis of the difference between

Exchange rates

Country	Currency	Average rate			Closing rate		
		May–Apr. 2006/07	May–Apr. 2005/06	Change, %	Apr. 30 2007	Apr. 30 2006	Change, %
Canada	1 CAD	6.263	6.522	–4	6.020	6.595	–9
Euro	1 EUR	9.205	9.365	–2	9.159	9.299	–2
Great Britain	1 GBP	13.604	13.710	–1	13.423	13.363	0
Hong Kong	1 HKD	0.915	0.995	–8	0.863	0.955	–10
Japan	100 JPY	6.087	6.782	–10	5.635	6.485	–13
USA	1 USD	7.120	7.728	–8	6.738	7.413	–9

NOTE 1 ACCOUNTING PRINCIPLES CONT.

the taxable value and the reported value of assets and liabilities. Loss carry-forwards that arise are treated as deferred tax assets in those cases in which it is probable that these will be utilized. Valuation is based on the anticipated tax rate for the immediately following year in each country.

Reported tax expense includes current tax, changes in deferred tax assets/liabilities and taxes on participations in the earnings of associated companies.

Intangible assets

Research and development

Research costs are expensed as they are incurred. In those instances in which it is difficult to distinguish between the research phase and the development phase in a project, the entire project is considered as research and is expensed on an immediate basis. Identifiable costs for the development of new products are capitalized to the extent that these are considered to provide future financial benefits. In other instances, development expenditures are expensed as they are incurred. Costs for development reported for a period in the income statement are never capitalized during future periods. Capitalized expenditures are amortized on a straight-line basis from the time when the asset begins to be used or is produced commercially and during the estimated useful life of the asset. The amortization period is 3–5 years.

Goodwill

Goodwill comprises the amount by which the acquisition price exceeds the market value of the net assets acquired by the Group in connection with a corporate acquisition. Goodwill is not amortized but is instead tested annually to identify any impairment requirement.

Customer relations and other intangible assets

Intangible assets include technology, brands, customer relations, etc. In conjunction with the acquisition of such assets, the acquisition values are reported as assets, which are amortized straight-line during the estimated useful life. Surplus value in acquired order backlog is also reported as other intangible assets.

Technology	5–11 years
Brands	6–10 years
Customer relations	20 years
Order backlog	0.5–1 year

Tangible fixed assets

Tangible fixed assets acquired by Group companies are reported at their historic acquisition value, less accumulated depreciation and any write-downs. Assets in acquired companies are reported at the fair value on the acquisition date after deduction for subsequent accumulated depreciation. Machinery and equipment is depreciated on a straight-line basis during its

economic life of between 3 and 5 years. Installations and improvements on other parties' property are depreciated during the period of the lease agreement.

The residual value of assets and their useful economic lives are reviewed annually and adjusted as required.

Impairment

In conjunction with each reporting period, an assessment is made of whether there is any indication of a decline in value of the Group's assets. If this is the case, a calculation is made of the asset's recoverable value. Goodwill has been allocated to cash generating units and is subject to annual impairment testing, even though there is no indication of a decline in value. The recoverable value consists of the higher of the value in use of the asset in operations and the value that would be received if the asset were sold to an independent party, the net sales value. Value in use consists of all incoming and outgoing payments attributable to the asset during the period it is expected to be used in operations, plus the net sales value at the end of the service life. If the calculated recoverable amount is less than the reported value, impairment is made to the asset's recoverable value. Impairment is reported in the income statement.

Leasing

The leasing of fixed assets, for which the Group is essentially responsible for the same risks and benefits as it would be in the case of direct ownership, is classified as financial leasing. The leased asset is reported as a fixed asset and the corresponding obligation to pay a leasing fee is reported as an interest-bearing liability. The leasing payments are distributed between amortization of the liability and financial expense, so that each reporting period is charged with an interest amount corresponding to a fixed interest rate on the reported liability during each period. The leased asset is depreciated in accordance with the same principles that apply to other assets of the same type. If any uncertainty exists about whether the asset will be taken over at the end of the leasing period, the asset is depreciated during the leasing period, if this is shorter.

Leasing of assets, for which the lessor, for all practical purposes, is considered the owner, is classified as operational leasing. The leasing fee is expensed on a straight-line basis over the leasing period.

Inventories

Inventories are valued at the lower of acquisition value and fair value.

Financial instruments

Financial instruments, which are reported in the balance sheet, include cash and cash equivalents, securities, other financial

Notes cont.

NOTE 1 ACCOUNTING PRINCIPLES CONT.

receivables, accounts receivable, accounts payable, loan liabilities and derivatives.

A financial asset or a financial liability is reported in the balance sheet when the company becomes party to the contractual terms and conditions of the instrument. A financial asset is removed from the balance sheet when the contractual rights are realized, fall due or the company loses control of them. Spot acquisitions or sales of financial assets are reported on the settlement date, which is the date on which the asset is delivered. Accounts receivable are reported in the balance sheet when the invoice is dispatched.

The fair value of listed financial assets corresponds to the asset's listed bid price on the closing date. In the absence of such information, a valuation is carried out using generally accepted methods such as the discounting of future cash flows at the quoted market interest rate for the particular maturity.

For short term loans and investments, the fair value is deemed to comply with the carrying amount in view of the fact that a change in market rate of interest does not have a material effect on the market value.

Financial assets and liabilities are netted and reported in a net amount in the balance sheet when there is a legal right to net and when the intention is to settle the items using a net amount or simultaneously realize the assets and settle the liability.

Loan receivables and accounts receivable

Receivables are valued at the accumulated acquisition value less any provision for a decline in value. Since the anticipated lifetime of accounts receivable is short, reporting is done in the amounts expected to be received, based on individual assessment of doubtful receivables without discounting in accordance with the method for accumulated acquisition value.

Liquid funds

Liquid funds equivalents comprise cash and bank balances with financial institutions and current investments and are reported at the nominal value.

Derivative instruments

All derivatives are reported at fair value in the balance sheet. Changes in value relating to cash flow hedges are reported in shareholders' equity and are reversed to the income statement at the pace at which the hedged cash flow affects the income statement. Any ineffective portion of the change in value is reported directly in the income statement.

The result of a revaluation of derivatives used to hedge fair value is reported in the income statement along with changes in the fair value of the receivable or liability exposed to the hedged risk.

Loan liabilities

Loan liabilities are reported initially at fair value, net of transaction costs, and subsequently at amortized cost according to the effective interest method. Loan liabilities carrying a fixed rate of interest that are reported in hedge accounting in line with the method for fair value hedging are valued at market in respect of the interest component. Changes in market value are reported in net form with changes in value of the hedge instrument in net financial items.

Hedging of net investments abroad

Loans in foreign currency are reported at the fiscal year-end rate. Exchange rate differences for loans in connection with hedging of foreign operations are reported in shareholders' equity, with tax effects taken into account, and are thus offset against the translation differences that arise when translating the subsidiaries' balance sheets into SEK.

Accounts payable

The valuation principle for accounts payable is the accumulated acquisition value. The expected lifetime for accounts payable is short and thus the payables are reported at nominal value without discounting.

Provisions

Provisions are reported when the Group has, or is considered to have, an obligation resulting from an event that has occurred and for which payments are likely to be demanded to meet the obligation. A further condition is that it is possible to make a reliable estimate of the amount that will be paid.

Warranty reserves

Estimated costs for product guarantees are charged against operating costs in conjunction with the income recognition of the products. The estimated costs are established using historic statistics, with known changes taken into account in regard to product quality, repair costs and similar items.

Cash flow statement

The cash flow statement is prepared according to the indirect method.

Introduction of new and revised IFRS

In conjunction with the preparation of this annual report, IASB has published an additional number of standards, supplements to standards and interpretations. None of these will have any essential impact on Elekta's accounting.

NOTE 2 RISK MANAGEMENT OBJECTIVES AND POLICY

Financial risks are handled within the framework of a finance policy established by the Board of Directors. The Group's financial risks are compiled and followed up continuously to ensure compliance with the finance policy.

Exchange rate risk

As a result of its international operations and structure, Elekta has considerable exposure to exchange rate fluctuations. This pertains to currency flows in different currencies, transaction exposure, and the translation of foreign subsidiaries' profits and net assets into SEK, translation exposure.

Transaction exposure

Transaction exposure is generated mainly through expenses in SEK and GBP and revenue in USD and EUR. The sales companies' revenues and expenses are mainly in local currencies. The proportion of invoiced sales in foreign currency exceeds 95 percent of the Group's total invoicing.

Elekta's policy is to hedge the exchange rate risk using forwards or options, the extent of which is determined by the Group's estimation of the exchange rate risk and in accordance with the Group's established policy. Hedging is conducted on the basis of expected net sales over a period up to 24 months. Hedging is carried out to reduce the effects of short-term fluctuations in currency markets. During 2006/07, exchange rate gains in the operating profit on forward contracts amounted to SEK 63 M (loss 27).

Translation exposure

The Group's consolidated earnings and shareholders' equity are affected by translation exposure. Consolidated earnings are normally not hedged. Shareholders' equity in foreign currency is hedged when deemed appropriate, following individual assessment. The long-term USD loan raised in 2002 is used to hedge net investments in US subsidiaries.

Exposure affecting Group profit

With its present income and expense structure, a general change of one percentage point in the SEK exchange rate against other currencies affects Group earnings by approximately SEK 11 M. Currency hedging limits the short-term effect of exchange rate movements.

The Group's net sales and operating expenses in 2006/07 are shown in the diagram on this page.

Interest rate risk

Interest rate risk pertains to the risk that changes in interest rates will adversely affect Elekta's earnings.

At year-end, liquid funds accounted for 9 percent (19) of the Group's total assets. Liquid funds were invested so as to obtain a return equivalent to the short-term market rate for each currency.

On April 30, 2007, interest-bearing liabilities totaled SEK 987 M (1,091), of which SEK 3 M (5) pertained to financial leasing. The average fixed interest term was 4.9 years (7.5) and the weighted average interest rate taking interest rate derivatives into account was 4.9 percent (5.1).

An overall change in interest rate on borrowings and investments by one percentage point would effect Elekta's earnings by some SEK 6 M.

Liquidity and financing risk

The liquidity and financing risk pertains to the risk that the Company will not be able to cover its payment obligations due to insufficient liquid funds or difficulties in obtaining external financing.

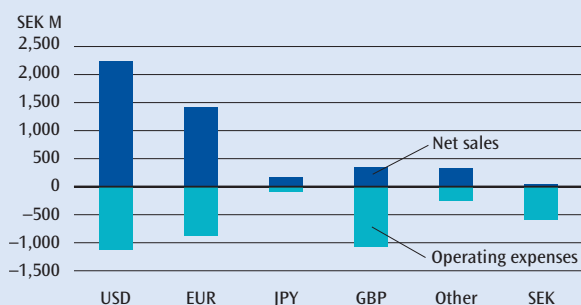
In an effort to reduce the liquidity risk, Elekta endeavors to maintain readily available funds equal to at least 10 percent of net sales. On April 30, 2007, available cash and cash equivalents amounted to SEK 475 M (947), or 10 percent (21) of net sales. In addition, Elekta had SEK 1,433 M (1,145) in unutilized credit facilities.

Credit risks

Financial credit risk

Exposure occurs when surplus liquidity is invested, and in the handling of the Group's financial risks. Elekta's finance policy includes special counterparty regulations in which the maximum credit exposure and the lowest credit rating for various counterparties are specified. An objective is that counterparties should have a minimum credit rating from Standard & Poor's/Moody's of A/A (long) and A-2/P-2 (short). Elekta invests its liquidity solely in liquid instruments with a low credit risk and with credit-worthy banks.

Net sales and operating expenses per currency 2006/07



Notes cont.

NOTE 2 RISK MANAGEMENT OBJECTIVES AND POLICY CONT.

Credit risk in accounts receivable

No customer accounts for 10 percent or more of Elekta's net sales. Accounts receivable amounted to SEK 1,261 M (916). Provisions for expected losses are regularly assessed and amounted at April 30, 2007 to SEK 18 M (22). Elekta's credit losses have historically been low.

Derivatives

The presentation below shows the overall schedule for the derivatives that have affected the Group's balance sheet and income statement as of April 30, 2007.

Cash flow hedges outstanding, April 30, 2007

Currencies	Amount	Term	Rate
MUSD/SEK	35	1–12 months	6.944
MUSD/GBP	44	1–12 months	1.924

Fair value

Financial assets and liabilities are reported at fair value with one exception, the 10-year bond loan that is reported at its amortized cost, taking into account interest rate derivatives, of SEK 838 M while the nominal value is SEK 842 M.

