



# Annual Report 1999/2000



ELEKTA

# This is Elekta

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Cover:  
Elekta's treatment methods are very gentle for patients – regardless of age.

Elekta is a leading international medical technology company offering systems and clinical solutions for the effective treatment of severe diseases. These include cancer, vascular disorders in the brain, and diseases of the central nervous system such as Parkinson's disease and epilepsy. Elekta's treatment methods contribute to gentle and effective care, and help to improve the economy of healthcare services.

Elekta was founded in 1972 by the late Professor of Neurosurgery, Lars Leksell. The company reported sales of SEK 1,789 M in fiscal year 1999/2000, with 794 employees.

The head office is situated in Stockholm. Markets outside Sweden account for more than 95 percent of Group sales.

The major markets for Elekta's products are Europe and North America, followed by Japan and the rest of Asia.



Lars Leksell, Elekta's founder

### ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders in Elekta AB (publ) will be held on Friday, September 29, 2000 starting at 2:00 p.m. at IVA's Conference Center, Grev Turegatan 16 in Stockholm.

### RIGHT TO PARTICIPATE

To be entitled to participate in the Annual General Meeting, shareholders must be listed in the register of shareholders maintained by VPC AB (the Swedish Securities Register Center) not later than September 19, 2000 and notify the company of their intent to participate in the Meeting not later than September 25, 2000 at 4:00 p.m.

Shareholders whose shares are registered in the names of nominees in bank trust departments or other private stockbrokers must temporarily re-register the shares in their own names in order to participate in the Annual General Meeting. Such re-registration must be completed not later than September 19, 2000, which means that shareholders must notify their trustees in ample time before the deadline.

### NOTIFICATION

Shareholders who wish to participate in the Meeting may notify the company as follows. Utilization of the notification card enclosed with the Annual Report offers the simplest form of notification. Otherwise, in writing: Elekta AB, Corporate Relations, Box 7593, SE-103 93 Stockholm, Sweden. By phone: +46 8-587 254 00. By fax: +46 8-587 255 00. By e-mail: [susanne.adams@elekta.com](mailto:susanne.adams@elekta.com) Shareholders who otherwise notify the company of their intent to participate in the Meeting must state their name/company name, national registration/corporate registration number, address, daytime telephone and the number of shares held.

### FINANCIAL INFORMATION

Annual General Meeting	September 29, 2000
Three-month Interim Report	September 29, 2000
Six-month Interim Report	December 14, 2000
Nine-month Interim Report	March 2001
Preliminary Report	June 2001
Annual Report	September 2001

### OTHER INFORMATION

For additional information, please contact Lars Jonsteg, Vice President, Corporate Relations; Tel: +46 8-587 254 82. E-mail: [lars.jonsteg@elekta.com](mailto:lars.jonsteg@elekta.com)  
More information about Elekta can be found on: [www.elekta.com](http://www.elekta.com)

# Summary of operations

- A rights issue of new shares and an offset issue directed to the holders of our convertible debentures were carried out during the year. This strengthened the shareholders' equity in the Group by SEK 344 M after deduction of issue expenses.

- The Group's capital structure has improved. Net debt has decreased to SEK 80 M (442) on April 30, 2000. Net debt/equity ratio has improved to 0.14 (1.41) and equity/assets ratio amounted to 31 (17) percent.

- Image Guided Surgery (IGS) operations were sold during the year, removing a major loss area from Elekta's operations. The sale of IGS has affected the result positively by SEK 19 M after divestment expenses.

- This fiscal year has seen a reduction in operating costs of seven percent. The average number of employees in the Group has been reduced by eight percent.

- The operating result for the fiscal year was a loss of SEK 37 M, a substantial improvement on last year's loss of SEK 208 M.

- Cash flow before investments and divestments amounted to positive SEK 11 M, a substantial increase compared to last year's negative SEK 117 M.

- Our European organization has been strengthened making Elekta the largest supplier of radiotherapy products in Europe.