Derivatives outstanding, April 30, 2007

SEK M	Nominal	Assets	Liabilities
Currency derivatives	1,862	20	23
Interest rate derivatives	306	1	0
Total	2,168	21	23

Outstanding derivatives with hedge accounting, April 30, 2007

SEK M	Nominal	Assets	Liabilities	Hedging reserve after tax
Currency derivatives:				
Cash flow hedges	550	18	0	13
Interest rate derivatives:				
Hedging of fair value	270	0	0	—
Total	820	18	0	13

NOTE 3 KEY ESTIMATES AND ASSESSMENTS

The preparation of the financial statements and application of various accounting standards are frequently based on management's assessments or assumptions and estimates that are viewed as reasonable under the prevailing circumstances. These assumptions and estimates are frequently based on experience as well as other factors, including expectations of future events. Using other assumptions and estimates, the result can be different and the actual outcome, by definition, seldom complies with the anticipated result.

Impairment testing of goodwill

In computing the cash generating units' recoverable value for the assessment of any impairment requirement of goodwill, a number of assumptions concerning future circumstances and estimates of parameters have been made, see note 11.

NOTE 4 SEGMENT REPORTING

Elekta's business operations are confined to a single operating segment, namely treatment methods for cancer and brain disorders. This operating segment is the primary segment. The

secondary segment is geographical areas. Sales figures are based on the country in which the customer is located. Assets and investments are reported where the assets are located.

Secondary segment

Group, SEK M	NET SALES		INVESTMENTS IN TANGIBLE AND INTANGIBLE FIXED ASSETS		ASSETS APRIL 30	
	2006/07	2005/06	2006/07	2005/06	2007	2006
Europe, Middle East, Africa	1,840	1,608	110	138	2,779	2,977
North and South America	1,933	1,971	39	42	2,088	2,100
Asia	752	842	4	7	489	197
Total	4,525	4,421	153	187	5,356	5,284

NOTE 5 DEPRECIATION/AMORTIZATION

SEK M	GROUP	
	2006/07	2005/06
Cost of products sold	-65	-60
Selling expenses	-18	-60
Administrative expenses	-25	-27
R&D expenses	-28	-24
Total depreciation/amortization	-136	-171

NOTE 6 INCOME FROM PARTICIPATIONS IN GROUP COMPANIES

SEK M	PARENT COMPANY	
	2006/07	2005/06
Dividends from subsidiaries	61	50
Result from participations in Group companies	61	50

NOTE 7 INCOME FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

SEK M	GROUP	
	2006/07	2005/06
Income from participations in associated companies	19	12
Sale of shares in associated company	1	—
Internal profit eliminations for products sold	-3	3
Result from participations in associated companies	17	15

NOTE 8 INTEREST INCOME, INTEREST EXPENSE AND SIMILAR PROFIT/LOSS ITEMS

SEK 54 M (61) of the Parent Company's interest income of SEK 85 M (82) was received from Group companies. Parent Company's interest expense and similar profit/loss items amounted to SEK 63 M (54), of which SEK 0 M (1) pertained to Group companies.

NOTE 9 APPROPRIATIONS AND UNTAXED RESERVES

Parent Company, SEK M	APPROPRIATIONS		UNTAXED RESERVES	
	2006/07	2005/06	April 30, 2007	April 30, 2006
Tax allocation reserve	-5	-4	26	21
Total	-5	-4	26	21

Notes cont.

NOTE 10 TAXES

SEK M	GROUP		PARENT COMPANY	
	2006/07	2005/06	2006/07	2005/06
Current taxes	-117	-118	-5	-3
Deferred taxes	-43	-21	—	1
Participations in taxes of associated companies	-1	-1	—	—
Total taxes	-161	-140	-5	-2
Tax expenses:	32%	32%		
Swedish tax	28%	28%		
Effect of other tax rates for foreign companies	6%	4%		
Changes in tax legislation	0%	—		
Tax related to prior years	-4%	0%		
Others	2%	—		

SEK M	GROUP		PARENT COMPANY	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Opening balance	52	59	0	13
Adjustment for prior years	-11	-5	—	-1
Current tax for the year	128	123	5	3
Paid taxes	-134	-122	-4	-15
Translation differences	0	-3	—	—
Closing balance	35	52	1	0

Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities in the balance sheet are attributable to the following:

Group, SEK M	April 30, 2007	Assets	Liabilities	Net
Loss carry-forwards		9	—	9
Untaxed reserves		—	-45	-45
Intangible assets		8	-223	-215
Tangible fixed assets		5	-3	2
Financial fixed assets		—	-5	-5
Other assets		23	-6	17
Operating liabilities/Provisions		56	-3	53
Deferred tax assets/tax liabilities		101	-285	-184
Offsetting		-87	87	0
Net deferred tax assets/tax liabilities		14	-198	-184

Deferred tax assets (+)/liabilities (-) net

SEK M	Group net	Parent Company net
Opening balance May 1, 2006	-163	-3
Adjustment for prior years	8	—
Deferred taxes for the year	-51	—
Deferred taxes charged against shareholders' equity	17	18
Translation differences	5	—
Closing balance April 30, 2007	-184	15

NOTE 11 INTANGIBLE FIXED ASSETS

SEK M	Goodwill	Capitalized development	Customer relationships	Other intangible assets	Total
Acquisition value May 1, 2006	1,567	113	179	424	2,283
Reclassification	—	—	—	7	7
Acquisition through business combination	118	—	—	12	130
Purchases/capitalization	—	82	—	2	84
Sales/disposals	—	-14	—	-4	-18
Translation differences	-99	0	-16	-30	-145
Acquisition value April 30, 2007	1,586	181	163	411	2,341
Accumulated amortization May 1, 2006	—	-22	-10	-69	-101
Sales/disposals	—	14	—	4	18
Amortization for the year	—	-13	-9	-44	-66
Translation differences	—	—	2	4	6
Accumulated amortization April 30, 2007	—	-21	-17	-105	-143
Residual value according to plan April 30, 2007	1,586	160	146	306	2,198

Impairment testing

Goodwill is tested for impairment every year.

Goodwill is distributed among cash-generating units (product lines) as follows:

SEK M	April 30, 2007	April 30, 2006
Radiation Therapy	310	310
IMPAC	998	1,097
Medical Intelligence	158	158
BMEI	118	—
Other	2	2
Total	1,586	1,567

The recoverable amount for the Group's cash-generating units with goodwill has been tested by computing the value in use for each unit.

The calculation of the value in use for each unit was conducted by estimating future cash flow based on assumptions of growth, margin development and investments in fixed assets and working capital. These estimates are based on financial budgets (the next fiscal year), expected growth in the short term (2–5 years) and medium term (6–10 years). For long-term periods (>10 year), the extrapolation of expected cash flow has been assumed to be a prudent 2 percent – considerably lower than the anticipated industry growth. The cash flow has been

discounted using a pre-tax interest rate in line with the Elekta Group's weighted capital cost (10 percent). Discounted cash flow is compared with capital employed for each cash-generating unit. Testing of the impairment requirement is done in April/May after the budget and business plans have been set by company management and the 2007 test indicated that there was no impairment requirement.

Sensitivity analyses have been carried out with regard to the discount rate (risk) and long-term growth. Even if the long-term (>10 years) growth rate declines by 1 percentage point and the weighted capital cost rises to 12 percent, there is no write-down requirement.

Notes cont.

NOTE 12 TANGIBLE FIXED ASSETS

SEK M	Machinery etc. for production	Equipment, tools and installations	Finance lease equipment	Buildings	Total
Acquisition value May 1, 2006	69	489	55	—	613
Reclassification	-2	1	-6	—	-7
Increase through business combination	10	3	—	27	40
Purchases	8	61	—	—	69
Sales/disposals	0	-8	—	—	-8
Translation differences	0	-12	0	-1	-13
Acquisition value April 30, 2007	85	534	49	26	694
Accumulated depreciation May 1, 2006	-47	-287	-49	—	-383
Reclassification	1	-5	4	—	0
Sales/disposals	0	6	—	—	6
Depreciation for the year	-7	-60	-2	-1	-70
Translation differences	0	5	0	0	5
Accumulated depreciation April 30, 2007	-53	-341	-47	-1	-442
Residual value according to plan April 30, 2007	32	193	2	25	252

NOTE 13 FINANCIAL FIXED ASSETS

SEK M	April 30, 2007	GROUP		PARENT COMPANY	
		April 30, 2006	April 30, 2007	April 30, 2006	
Participations in Group companies	—	—	1,272	1,110	
Receivables from Group companies	—	—	851	961	
Participations in associated companies	18	17	8	8	
Participations in other companies	2	2	0	0	
Other long-term receivables	12	7	—	—	
Total financial fixed assets	32	26	2,131	2,079	

PARTICIPATIONS IN GROUP AND ASSOCIATED COMPANIES

SEK M	Associated companies	GROUP		PARENT COMPANY	
		Other companies	Associated companies	Group companies	
Opening balance May 1, 2006	17	2	8	1,110	
Investments	0	—	—	162	
Sales/repayments	-12	—	—	—	
Participations in income of associated companies	15	—	—	—	
Translation differences	-2	0	—	—	
Closing balance April 30, 2007	18	2	8	1,272	

NOTE 13 FINANCIAL FIXED ASSETS CONT.

PARTICIPATIONS IN GROUP COMPANIES

Company	Corp. reg. No.	Domicile	No. of shares and participations	Proportion of capital and votes, %	Book value, SEK M
Elekta Instrument AB	556492-0949	Stockholm, Sweden	1,000,000	100.0	50
Elekta Instrument SA	3033/1984	Geneva, Switzerland	500	100.0	57
Elekta Neuromag Oy	0756256-7	Helsinki, Finland	1,832	100.0	44
Elekta KK	65 820	Kobe, Japan	2,000	100.0	0
Elekta Holding Limited	2699176	Crawley, England	22,810,695	100.0	276
Elekta Holdings US Inc.	58-1876545	Norcross, USA	6,020	100.0	433
Elekta Canada Inc.	R889657862	Toronto, Canada	1	100.0	0
Elekta Asia Ltd	502 493	Hong Kong	81,022,160	100.0	13
Elekta Instrument (Shanghai) Ltd		Shanghai, China		100.0	2
Elekta BMEI (Beijing) Medical Equipment Co., Ltd.		Beijing, China		80.0	162
Elekta Pty Limited	ACN 109 006 966	Sydney, Australia	1	100.0	1
Elekta Medical System India Private Limited	U33112DL2005PTC139794	New Delhi, India	10,000	100.0	0
Elekta SA	B 414 404 913	Paris, France	2,500	100.0	4
Elekta Medical SA	A-818 867 31	Madrid, Spain	10,000	100.0	3
Elekta GmbH	HRB 63500	Hamburg, Germany		100.0	5
Elekta Vermögensverwaltung GmbH	HRB 56005	Hamburg, Germany		100.0	0
Medical Intelligence Medizintechnik GmbH	HRB 14835	Schwabmünchen, Germany		100.0	184
Elekta Kft.		Budapest, Hungary		75.0	0
Elekta GmbH	FN 166018w	Innsbruck, Austria	1	100.0	3
Elekta Hellas EPE	998 569 196	Athens, Greece		100.0	0
Elekta S.A./N.V.	HRB 613 484	Zaventem, Belgium	250	100.0	1
Elekta BV	17 097 384	Best, The Netherlands	40	100.0	0
Elekta Holding BV	33 292 546	Best, The Netherlands	40	100.0	0
Elekta S.p.A.	02723670960	Monza, Italy	500,000	100.0	34
Elekta (Pty) Ltd	2000/018814/07	Pretoria, South Africa	1	100.0	0
Total participations in Group companies					1,272

PARTICIPATIONS IN ASSOCIATED COMPANIES

Company	Corp. reg. No.	Domicile	No. of shares and participations	Proportion of capital and votes, %	Book value, SEK M
AB Motala Verkstad	556031-3503	Motala, Sweden	29,960	49.9	10
Miscellaneous participations					8
Total participations in associated companies					18

The book value of AB Motala Verkstad in the Parent Company is SEK 8 M.

NOTE 14 INVENTORIES

SEK M	GROUP	
	April 30, 2007	April 30, 2006
Components	51	67
Work in progress	57	85
Finished goods	315	212
Total inventories	423	364

Notes cont.

NOTE 15 RECEIVABLES

SEK M	GROUP		PARENT COMPANY	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Accounts receivable	1,261	916	—	—
Receivables from Group companies	—	—	139	55
Derivative instruments (see note 2)	21	13	2	2
Other receivables	92	90	1	1
Prepaid expenses and accrued income	579	444	4	11
Total receivables	1,953	1,463	146	69

The Prepaid expenses and accrued income item in the consolidated balance sheet includes accrued income of SEK 437 M (339) for projects.

NOTE 16 LIQUID FUNDS

SEK M	GROUP		PARENT COMPANY	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Cash and bank	484	981	104	667
Total liquid funds	484	981	104	667

NOTE 17 SHAREHOLDERS' EQUITY

Number of shares in Elekta AB (publ)	Series A shares	Series B shares	Total
Number of shares May 1, 2005	1,187,500	30,379,954	31,567,454
Split 3:1	2,375,000	60,759,908	63,134,908
Cancellation of repurchased shares		-674,700	-674,700
Exercise of warrants after split		304,193	304,193
Number of shares April 30, 2006	3,562,500	90,769,355	94,331,855
Cancellation of repurchased shares		-801,700	-801,700
Exercise of warrants		264,621	264,621
Number of shares April 30, 2007	3,562,500	90,232,276	93,794,776

One Series A share entitles the holder to 10 votes and one Series B share to one vote.

In accordance with section 12 of the Articles of Association, Series A shares are subject to right of first refusal. All Series A shares are owned by Laurent Leksell via company.

The Board's proposed dividend is SEK 1 per share equal to SEK 92 M.

801,700 Series B shares repurchased during June – July 2006 were cancelled following the approval of the Annual General Meeting.

Elekta has during March 2007, repurchased 759,271 Series B shares.

Elekta has after the year-end close in July 2007 repurchased 871,600 Series B shares.

Accordingly, Elekta's current holding of own shares amounts to 1,630,871 Series B shares, which Elekta's Board intends to propose to the AGM to be cancelled.

For additional information on Elekta shares, see pages 80-82.

NOTE 18 OTHER PROVISIONS

SEK M	GROUP		PARENT COMPANY	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Warranty provisions	62	64	—	—
Short-term provisions	62	64	—	—
Provision for pensions	22	20	2	3
Other provisions	41	37	4	4
Long-term provisions	63	57	6	7

Elekta has defined benefit pension plans for certain employees in a few countries. Most common is however defined contribution plans.

Pension costs, defined benefit pension plans

SEK M	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Current service cost	-5	-5	-1	-1
Interest expense	-4	-2	-1	-1
Return on plan assets	2	5	1	3
Actuarial gains (+) and losses (-)	2	0	1	-1
Total pension costs defined benefit plans	-5	-2	0	0

The pension plans are funded through insurances, the funds are therefore not reported in Elekta's balance sheet.

Defined benefit pension plans

SEK M	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Defined benefit obligation, funded plans	87	64	28	28
Fair value of plan assets	-76	-55	-26	-25
Provisions for pension, funded plans	11	9	2	3
Defined benefit obligation, unfunded plans	11	11	—	—
Provisions for pension, unfunded plans	11	11	—	—
Pension liability for defined benefit plans, net	22	20	2	3

Provision for pensions, net

SEK M	2006/07	2005/06	2006/07	2005/06
Opening balance	20	21	3	3
Pension costs	5	2	0	0
Contributions	-2	-2	-1	0
Translation effects	-1	-1	—	—
Provisions for pensions, net	22	20	2	3

Main actuarial assumptions

Weighted average	April 30, 2007	April 30, 2006
Discount rate	4.1%	3.7%
Expected return on plan assets	4.5%	4.1%
Future salary increases	2.3%	2.4%

SEK M	GROUP		PARENT COMPANY
	Warranty provisions	Other provisions	Other provisions
Opening balance May 1, 2006	64	37	4
Provisions/reversals during the year	57	26	0
Provisions released during the year	-57	-22	—
Translation differences	-2	0	—
Closing balance April 30, 2007	62	41	4

Notes cont.

NOTE 19 INTEREST-BEARING LIABILITIES

SEK M	GROUP		PARENT COMPANY	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Bond loan	838	919	838	924
Liabilities to credit institutions	146	167	109	161
Liabilities to Group companies	—	—	64	67
Finance lease liabilities	3	5	—	—
Total interest-bearing liabilities	987	1,091	1,011	1,152
Maturity term structure				
SEK M	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Within 1 year	147	42	171	107
Within >1 year <5 years	0	124	—	120
After 5 years	840	925	840	925
Total	987	1,091	1,011	1,152
Specification per currency				
Currency	April 30, 2007 amount	April 30, 2007 SEK M	April 30, 2006 amount	April 30, 2006 SEK M
Pounds sterling, GBP M	0	0	0	1
Euro, EUR M	0	3	0	4
US dollars, USD M	141	947	147	1,080
Chinese yuan, CNY M	43	37	—	—
Japanese yen, JPY M	—	—	100	6
Total		987		1,091
Fixed interest term for bond loan and liabilities to credit institutions including effects of derivative transactions				
SEK M	April 30, 2007	April 30, 2006		
< 1 year	414	201		
>1 year < 2 years	2	40		
>2 years < 5 years	—	—		
> 5 years	568	845		
Total	984	1,086		

NOTE 20 INTEREST-FREE LIABILITIES

SEK M	GROUP		PARENT COMPANY	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Advance payments by customers	614	502	—	—
Accounts payable	379	483	3	1
Liabilities to Group companies	—	—	555	549
Accrued expenses and prepaid income	1,051	905	19	19
Derivative instruments (see note 2)	23	15	22	14
Other interest-free liabilities	81	46	1	1
Total interest-free liabilities	2,148	1,951	600	584
Accrued expenses and prepaid income				
Reserve for additional project costs	176	192	—	—
Prepaid service income	377	367	—	—
Accrued commission costs	35	47	—	—
Accrued vacation pay liability	55	52	3	3
Accrued social costs	15	9	0	1
Accrued interest expense	10	11	10	13
Other items	383	227	6	2
Total	1,051	905	19	19

NOTE 21 ASSETS PLEDGED

SEK M	GROUP		PARENT COMPANY	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
<i>Collateral pledged for contingent liabilities:</i>				
Bank balances	9	34	—	24
Receivables	0	1	—	—
Total assets pledged	9	35	—	24

NOTE 22 CONTINGENT LIABILITIES

SEK M	GROUP		PARENT COMPANY	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Guarantees	89	127	38	65
Guarantees for subsidiaries	—	—	229	178
Total contingent liabilities	89	127	267	243

NOTE 23 NUMBER OF EMPLOYEES

	AVERAGE NUMBER OF EMPLOYEES		OF WHOM WOMEN	
	2006/07	2005/06	2006/07	2005/06
Parent Company	20	21	9	10
Subsidiaries:				
Sweden	175	179	56	57
Australia	10	9	1	1
Austria	14	13	5	5
Belgium	7	6	1	1
Canada	9	8	1	1
China	223	110	58	21
England	471	445	80	79
Finland	26	26	5	5
France	44	40	5	4
Germany	88	66	17	9
Greece	5	—	1	—
Hong Kong	15	14	5	4
Hungary	3	3	—	—
India	26	12	1	1
Italy	36	36	5	5
Japan	51	48	10	10
Netherlands	16	17	2	2
South Africa	7	7	2	2
Spain	25	27	5	5
Switzerland	4	5	1	1
USA	676	658	262	253
Total average number of employees	1,951	1,750	532	476

Specification men/women among Board of Directors and Executive Committee during 2006/07

The Board of Directors in Elekta AB was 86 (86) percent men. The Executive Committee was 80 (82) percent men.

Absence due to illness in the Swedish companies

The total absence due to illness amounts in the Swedish companies to 2 percent, of which men 2 percent and women 3 percent.

24 percent of the absences are long-term, more than 60 consecutive days.

Absence due to illness for the ages 29 years or younger, 30-49 years and 50 years or older are 0, 2 respective 3 percent.

Notes cont.

NOTE 24 WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

SEK M	SALARIES AND REMUNERATION TO THE BOARD AND THE PRESIDENT		SALARIES AND REMUNERATION TO OTHER EMPLOYEES	
	2006/07	2005/06	2006/07	2005/06
Parent Company	6	4	18	18
Subsidiaries:				
Sweden	—	1	91	90
Australia	1	1	5	4
Austria	2	2	6	6
Belgium	1	1	3	5
Canada	—	—	6	6
China	0	0	28	14
England	3	3	224	203
Finland	2	2	10	9
France	1	1	13	11
Germany	3	2	45	37
Greece	1	—	1	—
Hong Kong	4	3	11	10
Hungary	—	—	1	1
India	1	0	2	1
Italy	1	1	15	14
Japan	2	2	32	35
Netherlands	1	1	9	8
South Africa	0	0	5	4
Spain	1	1	10	11
Switzerland	—	—	3	3
USA	7	9	464	432
Total wages, salaries and other remunerations	37	34	1,002	922
Pension costs, Parent Company	1	1	2	3
Pension costs, subsidiaries	2	2	61	71
Other social security costs, Parent Company	2	2	11	6
Other social security costs, subsidiaries	7	3	139	127
Total wages, salaries, other remuneration and social security costs	49	42	1,215	1,129

Bonus payments included in the above wages, salaries and other remunerations paid to the Boards and the Presidents of subsidiaries amounted to SEK 7 M (6), and SEK 1 M (1) in the Parent Company.

OPTION PROGRAM

The Annual General Meeting of shareholders of 2004 resolved to adopt the Elekta AB 2004 Share Unit Plan (“the Plan”). The resolution meant that the conditions and the guidelines stated in the Plan shall be the framework for yearly grants of employee options to key employees within the Elekta Group during the period 2004/05 – 2006/07. Board members who are not employed in the company are not encompassed by Elekta’s option program. The main terms of the Plan are i) it is required that, for an employee to receive employee options and retain the possibility to acquire shares, the employee shall acquire a certain number of shares in the Company on the market and hold these shares until exercise of the option; (ii) the number of shares that will be possible to acquire based on the employee options is determined based on the fulfillment of a collectively established performance goal; (iii) it shall be possible to exercise one third of the options annually; (iv) the options are nontransferable; (v) the options are dependent upon continued employment; (vi) the price that shall be paid to receive shares on exercise of the option shall amount to not less

than 110 percent of the share’s market value at the time of the option offer; (vii) the lifetime of the option shall be a maximum of four years, and (viii) the financial gain that the employee could receive on the granted options is maximized to 400 percent of the

Share Unit Plan (employee options)	2004/2008	2006/2010
Number of shares after split after confirmed performance requirements	1,675,611	989,692
Expiration date for options	July 31, 2008	July 31, 2010
Exercise price per share	SEK 65.20	SEK 152.00
Number of shares after split as per outstanding options, April 30, 2006	1,357,366	—
Expired during the year	–55,827	—
Number of shares acquired during the year (option exercise)*	–264,621	—
Number of shares as per outstanding options, April 30, 2007**	1,036,918	989,692

* Weighted average share price on exercise was SEK 141.

** Number of redeemable options totaled 519,158.

NOTE 24 WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS CONT.

price that shall be paid for the shares. If the option holder's employment in the Group ceases, the option expires immediately to the extent that the option cannot yet be used, otherwise the option expires normally after three months from the cessation of employment. Delivery of shares under the employee option program has been secured through Elekta AB (publ) issuing warrants for new subscription to Series B shares to a subsidiary. Thus, the employee options provide formal right to the acquisition of warrants transferred from the subsidiary. However, the option holder may not dispose of the acquired warrants in a manner other than through the immediate exercise to subscribe for shares.

Employee options are reported in line with IFRS 2

Share-based payments. The calculated costs amounted to SEK 22 M (20).

Outstanding employee options granted 2004 entitle the option holders to acquire 1,036,918 Series B shares. Employee options granted 2005 do not entitle the option holders to acquire any shares as the performance goals were not met. Employee options granted 2006 entitle the option holders to acquire 989,692 Series B shares.

The dilution effect and the impact on earnings per share as a result of outstanding warrants issued to secure the delivery of shares pursuant to the 2004 and 2006 employee option programs are shown in the table Data per share on page 82.

REMUNERATION TO EXECUTIVE MANAGEMENT

The Board

In accordance with the decision at the Annual General Meeting, Board fees totaling SEK 1,840,000 were paid, of which SEK 500,000 was paid to the Board Chairman, SEK 250,000 each to external Board members, SEK 60,000 to the Executive Compensation Committee Chairman, and SEK 30,000 to the other external Board member on the company's Executive Compensation Committee. No remuneration is paid to the Board members employed in the Company.