- The work to develop our U.S. activities will continue during the coming fiscal year. The aim is that the U.S. should provide a strong and profitable backbone to the company. To help achieve this, there has been a change in organisation and management. Order intake increased towards the end of the year.

- Service and After Sales developed well and amounted to 25 (22) percent of net sales.

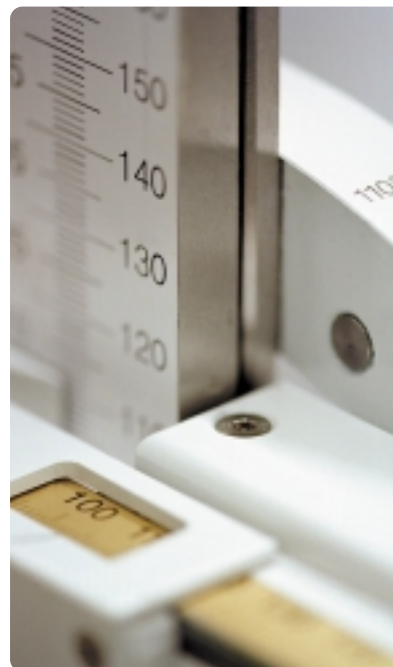
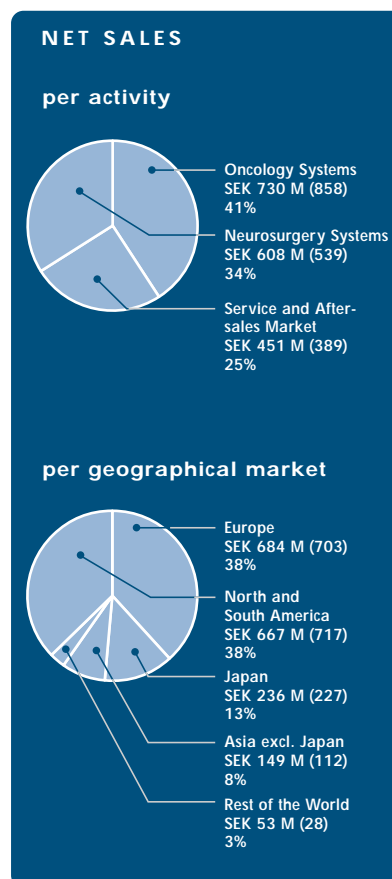
- This year saw the 50th anniversary of Leksell Stereotactic System®, the most widely used stereotactic reference system for treatment of brain disorders in the world.

Group, SEK M	1998/99*	1999/2000
Net sales	1,787	1,789
Operating loss	-208	-37
Loss before taxes	-250	-69
Shareholders' equity	313	576
Net debt	442	80
Net income/share, SEK	-17.09	-4.24
Average no. of employees	866	794

\* See accounting principles, page 25.

Below, left: Linear Accelerator.

Below, right: Leksell Gamma Knife® C.



# President's comments

This year Elekta has implemented an extensive restructuring program. This is above all true for the sale of IGS, the strong improvement of the Group's capital structure and a substantial improvement of the operating result.

Elekta's international activities are strongly influenced by the financial and political situation in different geographical markets.

## MARKET DEVELOPMENT

The major markets for Elekta's products are Europe and North America, followed by Japan and the rest of Asia.

Elekta is the largest supplier of radiotherapy products in Europe with order bookings for radiation therapy systems growing by more than ten percent. The market for our neurosurgery products remains fairly static, being negatively affected by factors such as the lack of treatment reimbursement in some countries. This has been a barrier to sales of Leksell Gamma Knife® although there appears to be a change towards understanding the cost and patient benefits of Gamma Knife® Surgery. We expect the European market for Leksell Gamma Knife to gradually open up, representing a significant growth opportunity in the future. Elekta currently has a comprehensive distribution and service organization in Europe and is fully able to take advantage of such a market development.