Principles

It is of fundamental importance to the Group and its shareholders that the principles for compensation and other employment conditions for the executives of the Group aims to, in the short and long term, attract, motivate and retain competent employees and managers. To obtain this goal, it is important to ensure fairness and internal equality, while maintaining market competitiveness of the structure, scope and level of executive compensation within Elekta. Employment conditions for the executive management should comprise a balanced mix of fixed salary, annual incentives, long term incentives, pension and other benefits as well as notice and severance payments.

Total target cash compensation, i.e. fixed salary and variable incentives, should be competitive in the geographic market where the employee is resident. The level of total cash should be reviewed annually to ensure that it is in line with the median for similar positions in the relevant market. Compensation should be highly performance driven and therefore the target annual incentive should be a relatively high portion of the total target compensation.

Executive management comprised 10 persons in 2006/07, 6 of which are residents in Sweden, 4 in UK and USA. See page 74. James P. Hoey and Olof Sandén were added on May 1, 2007.

Remuneration and other benefits during the year

SEK 000s	Fixed salary	Annual incentive	Other benefits	Pension cost	Total
President	2,851	1,107	52	980	4,990
Other senior executives:					
– residents in Sweden (5 persons)	5,346	1,338	241	1,262	8,187
– residents in UK and USA (4 persons)	8,385	4,496	740	549	14,170
Total executive management	16,582	6,941	1,033	2,791	27,347
Previous President	2,437	1,119	86	-605	3,037

Comments on the table above

Annual incentive pertains to the bonus attributable to the 2006/07 fiscal year, which partly was paid out quarterly during the fiscal year and partly will be paid during 2007/08.

Option program 2006/2010

	After measurement of performance goals		
	Max number of shares at issue	Number of shares	Theoretical value at time of issue, SEK 000s
President	60,000	38,250	1,071
Other senior executives	465,000	239,060	6,694
Total executive management	525,000	277,310	7,765
Previous President	45,000	28,687	803

Comments on the table above

The warrants have no market value since they are not transferable. However, a theoretical value for the warrants has been calculated based on the Black & Scholes option pricing model, assuming a share price of SEK 154 and an expected volatility of 28 percent. The value calculated in accordance with the Black & Scholes model has been reduced by 30 percent to

NOTE 24 WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS CONT.

account for the non-transferable nature of the warrants and the risk of the warrants partially or wholly lapsing before the original maturity date due to employment requirements not being met. The theoretical value of the warrants at the time of issue has been calculated at SEK 28 per share that the warrant carries entitlement to.

Compensation components

The group compensation system comprises different forms of compensation in order to create a well balanced remuneration which strengthens and underpins long and short term objective setting and attainment.

Fixed salary

The fixed salary shall be individual and based on the content and responsibility of the role as well as the individual's competence and experience in relation to the role held.

Annual incentive

Executive management has an annual incentive with quarterly measurement and payment. The annual incentive is structured as a variable component of the total cash remuneration package and is primarily related to the achievement of common group financial performance goals. The goals for the annual incentive are established annually by the Board so as to sustain the business strategy and objectives. Other measures, i.e. Key Performance Indicators, may be used to create focus on non-financial objectives of particular interest. The size of the annual incentive is dependent on the role held and may amount to between 30 and 100 percent of the fixed salary at target performance. At over-performance of financial and other quantitative goals the level of pay out against the annual incentive is capped at a maximum of 150 percent of target. The plan shall also contain a minimum performance level under which no bonus will be paid out.

In order to ensure long term engagement, continued employment as well as competitive pay from an international perspective, the annual incentive may be complemented by an additional annual incentive with a deferred payment by 12–24 months. This deferred bonus requires continued employment until an agreed future date for any payment to be made. The deferred bonus should never exceed 50 percent of the normal annual incentive and shall in other aspects follow the group bonus plan.

Long term Incentive and share related incentive

In order to strengthen long term thinking in decision making and ensure achievement of long term objectives, the Board may selectively decide on other type of non-share price related long term cash incentive programs. Potential remuneration in form

of a long term incentive should be in line with practice in each market and requires continued employment in the Group.

The Board also uses long term incentives to reinforce a customer and shareholder perspective among executive and other management. On a yearly basis, the Board of Directors evaluates whether a share based long term incentive program, e.g. in the form of an option program, should be proposed to the AGM.

Pension

Senior executives that are entitled to pension benefits should have defined contribution schemes. The pensionable age for Swedish citizens is 65 years while other executives follow the rules of their respective countries of residence. The main guide line is that the size of pension contributions is based only on the fixed salary. Certain individual adjustments may occur based on market practice.

The previous President and Executive Director is entitled to request retirement from the age of 60 with remuneration corresponding to 70 percent of the base salary on the retirement date. The pension benefit is secured by insurance.

Other benefits

Other benefits, such as company cars and health, medical and sickness related insurance schemes, should be of a more limited value compared to other items of the compensation package and in line with the market practice for the respective geographic market.

Notice periods and severance agreements

Elekta has a notice period to the President of 24 months while the President has a notice period of 8 months. In the event of certain more comprehensive ownership changes the President is entitled to give 6 months notice within 120 days and then receive severance pay equal to 18 months employment including all employment benefits except company car and bonus.

Other senior executives have notice periods between 6 and 12 months. Severance agreements will in principle not be signed. In a redundancy situation, the current practice in the geographic market where the executive is resident will apply.

The previous President is entitled to severance pay of 3 years' salary, including pension benefits, other remuneration during a 3-4 year period and four times his annual bonus, calculated as the average bonus paid during the most recent 3 year period. In addition, the previous President is entitled to severance pay in the event of own notice of termination of employment as the result of certain more comprehensive ownership changes. This severance agreement is irrevocable.

NOTE 24 WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS CONT.

Committees and decision process

During the year, Elekta's Executive Compensation Committee (ECC) provided the Board with recommendations regarding principles for formulating the Group's compensation system and remuneration to senior executives and senior managers. The recommendations covered formulation of the bonus system, distribution between fixed and variable remuneration as well as the size of any salary increases. The ECC also proposed criteria for assessing the performance of senior executives and

senior managers. The Board has discussed the proposals from the ECC and made the proposal to the AGM based on the recommendation submitted. Elekta's ECC comprises the Chairman of the Board, one independent Director and one Board member employed at Elekta. The President Tomas Puusepp is present at the committee meetings. The Group Vice President Human Resources acts as the ECC secretary.

NOTE 25 OPERATING LEASING

The year's leasing costs amounted to SEK 89 M (81). Contracted leasing payments total SEK 78 M for the 2007/08 fiscal year, SEK 201 M for 2008/09-2011/12, and SEK 195 M for subsequent years.

NOTE 26 FEES AND REMUNERATIONS TO AUDITORS

SEK M	GROUP		PARENT COMPANY	
	2006/07	2005/06	2006/07	2005/06
Audit fees Deloitte	8	7	2	1
Other remunerations to Deloitte	2	4	1	3
Total fees and remunerations to auditors	10	11	3	4

Other remunerations are predominantly in areas closely related to audit such as accounting and tax as well as review in connection with acquisitions.

NOTE 27 RELATED PARTY TRANSACTIONS

Transactions between Elekta AB and its subsidiaries are shown in notes 6, 8, 15, 19 and 20. These transactions are eliminated in consolidation. Sales to associated companies amount to SEK 80 M (26). Purchases from associated companies amount to SEK 23 M. In other respects see note 7. None of the Board members or any of the senior executives has, or has had, any

direct or indirect involvement in any business transactions between themselves and Elekta, which is, or was, unusual in character with regard to the terms and conditions. In addition to this, no other transactions with closely related persons occurred. Remunerations and benefits to key personnel in management positions are presented in note 24.

NOTE 28 COMPANIES ACQUIRED

Effective August 18, 2006, BMEI was acquired for a consideration of USD 20 M. Acquisition costs in connection with the takeover totaled SEK 4 M.

BMEI's registered office is in Chang Ping, a suburb north of Beijing, and at time of acquisition BMEI had 146 employees.

The initial accounting for the fair values to be assigned to the acquired unit's identifiable assets and liabilities has been provisionally established and is shown in the specification under the cash-flow statement on page 48. Intangible assets and goodwill have been valued at SEK 130 M. The intangible assets consist of

technology under development and the amortization period is five years. Goodwill refers primarily to future synergy effects. The acquisition enables Elekta to meet the needs of the Chinese and other developing markets for less capital-intensive equipment for radiation therapy. Elekta plans to develop the operations of BMEI through investments in research and development, production capacity and infrastructure.

Net sales from date of acquisition to end of April 2007 amounted to SEK 23 M and the operating loss amounted to SEK 7 M.

Appropriation of profit

Distributable shareholders' equity at the Parent Company:

Premium reserve	SEK 15,930,182
Unrestricted reserve	SEK 50,380,026
Retained earnings	SEK 313,368,106
Profit for the year	SEK 28,131,527
Total	SEK 407,809,841

The Board of Directors and the President propose:

to be distributed to the shareholders, a dividend of SEK 1.00 per share*	SEK 92,210,651
and that the remaining amount be carried forward	SEK 315,599,190
Total	SEK 407,809,841

* The total amount distributed can change up until the record date depending on the number of warrants utilized.

It is the assessment of the Board of Directors that the proposed dividend neither prevents the Company, and other companies within the Group, from fulfilling its obligations, nor from making the necessary investments. The proposed dividend can therefore be justified in respect of Chapter 17, section 3, paragraphs 2 and 3 of the Swedish Companies Act (the prudence rule).

In making this proposal for dividend, the Board has taken into account the Company's dividend policy, solidity as well as general financial position, whereby the Company's ability to timely fulfill existing and foreseeable payment obligations as well as potential acquisitions and other investments.

The Board of Directors and the President certify that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Company and the Group, and that the management report gives a fair review of the development and performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

STOCKHOLM AUGUST 15, 2007


AKBAR SEDDIGH
Chairman of the Board



HANS BARELLA


TOMMY H KARLSSON


BIRGITTA STYMNE GÖRANSSON



LAURENT LEKSELL


CARL G. PALMSTIERNA


MAGNUS SCHMIDT


TOMAS PUUSEPP
President

Our audit report was submitted on August 15, 2007.

Deloitte AB

LARS SVANTEMARK
Authorized Public Accountant

Audit Report

To the Annual General Meeting of the shareholders of Elekta AB (publ),
corporate registration number 556170-4015.

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Elekta AB (publ) for the fiscal year from May 1, 2006 to April 30, 2007. The Board of Directors and the President are responsible for these accounts and the administration of the Company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the president and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the Company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent company be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

STOCKHOLM AUGUST 15, 2007

Deloitte AB



LARS SVANTEMARK
Authorized Public Accountant

Corporate Governance 2006/07

Elekta AB is a publicly traded Swedish limited liability company that operates under Swedish law. Corporate Governance of Elekta is based on Swedish legislation, primarily the Swedish Companies Act, the listing agreement with the OMX Nordic Exchange Stockholm AB, and other relevant rules and guidelines.

The Swedish Code of Corporate Governance (the Code) is part of the listing agreement with the Nordic Exchange.

Elekta has implemented and follows the Code with the following deviations:

- Elekta's Board of Directors has decided not to form any auditing committee. In Elekta, all Board members have the commitment and competence to address auditing issues and the full Board deals with accounting and auditing issues at its regular meetings.
- Elekta's Election Committee decided to appoint Laurent Leksell, who is a Board member, as Chairman of the Election Committee. This decision by the Election Committee was motivated by the fact that Laurent Leksell is a major shareholder and well suited to effectively lead the work of the Committee in order to achieve the best result for the Company's shareholders.
- Laurent Leksell is a member of Elekta's Executive Compensation Committee and, due to his ownership and employment, cannot be considered an independent Board member. The Board believes that Laurent Leksell's long experience with remuneration and personnel issues from his time as President of the Company motivates this decision.

This Corporate Governance report has not been reviewed by the Company's auditors.

Annual General Meeting

The shareholders' right of decision in Elekta AB's affairs is exercised at the Annual General Meeting (AGM). The AGM is held in Stockholm, Sweden in September. Notification of the AGM is provided not earlier than six and not later than four weeks in advance. All registered shareholders receive an invitation to the AGM together with a copy of the Annual Report.

To be able to participate in decisions, shareholders must be present at the AGM personally or via a representative. Shareholders may register to participate by post, fax, telephone or e-mail. The language for the AGM is Swedish, and all documentation is available in Swedish and English. Matters considered at the AGM include dividend, adoption of the Annual Report, election of members of the Board of Directors as well as auditors if applicable, remuneration to the Board of Directors and auditors as well as other important issues resulting from laws or the articles of association.