The radiotherapy market in the U.S. is growing by 5-10 percent per year. This represents a potential growth opportunity for Elekta. Order bookings for Elekta's radiation therapy products picked up towards the

end of the year, showing an overall growth of 20 percent. Order bookings for neurosurgery products in the U.S. were lower than expected. To improve growth we have appointed new management and reorganized the sales and service organization.

Japan remains a stable market with good sales. We have received a number of orders for magnetic encephalographs, valued at totally SEK 139 M. We have also successfully increased market penetration of our neurosurgery products. Japan is our most developed market for Leksell Gamma Knife. Registration of our radiotherapy products is underway and we plan to expand our operations in Japan by entering the cancer therapy market during the coming years. Until we receive these registrations our radiotherapy activities in Japan will be modest.

The market in the rest of Asia, mainly in the People's Republic of China and Taiwan, indicates that some degree of economic recovery in

the healthcare market is underway. These markets represent a substantial growth opportunity in the future due to very large unfulfilled patient needs. However, access to capital equipment financing is the major limitation for the continued development of the cancer care and neurosurgery market in many Asian countries. After a successful restructuring program, Elekta's result on the Asian market improved substantially and we are now positioning ourselves to take advantage of the recovery of the Asian healthcare market when it occurs.

After Sales and Service operations offers the opportunity of significant revenue growth considering our customer network and the large extent of our installed product base. Offerings include service contracts, product upgrades and customer training. We have made good progress in the development of this part of our business, and After Sales and Service increased by 16 percent and accounted for 25 percent of Group revenues.

*“Our overriding emphasis during the coming year should be to steer the Group into growth and to increase shareholder value.”*

Laurent Leksell, President and CEO.



During this year, release of Leksell Gamma Knife® C with Automatic Positioning System™ was fully implemented. The Automatic Positioning System (APS) automatically positions the patient, reducing treatment time by 50-75 percent compared to that with previous Leksell Gamma Knife models. Shortened treatment time is beneficial to the patient and offers greater patient throughput for the treating unit. Leksell Gamma Knife C provides high precision and conformity in dose delivery.

Clinical research into new solutions using Gamma Knife Surgery is ongoing within the area of facial pain, treatment of functional disorders such as epilepsy and the treatment of malignant tumors. Research also continues into the further penetration of established indications such as vascular malformations and benign tumors.

Elekta Precise Treatment System has received additional functionality, furthering the implementation of Intensity Modulated Radiotherapy (IMRT) and networking with Desktop, our highly advanced control and patient management system. This functionality will bring IMRT from the research arena into the scope of routine use in hospitals. The networking is a further expansion of Elekta's extensive commitment to software solutions and open interfaces in our systems. These two developments offer important advancements in terms of both cost effectiveness and clinical outcomes in cancer care.

The use of enhanced anatomical and biological information in treatment delivery is emerging as the next step in cancer management after IMRT. Using our unique gantry

The medical technology market in general, as well as the field of oncology, is characterized by industry consolidation. Currently, we are predominantly growing organically but we cannot exclude future strategic mergers and acquisitions given this market atmosphere. Interaction between market players is characterized by continual discussions about cooperation on technology, service and other matters of common interest.

A new trend for future sales of Elekta's products is the establishment of clinics run in collaboration with our customers. Under the auspices of Elekta Medical Services, two hospitals, in Mexico and Europe respectively, have signed contracts to develop Gamma Knife Surgery clinics. The advantage to customers is that Elekta maintains state-of-the-art technology at the clinics and absorbs part of the capital costs. Elekta meanwhile receives steady revenue, utilizes its clinical and technical expertise and gains further insight into how health-care systems function.

#### DIVESTITURE

A substantial portion of the assets of the Image Guided Surgery (IGS) operations was sold during the year for USD 11.75 M to Medtronic Inc.

IGS operations accounted for a substantial portion of the operating loss during the past number of years so the divestiture removed a major loss area from Elekta's operations. The sale accounted for a positive contribution of SEK 19 M to the year's result.

#### RESEARCH & DEVELOPMENT

The Group as a whole has a high level of R&D competence, particularly within engineering, physics, electronics, software development and clinical expertise.

Clinical research within the Group focuses on improved treatment methods and the development of new clinical indications. These long-term R&D programs are necessary to provide new treatment solutions, better cost effectiveness for customers and increased patient benefits.

design that facilitates this approach, Elekta is producing a major update to the *fView* portal imaging system. Designed to identify and verify the tumor position, *fView* is a fundamental step in the treatment process and is vital to ensure the delivery of conformal techniques such as IMRT. The new enhancements will deliver near diagnostic quality images enabling physicians to make better judgements in their clinical implementation and improve patient care.

Some 7 percent of Elekta's net sales turnover was spent on R&D activities. We intend to invest in advanced R&D also in the future.

#### GROUP'S RESULT DURING 1999/2000

The restructuring program that was initiated in 1997/98 to strategically focus and streamline the Group is now almost complete with the exception of some further work to be carried out in the U.S. Net Group sales amounted to SEK 1,789 M. After Sales and Service increased by 16 percent and accounted for 25 (22) percent of the Group's net sales, a steady increase in a prioritized area of significant further potential. During the year, we prioritized cost reductions and capital rationalization before revenue growth as a means to improve the Group's results. We reduced our total costs by approximately 7 percent in Swedish kronor terms, in spite of a strengthening of the Pound Sterling that was

unfavorable to Elekta. The average number of employees was reduced to 794 from 866 last year.

There was a substantial improvement in the operating result to a loss of SEK 37 M (last year's loss SEK 208 M). This was achieved through better margins and reduced expenses.

Excluding discontinued IGS operations and depreciation of intangible assets, the Group showed a small operating profit.

Our cash flow and capital structure also improved significantly. This year, our operating cash flow was positive SEK 11 M, compared to a negative cash flow of SEK 117 M last year. In December a new issue of shares was carried out with preferential rights for shareholders and in February owners of Elekta's convertible debentures were offered to offset 50 percent of their convertible debentures for shares in Elekta. We have reduced our net debt—all interest-bearing liabilities less liquid assets—to SEK 80 M from SEK 442 M last year, and our debt/equity ratio has improved to 0.14 from 1.41 last year. Solidity improved to 31 percent and we will continue next year to further improve our balance sheet.

#### THE FUTURE

Our overriding emphasis during the coming year should be to steer the Group into growth and to increase shareholder value. Our priorities include:

- Increasing growth, market shares and profit contribution in the U.S. market.
- Continued work on increasing demand for Leksell Gamma Knife and increasing market penetration in Europe.
- Growing the After Sales and Service business. The target is to increase revenues to 30 percent of total Group revenues during the coming 2-3 years.
- Continuing to improve productivity and cost efficiency through better process management and by using information technology.

These priorities, along with the results of those carried out during this fiscal year, will have positive effects on the Group's results. Although we expect the first two quarters of the year to show weak results due to a relatively small number of planned shipments, the Group should show satisfactory profitability during the final quarter of the fiscal year.

Finally, I would like to thank all Elekta personnel for their hard and dedicated work during the past year.

STOCKHOLM, AUGUST 25, 2000

Laurent Leksell  
President and CEO



*“The tests of IMRT on our Elekta accelerator was straightforward. We think the time is very reasonable for intensity-modulated dose delivery and we are confident that we are treating the field shapes and doses we intend.”*

Dr. Jim Galvin  
Thomas Jefferson University, Philadelphia, U.S.A.

*“We are now confident in the procedures and the operation of the Elekta delivery system and can look forward to rapid developments towards routine clinical application of IMRT techniques.”*

Dr. Peter Williams  
Christie Hospital, Manchester, Great Britain.