Series A shares entitle the holder to ten votes, while Series B shares carry one vote. Decisions are normally taken by simple majority, with the exception of those instances when Swedish law requires a qualified majority.

All relevant documentation for the AGM is made available at the Company's head office and on Elekta's website, www.elekta.com.

At the AGM on September 20, 2006, 224 voting entitled shareholders participated, representing 52.10 percent of the votes in the Company. For more information about 2006 Annual General Meeting please visit www.elekta.com.

Election Committee

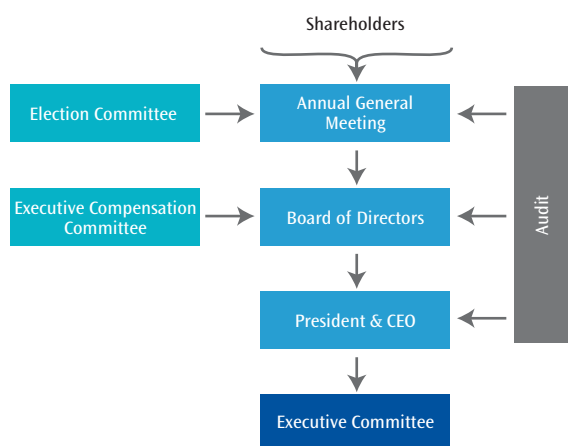
In accordance with a decision at the Annual General Meeting on September 20, 2006, Elekta's Chairman of the Board Akbar Seddigh contacted the Company's largest shareholders in December and January for the purpose of forming an Election Committee. Shareholders that agreed to participate in the Election Committee work have, in turn, each nominated a representative.

As of November, 2006, these shareholders collectively represented 44 percent of the votes in Elekta AB.

The shareholders and representatives included on the Election Committee are:

- SEB Funds – Ann Ahlberg
- Swedbank Robur Funds – Åsa Nisell
- AFA Insurance – Anders Algotsson
- AMF Pension – Tor Marthin
- Laurent Leksell

Corporate Governance at Elekta



The Election Committee has appointed Laurent Leksell as Committee Chairman and has held four recorded meetings. The Committee has had the assignment to prepare a proposal of Board of Directors to be presented to the Annual General Meeting for decision and to prepare other issues before the Meeting. Prior to the election process, an evaluation was conducted under the Chairman's leadership of the performance of all members of the Board of Directors. In addition, all Board members have also filled out a special evaluation form regarding Board work during the year. The result of this evaluation was then shared with the Election Committee and has formed the basis for the Election Committee's discussions.

Prior to the 2007 AGM, the Election Committee will submit proposals for meeting chairman, number of Board members, Chairman of the Board and Board members. The Election Committee will also submit proposals for remuneration to the chairman and other members, any Board committees and auditors. The Election Committee's assignment is valid until a new Election Committee has been named.

No remuneration was paid by Elekta to the members of the Election Committee.

Board of Directors

Elekta's Board of Directors is elected by the Annual General Meeting. The Board of Directors establishes Elekta's strategy and goals, ensures an effective evaluation of operations and controls the Company's development and financial position. During the 2006/07 fiscal year, the Board of Directors consisted of seven persons, who are presented on page 72. Five of the seven Board members are independent according to the definition in the Code, see the table on page 72.

During the 2006/07 fiscal year the Board held 12 recorded meetings, of which six were so-called per capsulam meetings.

As part of its work, the Board regularly visits Elekta's larger units around the world. During the year, the Board traveled to China to meet with both customers and Elekta management, including the newly acquired Elekta BMEI. Other meetings were held at the main office in Stockholm, all with Elekta's General Counsel or her alternate acting as secretary. Board member attendance is detailed in a table on page 72.

Representatives from executive management and other managerial representatives have, during the year, regularly participated in Board meetings to report on issues relating to their respective areas. The Board has also had reviews with the auditors without the presence of management.

Working instructions for the Board

Within the Board of Directors, there is no special distribution of responsibility among Board members. Apart from the

responsibilities assigned by the Swedish Companies Act, the Company's articles of association and the Code, the work of the Board of Directors is regulated by its working instructions, which stipulate that the Board should:

- Hold at least five ordinary meetings in addition to the statutory meeting
- Establish finance and currency policies
- Approve budgets and similar long-term plans including investment budgets
- Consider matters regarding investments and similar measures in amounts over SEK 4 M if such matters are beyond the scope of approved investment budgets
- Decide on acquisitions of fixed property, shares or the acquisition of operations in another company
- Decide on the establishment and capitalization of subsidiaries
- Establish the terms of employment for the CEO
- Approve the annual accounts, Board of Directors' report and interim reports

At each ordinary Board meeting, the following items should be considered:

- A report on the Group's operations including financial management
- A report on extraordinary measures or events that were implemented or occurred between Board meetings
- Development of major projects and anticipated business events
- A report on existing or potential legal disputes that may have a significant impact on the Group's business

Significant decisions during the year

In addition to decisions on plans and strategies, continuous follow-up of business operations and approval of interim and year-end reports, the Board of Directors during the 2006/07 fiscal year decided on matters including:

- Acquisitions of new entities
- Capital structure and share repurchase
- Issues relating to organization and planning for management succession
- Investments in China
- Initiation of major R&D programs

Board of Directors remuneration

Remuneration to the Board of Directors is determined by the AGM and is paid to those Board members who are not Company employees. Elekta has not implemented a share or share price related incentive program for Board members who do not hold employment with the Company. Remuneration to the respective members is detailed in a table on page 72.

Corporate Governance 2006/07 cont.

Board of Directors



AKBAR SEDDIGH

Chairman, born: 1943

Member of the Board since 1998

Holdings: 3,300 B shares

Graduate Chemist, Marketing Specialist

Other Board memberships:

Chairman of the Board: Hedson Technologies International AB, Mentice AB, Ortivus AB, Pricer AB, Innovationsbron AB and Blekinge Tekniska Högskola
Member of the Board: Affärsstrategerna AB and Biolight International AB



HANS BARELLA

born: 1943

Member of the Board since 2003

Holdings: —

Former President and CEO of Philips Medical Systems

Other Board memberships:

Member of the Board: Senator Group Consultancy and Investment B.V.



TOMMY H KARLSSON

born: 1946

Member of the Board since 2001

Holdings: 1,650 B shares

International Management Consultant, MSc and B.A.

Other Board memberships:

Chairman of the Board: Global Gardening Products S.A., MSC S.A. and U-POL Inc
Member of the Board: Nybron Flooring International S.A.



LAURENT LEKSELL

born: 1952

Member of the Board since 1972

Holdings: 3,562,500 A shares, 2,523,449 B shares and 98,239 employee options (incl. via companies)

Former President and CEO of Elekta AB, 1972-2005

Executive Director 2005–

PhD Economics

Other Board memberships:

Chairman of the Board: Stockholm's City Mission
Member of the Board: Ortivus AB, Karo Bio AB and American Chamber of Commerce



CARL G. PALMSTIERNA

born: 1953

Member of the Board since 1993

Holdings: 46,677 B shares

Managing Partner ABG Sundal & Collier AB,

MBA

Other Board memberships:

Chairman of the Board: Qbrick AB, Momail AB and MyFc AB

Member of the Board: Alltjöräbördrar AB, Natural Fragrances AB, PHG Inc and Viewserver AB



MAGNUS SCHMIDT

born: 1940

Member of the Board since 1998

Holdings: 10,000 B shares

International Consultant,

MBA

Other Board memberships:

Chairman of the Board: Einar Mattsson AB and Fastighets AB Stadshus

Member of the Board: E.On Trading Nordic AB and Pricer AB



BIRGITTA STYMNE GÖRANSSON

born: 1957

Member of the Board since 2005

Holdings: 900 B shares

VD Semantix AB

MSc and MBA

Other Board memberships:

Chairman of the Board: Fryshuset Foundation and Kontakt East Holding AB

Member of the Board: Arcus ASA, Net Insight AB, Orkla AS and Lernia AB

Attendance and remuneration for the Board of Directors in Elekta AB 2006/07

SEK 000s	Name	Independent ¹	Regular remuneration	Committee remuneration ²	Attendance
<i>Chairman:</i>	Akbar Seddigh	yes	500	60	12/12
<i>Members:</i>	Hans Barella	yes	250	—	11/12
	Tommy H Karlsson	yes	250	—	12/12
	Laurent Leksell	no	— ³	— ³	11/12
	Carl G. Palmstierna	yes/no ⁴	250	—	12/12
	Magnus Schmidt	yes	250	30	12/12
	Birgitta Stymne Göransson	yes	250	—	12/12
Total			1,750	90	

1. Independent in relation to company and management as well as to major shareholders

2. Remuneration to Chairman and member in Elekta's Executive Compensation Committee

3. No remuneration is paid to members of the Board who are employed by the Company

4. Independent both in relation to company and management as well as to major shareholders, but is considered according to the Swedish Code of Corporate Governance not to be independent due to the number of years on the Board

Executive Compensation Committee

Elekta's Executive Compensation Committee (ECC) is appointed by Elekta AB's Board of Directors. The purpose of the Committee is to provide clarity in the decision process for issues related to compensation of executive staff within Elekta as well as other incentive plans throughout the Elekta organization. The objective of the Committee is to achieve maximum shareholder and customer value through ensuring fairness and internal equality of the structure, scope and level of executive compensation in Elekta while maintaining market competitiveness.

ECC during the year consisted of the Chairman of the Board Akbar Seddigh, Board members Magnus Schmidt and Laurent Leksell. President Tomas Puusepp is present at the committee meetings and Group VP Human Resources Karin Isberg serves as secretary.

ECC provides the Board with recommendations regarding principles for formulating the Group's compensation system and remuneration to senior executives and senior managers. The recommendations cover formulation of the bonus system, distribution between fixed and variable remuneration as well as the level of salary increases. The ECC also proposes criteria for assessing performance of senior executives and senior managers, which are discussed and decided by the Board. The entire Board decides on remuneration to the President.

Note 24, "Salaries, remuneration and social costs," describes Elekta's outstanding share and share-related incentive programs in greater detail.

Auditing issues

In Elekta, all Board members have the commitment and competence to address auditing issues and the full Board deals with accounting and auditing issues at its regular meetings. Accordingly, Elekta's Board of Directors has not appointed a separate Audit Committee. At least at two meetings per fiscal year, the Company's external auditors present their observations from the audit, report their views on management and control systems and discuss and report on the Group's accounting principles. In conjunction with that meeting, the Board also has time with the auditors without the presence of someone from Company management. The Board also evaluates auditing efforts and supports the Election Committee in its effort to produce suggestions regarding the election of external auditors and compensation for those external auditors.

Auditors

At the Annual General Meeting on September 21, 2004, Deloitte AB was elected as the auditor of Elekta until the 2008 AGM with Lars Svantemark as senior auditor. Normally, auditors are elected every fourth year. The election of auditor was proposed by the Election Committee and preceded



Auditor

LARS SVANTEMARK
born 1949

Authorized Public
Accountant,

Deloitte AB

Senior auditor since 2000

by a tender process. Deloitte AB has been the auditor of Elekta AB since the 2002 AGM.

Lars Svantemark, born 1949 and an authorized public

accountant, has been senior auditor in Elekta AB since 2000. In addition to Elekta, Lars Svantemark's auditing assignments include Mekonomen, My Travel, Uniflex, Nicator Group and CVC Capital Partners and he also has experience as auditor of Sandvik and Poolia. He has no auditing assignments in companies related to Elekta's major owners or its President. The auditors' fees during the fiscal year are reported in note 26.

President

The President is appointed by the Board of Directors and shall oversee the operational management of the Company in accordance with the guidelines and directions stated in law, the articles of association and the internal operating instructions. Operational management includes all measures that are not – considering the scope and nature of the Company's operations – of an unusual nature or of major significance, or are expressly defined as being the responsibility of the Board of Directors.

Tomas Puusepp has served as President and CEO of Elekta since 1 May, 2005. Born 1955, he has a total of 23 years of experience in the international medical technology market. Following studies in engineering and physics and management training at IMD in Lausanne, Switzerland, Tomas Puusepp held various positions at the Research Institute for Atomic Physics, Scanditronix and Ericsson before being employed by Elekta in 1988. Since then, he has held various management positions within the Company, including head of Elekta's neurosurgery operations, President of Elekta's subsidiary in North America and global head of Elekta's sales, marketing and service operations. Tomas Puusepp is member of the Board of Bactiguard AB, but has no further significant assignments outside the Company. He has no shareholdings or ownership interests in companies with significant business relations with Elekta.