# Market

Elekta's market is the treatment of cancer, and neurological and vascular disorders. Our radiotherapy range is primarily concerned with precision radiation treatment of cancer. For neurosurgery, products cover minimally invasive treatment of tumors in the brain and other serious conditions such as vascular disorders and diseases of the nervous system, such as epilepsy and Parkinson's disease.

Elekta is a world-leading supplier of precise treatment methods and technology for radiotherapy and Gamma Knife Surgery. Radiotherapy involves the delivery of multiple doses of radiation from varying angles to tumors located primarily within major organs such as lung, liver, breast and prostate. A typical radiation course lasts five to six weeks with daily treatment sessions. The key technology for administering radiation therapy is the linear accelerator (linac). Gamma Knife Surgery is a non-invasive radiation technique for neurosurgical indications as an alternative to microsurgery. It involves the delivery on one treatment occasion of a high and very precise dose of radiation to one or more very small targets in the brain. Both technologies are highly

effective, both from clinical and cost aspects. Elekta is unique in being able to offer customers both these complementary technologies.

## CANCER

Cancer is the second most common cause of death in developed countries, after cardiovascular diseases, and accounted for the deaths of some 2.5 million people in 1997. One out of every three people will contract cancer during their lifetime. Nearly half of those people will be treated with radiation. Cancer is primarily a disease of the elderly and more than 70 percent of all new diagnoses affect the over 60s. The incidence of cancer is increasing rapidly, partly due to aging populations in most countries. It has been estimated that by the year 2020, there will be at least 15 million new cancer patients each year compared to the current figure of about 10 million. Of these, some 70 percent will live in countries that between them have less than 5 percent of the worldwide resources for cancer treatment.

## CANCER TREATMENTS

Treatment modalities include radiation, surgery and chemotherapy. Over the last 30 years, there have been steady overall improvements in the

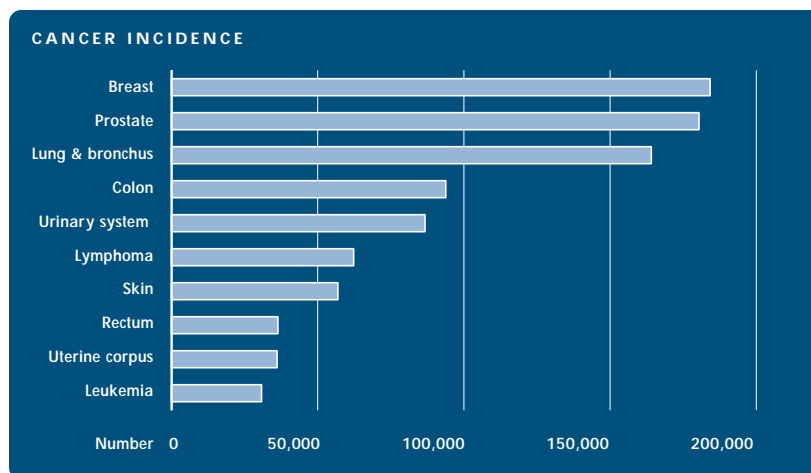
quality of cancer care. Traditional surgery has become more conservative and effective due to technological improvements, and the role of chemotherapy has become more defined and adapted to day-care use.

For radiotherapy, new technology has resulted in improved outcomes over the past 20 years. Imaging techniques, software planning and computer control systems have made the technique even more precise. With new radiotherapy technologies now being developed, such as three-dimensional conformal therapy, intensity modulated radiotherapy (IMRT) and hyperfractionation, a very significant improvement of 10 percent in cure rates of certain cancers has been forecasted.

As a result of refinements in these treatments and other advances, 30 percent of cancerous diseases are treatable. In 25 years, 50 percent are expected to be treatable. (Source: WHO Developing a Global Strategy for Cancer).