Executive Committee

Elekta has organized its operations with a strong functional focus with global areas of responsibility. Elekta's Executive Committee consists of the President and the managers of all business regions and major functions – a total of 12 members. The President oversees the work of the Executive Committee and makes decisions after consulting with those members. Executive Committee meetings are held one or two days each

Corporate Governance 2006/07 cont.

President & CEO



TOMAS PUUSEPP
born: 1955
President & CEO
Employed since 1988
Holdings: 159,000 B shares,
107,802 employee options

Executive Committee



**JOSEPH
K. JACHINOWSKI**
born: 1955
Region North America
Employed since 2005
(founded IMPAC in 1990)
Holdings: 3,000 B shares
38,250 employee options



OLOF SANDÉN
born: 1962
Region Europe
Employed 1993-1995 and
since 2002
Holdings: 3,901 B shares,
42,739 employee options



**GERRY
VAN OORTMARSEN**
born: 1943
Region Asia
Employed since 1997
Holdings: 163,700 B shares,
87,700 employee options



JOHAN SEDIÑ
born: 1965
Operations & IT
Employed since 1993
Holdings: 14,649 B shares,
56,791 employee options



JAMES P. HOEY
born: 1958
Product Creation
Employed since 2005
(founded IMPAC in 1990)
Holdings: 1,500 B shares,
28,687 employee options



HÅKAN BERGSTRÖM
born: 1956
Finance & Control
Employed since 2001
Holdings: 35,013 B shares,
87,700 employee options



SVERKER GLANS
born: 1944
**Quality &
Regulatory Affairs**
Employed since 1993
Holdings: 35,981 B shares,
48,358 employee options



VOLKER STIEBER
born: 1943
**Business Development
and Corporate Projects**
Employed since 1997
Holdings: 60,000 B shares,
98,239 employee options



ÅSA THUNMAN
born: 1969
Legal
Employed since 1999
Holdings: 1,201 B shares,
33,177 employee options

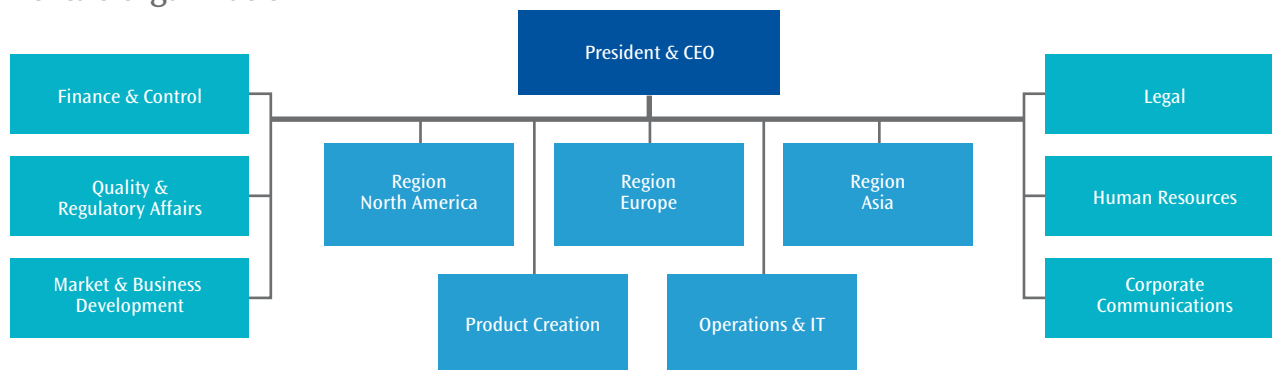


KARIN ISBERG
born: 1959
Human Resources
Employed since 2004
Holdings: 2,000 B shares,
33,177 employee options



PETER EJEMYR
born: 1964
Corporate Communications
Employed since 2003
Holdings: 1,250 B shares,
40,278 employee options

Elekta's organization



month. The meetings are often held in conjunction with visits to the Group's various units.

Details regarding remuneration for the President and Executive Committee are provided in note 24.

Financial reporting and information

Elekta provides the market with continuous information regarding the Company's development and financial position in accordance with the guidelines specified in the Board's financial information policy.

Financial information is published regularly in the form of:

- Interim reports
- Elekta's annual report
- Press releases on news and events that may significantly affect the Company's valuation and future prospects.

Elekta's policy is to disclose orders that are of strategic importance and/or have a value exceeding USD 10 M.

- Presentations and telephone conferences for financial analysts, investors and media
- Capital markets days arranged by the Company at one of its major units or in conjunction with major scientific conferences where Elekta is exhibiting
- Elekta's website - www.elekta.com - where the above information is made available

According to policy, Elekta has a "quiet period" of at least 30 days prior to each quarterly report, during which the Company does not present at investor seminars or conduct one-on-one meetings, in person or over telephone.

Internal control

Introduction

This report is established in accordance with "The Swedish Code of Corporate Governance" paragraph 3.7.2 stipulating that the Board is to submit an annual report on how that part of internal control dealing with financial reporting is organized.

In accordance with a recommendation by the Swedish Corporate Governance Board on the 5th September 2006, this report describes how the internal control over financial reporting is organized and has not been reviewed by the Company's auditors.

The Board's approach to internal control

Internal Control over financial reporting is defined as a process aiming to give reasonable assurance regarding the reliability of financial reporting. As guidance when describing Elekta's internal control, the Board apply the established framework for Internal Control issued by FAR (Swedish Institute of Authorized Public Accountants) and COSO.

According to this framework, internal control encompasses the following categories:

- Control Environment
- Information and Communication
- Risk Assessment
- Control Activities
- Follow up and monitoring

The Board's description of the internal control system

Control environment

The control environment is the foundation for internal control. It establishes the culture in which Elekta operates and sets standards for corporate behavior.

The control environment consists of documented guidelines, directives, manuals, and instructions that are communicated throughout the organization.

Corporate Governance 2006/07 cont.

The Elekta Code of Conduct serves as an overall directive to ensure all employees understand the corporate responsibility regarding, for example, business ethics and fraud. The Code of Conduct is complemented with a series of documented directives including the Financial Guide, with Accounting and Financial Policy, and an Information policy.

Elekta maintains a Quality Management System which includes procedures, instructions, and templates for relevant processes. In order to comply with requirements that supervisory authorities have established for medical technology companies, Elekta works continuously with improving processes and quality.

The organizational structure is transparent with defined roles and responsibilities communicated throughout the organization with documented working instructions for the Board of Directors, Board Committees, CEO, and Elekta Subsidiary Presidents. Evaluation of performance on functional and departmental level is conducted to ensure relevant competency regarding financial reporting within the organization.

Information and communication

Key steering documents related to financial reporting are updated regularly and communicated to relevant personnel via the Company's intranet, information letters, regular meetings etc. Elekta has established structures and channels to promote sound communication within the organization. For suspected violations of the Code of Conduct an anonymous communication line exists directly to the Corporate Social Responsibility Officer. Elekta has an information policy regarding communication with external parties and the financial market.

Risk assessment

The risk assessment process has the purpose to identify high risk areas within the business and controls needed to manage such risks. The risk assessment is performed by assessing the risk level, from both a quantitative and qualitative perspective, on account level and corresponding processes where the risk for fraud is also considered. Further, risk assessments are performed during the strategic and tactical planning process where risk areas are addressed and relevant actions are designed to ensure that the identified risks are properly managed. Specific guidelines exist to support the risk assessment process related to IT projects and the IT environment.

Control activities

The control structures have been designed to manage risk that the Board and management consider to be significant for the business operations, legal and regulatory compliance and financial reporting. Defined decision-making procedures, incl. authorization instructions, have been established related to for exam-

ple investments and agreements. In addition, analytical controls such as performance follow-up and trend analysis, reconciliations and, where appropriate, automated controls specifically related to financial reporting, have been established. Several control activities are integrated in key processes within the business, such as order booking and revenue recognition, investments, supplier contracts, and purchasing.

The IT structure is designed to mitigate potential IT-related risks with controls in IT-systems related to financial reporting. Further, during 2006/07 significant controls have been documented and reinforced at Elekta's major subsidiaries to specifically manage the financial reporting related to the processes order & revenue recognition, disbursement, tax, and Group reporting.

Follow-up and monitoring

Each local President/CEO has the responsibility to ensure an adequate internal control structure within the respective legal entity and the local controllers are responsible for adhering to global policies and directives related to financial reporting and applying them to the local entity.

The function Quality and Regulatory Affairs has a key role in the monitoring process and systematically performs internal audits related to the Quality Management System. In addition to this, the internal control structure is monitored by separate functions within the organization in a decentralized manner, for example, the Order Committee conducts continuous follow-up on the order booking procedure.

The Board considers the current Quality & Regulatory Affairs function, together with the separate functions' follow-up activities, to cover Elekta's significant risk areas, which does not currently motivate the establishment of a separate internal audit function. However, the need for enhancing monitoring over the internal control related to financial reporting will be further evaluated during 2007/08.

Internal control work during 2006/07

During the year, Elekta has conducted a project with the purpose to establish a common framework and work practice with regard to internal controls over financial reporting. Significant processes and common control requirements have been established at a group level. The common control requirements have been used as the basis for ensuring that locally defined controls are adequately documented and sufficient to ensure internal controls over financial reporting. The monitoring of these controls will be further ensured during 2007/08.

Responsible business and operations

For a global company active in the healthcare sector, it is important that all operations are conducted in a manner that is socially, environmentally and financially responsible. Managers and employees in Elekta, as well as the Company's external partners (suppliers, consultants, agents and distributors) are expected to adhere to strict ethical-behavior requirements, both professionally and personally in their work for and with Elekta.

The "Elekta Code of Conduct" describes the most important fundamental principles that Elekta expects all employees and partners to follow and maintain in their work. The code is based on Elekta's Vision, Mission and Values and constitutes an essential foundation in the work to create a strong and well-respected brand that supports a long-term and sustainable market presence and growth. The "Elekta Code of Conduct" is available at www.elekta.com.

The Elekta Code of Conduct in practice

Elekta works actively to ensure that the Elekta Code of Conduct is not merely a static document, but comprises a natural part of the daily work for all those working at or coming into contact with Elekta. During the fiscal year, Elekta has continued to arrange training sessions on the Code as well as Code related subjects of local interest at regular intervals in different parts of the organization.

Elekta will continue to train different parts of the organization at regular intervals, making sure that management is carrying and reinforcing the issues with all their staff regularly.

The work on including the Elekta Code of Conduct in existing partnership agreements has continued as old agreements are renewed or replaced. It is now part of all Group standard agreements for supplier as well as distributor relationships.

Follow-up and application within the Group

Bi-annually, Elekta conducts a survey to follow up how well the Code is implemented in the daily work throughout the organization. The latest survey was conducted in 2005/06 and the next is scheduled during 2007/08.

Environmental responsibility

Elekta has an explicit objective to be an environmentally conscious organization that continuously strives to reduce the adverse effects on the environment that may arise as a result of the Company's activities or its products. External observers consider Elekta to be a company with low environmental impact.

Elekta's products are technologically advanced medical equipments designed to provide a long useful life. Compared with other product sectors the manufactured volumes are

modest, ensuring that the consumption of natural resources and energy in manufacturing is relatively small. The long product life is often extendable via the provision of upgrades which not only enhance functionality to the benefit of the patient, but also conserve natural resources and energy. Software forms an increasingly significant part of Elekta's business, resulting in reduced environmental impact.

Elekta's Management and Board of Directors decide on the Company's Environmental Policy based on proposals from the Environmental Affairs and Quality & Regulatory Affairs departments, who are also responsible for assuring compliance with the policy. The Elekta Environmental Policy and management system is based on ISO 14001 and it prescribes that:

- All Elekta businesses and products shall comply with all relevant and applicable environmental protection laws
- Elekta shall consider the environmental issues when introducing and supporting clinical solutions, products, processes and packages
- The policy shall be applied to the whole organization

During product creation and manufacturing, the policy states that;

- Elekta must consider the environmental impact throughout the full product lifecycle
- Resources must be utilized in an effective manner
- Effective recycling and the use of recycled material are encouraged

The carbon dioxide emissions generated by Elekta's operations derive primarily from business travel. Investment in video and telephone conferencing has helped manage the business travel requirements, as have product innovations such as remote monitoring, where the performance of a customer's machine can be analyzed at the end users' request, via a communications link. Both are considered to be positive in this area.