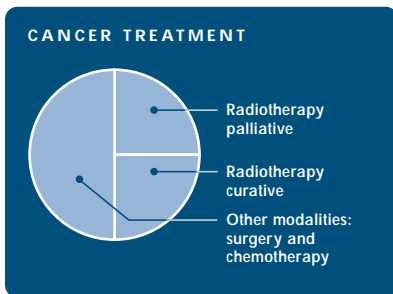
Treatment of cancer is becoming more focused on specific clinical indications with a move towards specialist centers or virtual centers, and guidelines based on specific diseases. As a non-invasive and highly cost-effective procedure compared to traditional open surgery and chemotherapy, radiotherapy is a key tool in the battle against cancer. Some 50 percent of cancer treatments involve radiotherapy, either on its own or in conjunction with other modalities.

With the move towards increasingly precise conformal techniques such as IMRT and stereotaxy, the pressure to maintain patient throughput is increasing. These techniques invariably take longer in the planning, set-up and delivery of treatment. As a result, there is an increasing dependence on information technology and equipment



Source: US American Cancer Society





design to compensate by reducing time for data entry, transfer and user interactions. Throughput for a linear accelerator is typically about 300-400 new patients per year. Leksell Gamma Knife typically has a throughput of about 300 new patients per year.

The four most common cancers (prostate, colon, breast and lung) comprise over half of the total incidence of cancer.

**NEUROLOGICAL DISEASES**

This diverse group of diseases includes benign and malignant tumors in the brain, vascular malformations and functional disorders.

Tumors within the skull, although lower in incidence compared to many other forms of cancer, are significant in number and are candidates for treatment by Gamma Knife Surgery. Primary brain tumors as well as secondary brain metastases from other primary tumor sources have a total incidence rate of about 850 per million people. Treatment using Leksell Gamma Knife is indicated in about 25 percent of these cases, depending on the tumor type. Some 83,000 patients with brain tumors have already been treated by Gamma Knife Surgery. Benign tumors include acoustic neuromas, meningiomas and pituitary tumors.

Some 30,000 patients with vascular malformations and functional

disorders have already been treated by Gamma Knife Surgery.

The incidences of epilepsy and Parkinson's disease are even higher than those for brain tumors. As a consequence, Elekta is investing heavily in the development of new and effective techniques for the treatment of these severe diseases.

**OPEN STEREOTACTIC SURGERY**

Leksell Stereotactic System® was developed 50 years ago by Professor Lars Leksell and remains a very important product with growing market needs and a predicted sales growth of 10-15 percent per annum over the next five years. Advances in the treatment of Parkinson's disease have caused a renewed interest in stereotactic frame systems.

The worldwide stereotaxy market is about USD 30 million annually and Elekta is the market leader.

*“During one day soon after the Leksell Gamma Knife C unit was installed, we delivered 96 shots to four patients. This would have been impossible without using the new Automatic Positioning System.”*

Dr. J. Régis  
University Hospital La Timone  
Marseille, France

**MARKET SIZE AND STRUCTURE**

The annual market for radiotherapy products is worth more than USD 1 billion. Linacs provide the backbone of the radiotherapy market with a worldwide installed base for all suppliers of totally some 6,500 units. The market is growing at 5-10 percent per year. The market is highly competitive and is dominated by three



Linear Accelerator.

# Market

manufacturers including Elekta. The technology is well accepted by both customers and health authorities. Elekta offers a complete range of products and services for radiation therapy.

With an average life of 12-15 years, many linac sales are replacements of existing units. This means that new linac sales are primarily based on service and customer satisfaction although new innovations are important for continued development and upgrades to the installed base. Since the market is relatively mature, reimbursement levels have long been established.

The annual market size for cranial based neurosurgical products is in excess of USD 400 million. Leksell Gamma Knife and Leksell Stereotactic System dominate Elekta's product offering in this area.

The penetration of Gamma Knife Surgery within existing and approved clinical indications is currently less than 20 percent. As a result, there is a potential for significant sales growth for Leksell Gamma Knife over the next five years. Sales are based on clinical outcome and more importantly are dependent on acceptance by the authorities responsible for reimbursement. The growth in sales is dependent on budget and reimbursement constraints.