It is reasonable to regard Elekta as a company with a minor environmental impact in relation to its size; nevertheless Elekta continues to strive to reduce the environmental impact of its business and products.

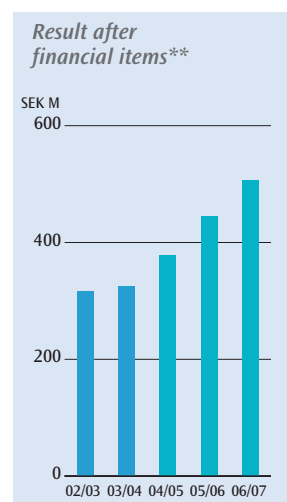
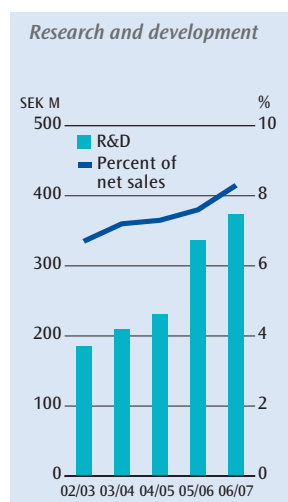
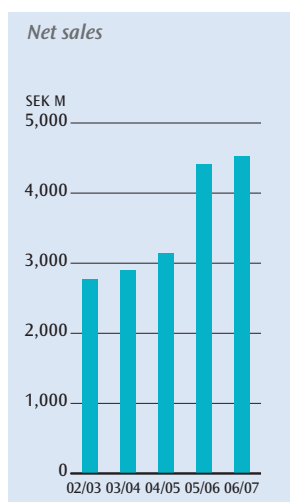
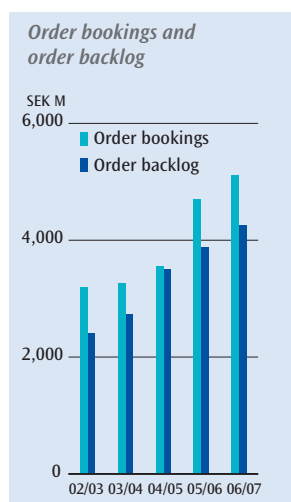
Five year review, key figures and definitions

<i>Income statement</i> SEK M	2002/03	2003/04	2004/05	2004/05*	2005/06	2006/07
Net sales	2,781	2,900	3,152	3,152	4,421	4,525
Operating expenses	-2,458	-2,594	-2,803	-2,788	-3,968	-4,016
Operating result	323	306	349	364	453	509
Financial net	-6	19	14	14	-9	-2
Profit after financial net	317	325	363	378	444	507
Taxes	-88	-77	-122	-125	-140	-161
Profit for the year	229	248	241	253	304	346
Attributable to Parent Company shareholders	234	248	241	253	304	348
Minority interest	-5	—	—	—	—	-2

<i>Cash flow</i> SEK M	2002/03	2003/04	2004/05	2004/05*	2005/06	2006/07
Operating flows	315	372	420	420	457	485
Changes in working capital	46	76	-12	-12	41	-335
Cash flows from operating activities	361	448	408	408	498	150
Investments and divestments	-73	-85	-1,450	-1,450	-340	-257
Cash flow after investments	288	363	-1,042	-1,042	158	-107

<i>Balance sheet</i> SEK M	Apr. 30, 2003	Apr. 30, 2004	Apr. 30, 2005	Apr. 30, 2005*	Apr. 30, 2006	Apr. 30, 2007
Intangible assets	408	372	1,887	1,912	2,182	2,198
Tangible fixed assets	83	134	189	189	230	252
Shares and long-term receivables	16	16	22	22	26	32
Deferred tax assets	88	84	36	36	38	14
Inventories	258	311	362	362	364	423
Receivables	1,022	1,008	1,234	1,234	1,463	1,953
Liquid funds	1,087	1,151	744	744	981	484
Total assets	2,962	3,076	4,474	4,499	5,284	5,356
Shareholders' equity	1,445	1,413	1,674	1,694	1,868	1,863
Interest-bearing liabilities	252	231	833	833	1,091	987
Interest-free liabilities	1,265	1,432	1,967	1,972	2,325	2,506
Total shareholders' equity, provisions and liabilities	2,962	3,076	4,474	4,499	5,284	5,356

* Restated according to IFRS.



** Statistics for the years 02/03 and 03/04 are not comparable.

Key figures	2002/03	2003/04	2004/05	2004/05*	2005/06	2006/07
Order bookings, SEK M	3,186	3,262	3,558	3,558	4,705	5,102
Order backlog, SEK M	2,411	2,728	3,493	3,493	3,875	4,247
Operating margin, %	12	11	11	12	10	11
Profit margin, %	11	11	12	12	10	11
Shareholders' equity, SEK M	1,445	1,413	1,674	1,694	1,868	1,863
Capital employed, SEK M	1,697	1,644	2,507	2,527	2,959	2,850
Net debt, SEK M	-835	-920	89	89	110	503
Equity/assets ratio, %	49	46	37	38	35	35
Net debt/equity ratio, multiple	-0.58	-0.65	0.05	0.05	0.06	0.27
Interest cover ratio, multiple	22.8	21.6	24.8	25.7	8.4	8.2
Return on shareholders' equity, %	17	17	16	16	17	19
Return on capital employed, %	22	20	20	21	18	20
Capital turnover ratio, multiple	1.0	0.9	0.9	0.9	0.9	0.9
Investments in tangible and intangible fixed assets, SEK M	78	99	85	85	187	153
Depreciation, SEK M	-68	-88	-106	-81	-171	-136
Average number of employees	1,011	1,136	1,249	1,249	1,750	1,951

* Restated according to IFRS.

Definitions

Operating margin Operating profit in relation to net sales.

Profit margin Profit after financial items in relation to net sales.

Capital employed Total assets less interest-free liabilities.

Equity/assets ratio Shareholders' equity in relation to total assets.

Net debt Interest-bearing liabilities less liquid funds.

Net debt/equity ratio Net debt in relation to shareholders' equity.

Interest cover ratio Profit after financial items plus financial expenses in relation to financial expenses.

Return on shareholders' equity Net profit for the year attributable to Parent Company shareholders in relation to average shareholders' equity excluding minority interest.

Return on capital employed Profit after financial items plus financial expenses in relation to average capital employed.

Capital turnover ratio Net sales divided by average total assets.

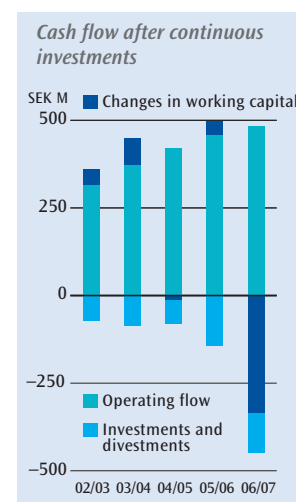
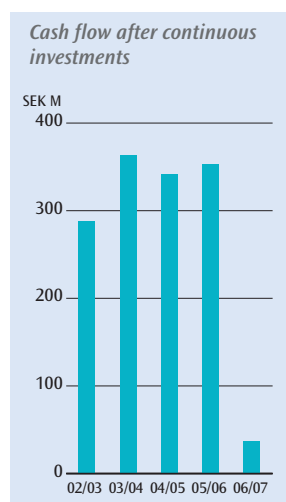
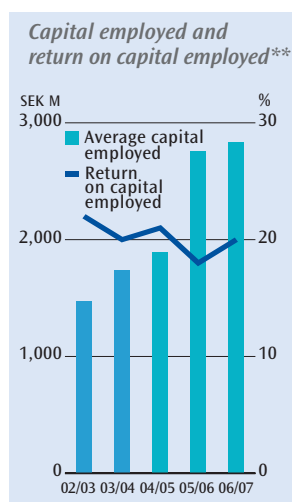
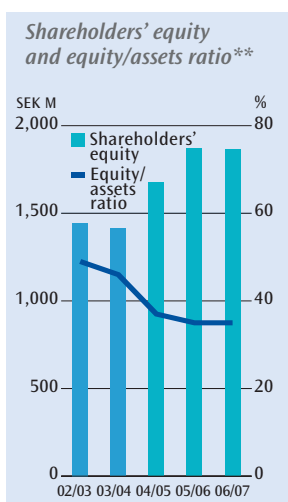
Average number of employees Average number of employees based on normal working hours per year.

Value added per employee Operating profit plus salaries, wages, payroll expenses and IFRS 2 costs divided by average number of employees.

Earning per share Net profit for the year attributable to Parent Company shareholders in relation to the average number of shares.

Cash flow per share Cash flows after investments in relation to the average number of shares.

Shareholders' equity per share Shareholders equity excluding minority interest in relation to the number of shares at year-end.



** Statistics for the years 02/03 and 03/04 are not comparable.

The Elekta share

As of June 30, 2007, Elekta's share capital amounts to SEK 187,589,552 distributed among 3,562,500 Series A shares and 90,232,276 Series B shares. One Series A share entitles the holder to 10 votes and Series B shares to one vote each. All shares carry equal rights to participate in the Company's assets and profits. In accordance with Section 12 of the Articles of Association, Series A shares are subject to right of first refusal. All Series A shares are owned by Laurent Leksell. At a General Meeting, each shareholder is entitled to exercise unlimited voting rights on the full number of shares that he/she owns or represents.

Stock market trading

Elekta's Series B shares have been listed on the Nordic Exchange in Stockholm since 1994. Total trading in Elekta shares on the Nordic Exchange during the period May 1, 2006 – April 30, 2007 amounted to 122.6 million shares (113.2*), corresponding to 131 percent (120) of the total number of shares. The average number of shares traded each day during the period amounted to 492,393 (447,257*). Market capitalization at April 30, 2007 amounted to SEK 11,071 M (11,461).

* Number adjusted for split October 2005.

Dividend policy

Elekta's goal is to provide shareholders with a favorable return and value growth. The goal is to distribute 20 percent or more of net profit in the form of dividends, repurchase of shares or comparable measures. The dividend decisions are based on Elekta's financial position, earnings trend, growth potential and investment requirements.

For fiscal years 2004/05 and 2005/06 respectively, dividend together with share repurchases in the following years, has corresponded to 86 percent and 97 percent of net profit, in line with the company's ambition to create shareholder value.

In accordance with the company's dividend policy, the Board proposes a dividend of SEK 1.00 per share, corresponding to approximately SEK 92 M and 27 percent of net profit.

Changes in share capital until June 30, 2007

Year	Transaction	Total number of shares	Total share capital, SEK 000s
1994	New issue	7,397,180	36,986
1994	Exercise of warrants	7,897,180	39,486
1997	New issue	9,871,475	49,357
1997	New issue	10,497,451	52,487
1999	New issue	20,994,902	104,975
2000	Offset issue	27,853,617	139,268
2001	Conversion of debentures	31,661,867	158,309
2001	Exercise of warrants	31,678,867	158,394
2002	Exercise of warrants	32,175,142	160,876
2003	Exercise of warrants	32,953,967	164,770
2004	Redemption of shares	31,066,254	155,331
2004	Exercise of warrants	31,567,454	157,837
2005	Exercise of warrants	31,596,236	157,981
2005	Bonus issue	31,596,236	189,577
2005	Split 3:1	94,788,708	189,577
2005	Cancellation of repurchased shares	94,114,008	188,228
2005	Exercise of warrants	94,194,372	188,389
2006	Exercise of warrants	94,543,298	189,087
2007	Exercise of warrants	94,596,476	189,193
2007	Cancellation of repurchased shares	93,794,776	187,590

Major shareholders June 30, 2007

Owner	Number of shares	Percentage of	
		votes	capital
Laurent Leksell w/ companies	6,085,949	30.3	6.5
Swedbank Robur funds	5,242,186	4.2	5.6
AMF Pension	4,830,000	3.8	5.1
AFA Insurance	4,723,661	3.8	5.0
AMF Pension funds	3,043,000	2.4	3.2
Orkla ASA	2,672,100	2.1	2.8
SEB funds	2,032,792	1.6	2.2
Fidelity funds	2,009,795	1.6	2.1
Alecta	1,927,000	1.5	2.1
Nordea funds	1,839,898	1.5	2.0
Other	59,388,395	47.2	63.3
Total	93,794,776	100.0	100.0

The table above lists the 10 largest known shareholders in Elekta AB as of June 30, 2007. The proportion of foreign ownership was approximately 45 percent. Of these shares, 69 percent of holdings were held by trustees. As a result, it is possible that there are other large shareholders with undisclosed holdings, even if no foreign shareholders have "flagged" for holdings above 5 percent. The proportion of Swedish institutional ownership was approximately 22 percent.

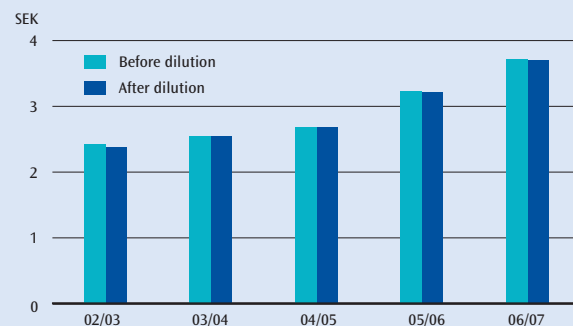
Source: VPC AB

Option program

The general meeting of shareholders of 2004 resolved to adopt the Elekta AB 2004 Share Unit Plan ("the Plan"). The resolution meant that the conditions and the guidelines stated in the Plan shall be the framework for yearly grants of stock options to key employees within the Elekta group during the period 2004/05 – 2006/07. For description of the Plan see note 24.

Outstanding employee options granted 2004 entitle to acquisition of 1,036,918 Series B shares. Employee options granted 2005 do not give right to any shares since set performance goals were not fulfilled. Employee options granted 2006 entitle to acquisition of 989,692 Series B shares.

Earnings per share*



* Statistics for the years 02/03 and 03/04 are not comparable.

Distribution of shares June 30, 2007

Class of share	No. of shares	No. of votes	Percentage of capital votes	
Series A	3,562,500	35,625,000	3.8	28.3
Series B *	90,232,276	90,232,276	96.2	71.7
Total	93,794,776	125,857,276	100.0	100.0

* whereof 759,271 repurchased by Elekta and further 871,600 repurchased in July 2007.

Distribution of shares after full exercise of warrants

Class of share	No. of shares	No. of votes	Percentage of capital votes	
Series A	3,562,500	35,625,000	3.7	27.9
Series B	92,258,886	92,258,886	96.3	72.1
Total	95,821,386	127,883,886	100.0	100.0

Ownership structure June 30, 2007

Shareholding No. of shares	No. of share-holders	Percentage of share-holders	No. of shares	Percentage of share capital	Average number per shareholder
1 – 500	6,431	61.3	1,053,389	1.1	164
501 – 1 000	1,788	17.1	1,391,581	1.5	778
1 001 – 10 000	1,808	17.2	5,198,047	5.5	2,875
10 001 – 100 000	312	3.0	10,391,873	11.1	33,307
100 001 –	149	1.4	75,759,886	80.8	508,456
Total	10,488	100.0	93,794,776	100.0	8,943

Source: VPC AB

Warrants program 2004/2008

Warrants	1,675,611
Outstanding warrants June 30, 2007	1,036,918
Subscription period	August 1, 2005 – July 31, 2008
Warrant price	SEK 3.00
Subscription price	SEK 62.20

Warrants program 2006/2010

Warrants	989,692
Outstanding warrants June 30, 2007	989,692
Subscription period	August 1, 2007 – July 31, 2010
Warrant price	SEK 7.00
Subscription price	SEK 145.00

The Elekta share

Data per share

	2002/03	2003/04	2004/05	2004/05*	2005/06	2006/07
Earnings per share						
before dilution, SEK	2.43	2.54	2.56	2.69	3.23	3.72
after dilution, SEK	2.38	2.54	2.56	2.69	3.21	3.70
Cash flow						
before dilution, SEK**	3.00	3.71	-11.09	-11.09	1.68	-1.14
after dilution, SEK**	2.94	3.71	-11.06	-11.06	1.67	-1.14
Shareholders' equity						
before dilution, SEK	14.93	15.16	17.80	18.02	19.80	19.96
after dilution, SEK	14.86	15.44	18.63	18.84	20.45	20.46
Dividend, SEK						
	—	—	2.20	2.20	1.00	1.00
Share price, Elekta Series B, April 30, SEK						
	29.67	45.50	83.33	83.33	121.50	119.00
Market capitalization, April 30, SEK M						
	2,871	4,241	7,836	7,836	11,461	11,071
Lowest share price, SEK						
	21.67	28.67	45.33	45.33	83.33	103.00
Highest share price, SEK						
	35.17	52.67	93.33	93.33	139.00	160.50
Average number of shares						
before dilution, 000's	96,057	97,756	93,991	93,991	94,136	93,698
after dilution, 000's	98,082	97,756	94,182	94,182	94,779	94,249
Number of shares, April 30						
before dilution, 000's	96,768	93,199	94,028	94,028	94,332	93,036
after dilution, 000's	98,964	93,199	95,703	95,703	95,689	94,072

* Restated according to IFRS.

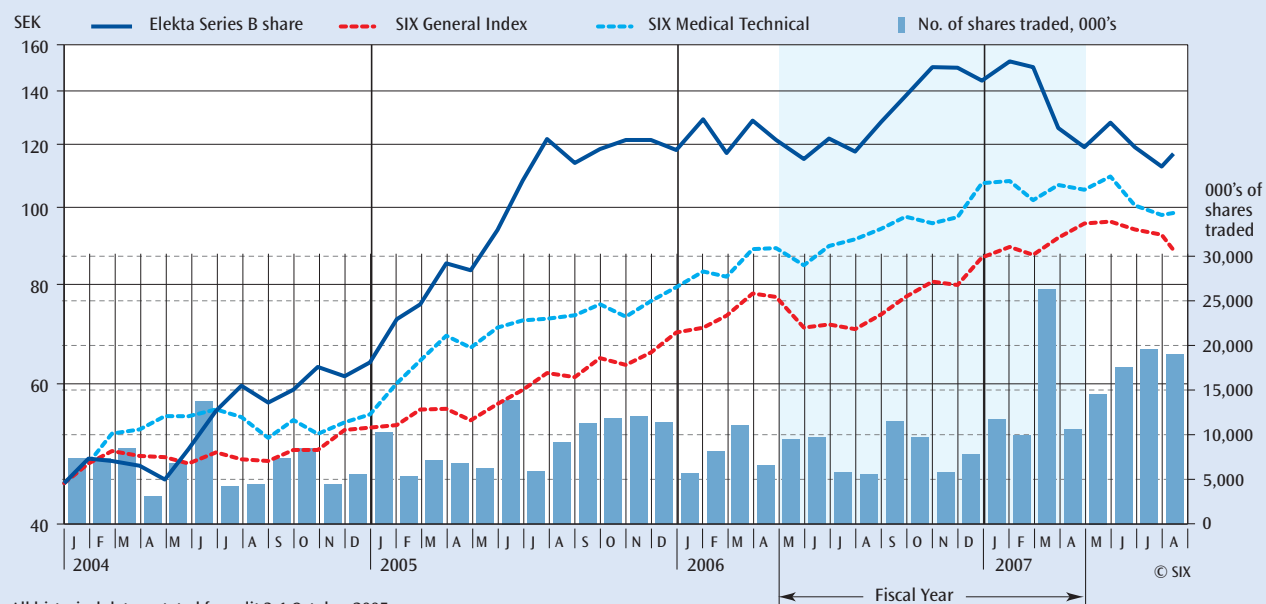
** Excluding the acquisition of IMPAC 2004/05 SEK 3.64 before dilution and SEK 3.63 after dilution,

Medical Intelligence 2005/06 SEK 3.75 before dilution and SEK 3.72 after dilution and BMEI 2006/07 SEK 0.39 both before and after dilution.

Dilution 2004/05, 2005/06 and 2006/07 refers to warrants program 2004/2008.

Dilution 2002/03 refers to warrants program 1999/2002 and 2000/2003. All historical data restated for split 3:1 October 2005.

Share price trend



Glossary

AVM – Arteriovenous malformations	Vascular malformations in the brain, which are often congenital.
Benign	The term benign is used when describing tumors or growths that do not threaten the health of an individual. Benign is the opposite of malignant.
Cancer	Uncontrolled, abnormal growth of cells.
Chemotherapy	Treatment of cancer diseases with the aid of chemicals that eliminate diseased cells.
Computerized tomography (CT)	A radiological method of producing anatomical structures by means of layering, using computer technology.
Epilepsy	Disorder characterized by repeated, sudden disturbances of brain function.
Fraction	Part of the total radiation dose, delivered at a daily treatment.
Functional disorders	Diseases in the central nervous system.
Gamma Knife® surgery	Stereotactic radiosurgery with Leksell Gamma Knife®.
Gy (gray)	The unit for the energy absorbed from ionizing radiation, equal to one joule per kilogram.
IGRT	Image guided radiation therapy of cancer, where high precision and accuracy is achieved using high resolution three-dimensional X-ray images of the patient's soft tissues at the time of treatment.
IMRT	Intensity modulated radiation therapy of cancer, where instead of being treated with a single, large, uniform beam, the patient is treated with many very small beams; each of which can have a different intensity.
Invasive	A technique that penetrates the skin, skull, etc. The opposite of non-invasive (bloodless).
Linear accelerator	Equipment for generating and directing ionizing radiation for treatment of cancer.
Magnetoencephalograph (MEG)	Equipment for real time mapping of the function in different parts of the brain, by measuring the magnetic field generated by brain cells activity.
Metastases	Secondary malignant tumors originating from primary cancer tumors in other parts of the body.
Magnetic resonance (MRI)	Measures the difference in liquid resonance content in various parts of the body with the aid of magnetic fields.
Malignant	A clinical term that is used to describe a clinical course that progresses rapidly to death. Can spread through metastasis. Malignant is the opposite of benign.
Meningioma	Tumor of the central nervous system that develops from cells of the meninges, the membranes that cover and protect the brain and spinal cord.
Multileaf collimator	An accessory to the linear accelerator, working like an aperture. With a large number of individually adjustable metal leaves, the treatment beam can be shaped to the size and shape of the target volume.
Neurology	The study of the nervous system and its disorders.
Neurosurgery	Surgery of the brain or other parts of the central nervous system.
Oncology	The study of tumor diseases.
Pathology	The scientific study of the nature of disease and its causes, processes, development, and consequences.
Parkinson's disease	Paralysis, with trembling and shaking as well as muscular rigidity, with a change in movements and posture by the patient.
Radiation therapy	Fractionated ionizing radiation treatment of cancer.
Radiosurgery	Non-invasive surgery which high a single dose of precise ionizing radiation replaces surgical instruments.
Stereotactic radiation therapy (SRT)	Radiation therapy of cancer, where high precision and accuracy is achieved by delivering the radiation based on an external fixed-coordinate system.
Stereotaxy	A technique in which a fixed-coordinate system can determine the location of a point by specifying the coordinates in terms of height, depth and laterally.
Trigeminal neuralgia	Chronic facial pain, emitting from the trigeminal facial nerve.
Volumetric intensity modulated arc therapy (VMAT)	Dynamic conformal delivery technique in which both collimator leaves and gantry move during radiotherapy.

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Milestones

1949	Introduction of Leksell Stereotactic System® prototype
1953	First patient treated with a medical linear accelerator
1968	Introduction of first Leksell Gamma Knife® prototype for clinical research
1972	Elekta Instrument AB founded
1983	Elekta establishes first foreign subsidiary in the USA
1986	First commercial delivery of Leksell Gamma Knife®
1990	Delivery of first clinical multileaf collimator (MLC)
1994	Elekta AB listed on the Stockholm Stock Exchange
1997	Elekta acquires Philips' radiation therapy division
1998	Introduction of Elekta Precise Solutions™ including a digital accelerator with integrated multileaf collimator
1999	Introduction of Leksell Gamma Knife® C, with Automatic Positioning System™
2000	Elekta starts production in China
2002	Elekta becomes the second largest supplier in the world of equipment for radiation treatment of cancer
2003	Introduction of Elekta Synergy®, the world's first solution for image guided radiation therapy (IGRT) Acquisition of Neuromag Oy
2004	Introduction of Leksell Gamma Knife® 4C and of new solutions for stereotactic radiation therapy
2005	Acquisition of IMPAC Medical Systems, Inc Acquisition of Medical Intelligence Medizintechnik GmbH Introduction of MOSAIQ™ electronic medical record
2006	Acquisition (80%) of Beijing Medical Equipment Institute (BMEI) Introduction of Elekta Axesse™ Introduction of Leksell Gamma Knife® Perfexion™
2007	Acquisition of 3D Line Research and Development S.r.l.

Elekta around the World



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