There are currently 143 installed Leksell Gamma Knife units worldwide providing a solid base for growth in after sales and service revenues. More than 1,000 scientific articles on Gamma Knife Surgery have already been published, which provides a valuable foundation for continued clinical and scientific advancement.

*“From our early experience, the physician was thrilled to see the reduction in the usual superior and inferior redness. We are implementing Step and Shoot IMRT as clinical standard at Beaumont.”*

Dr. John Wong  
William Beaumont Hospital  
Royal Oak, Michigan, U.S.A.

Other neurosurgery products include stereotactic positioning products, a market where Elekta is the market leader. We expect growth in this area due to good clinical results for functional disorders.

There are a number of key drivers influencing market growth for Elekta's neurosurgery products.

- Introduction of Leksell Gamma Knife C which offers greater patient throughput and better conformity through the Automatic Positioning System and computerized treatment planning. Upgrades of earlier Leksell Gamma Knife units is an important After Sales market.

- Healthcare and reimbursement policies. Adequate reimbursement from third party healthcare payers is essential and is dependent on clinical efficacy being proven along with improved cost efficiency. Medical and payer acceptance will increase with the number of treatments increasing and with reported clinical results.

- Increasing the market penetration for new indications such as epilepsy.



Leksell Gamma Knife C.

- Clinical research into new areas of application is expected to open up new markets.

**NON-MEDICAL MARKET INFLUENCES**

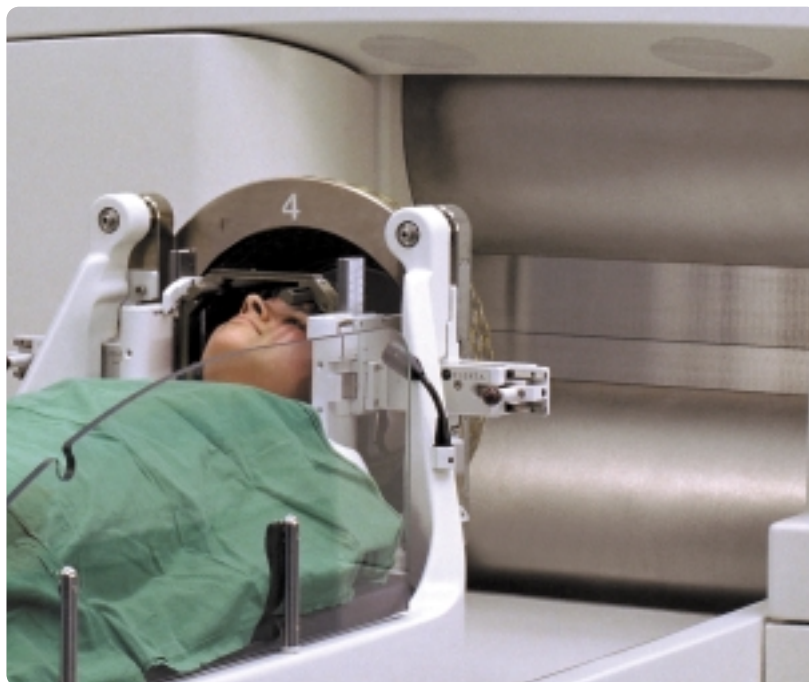
The international healthcare market is undergoing major changes with the need for healthcare reforms being a stated aim of many governments as healthcare expenditures are steadily growing as a result of growing patient needs. This creates a need to address cost and organizational structures and therefore stimulates the use of cost-saving technology which Elekta's products can offer.

Sales of Elekta's products on the majority of markets will depend on the existence of adequate reimbursement from healthcare payers including governments and insurance companies. New treatment modalities will not be included in healthcare reimbursement systems until clinical efficacy has been proven along with a favorable cost structure.

Considering this focus, medical product suppliers need to shift from

**DISEASES TREATED WITH LINEAR ACCELERATORS**

Clinical indication	Radiotherapy	Stereotactic radiotherapy
Prostate cancer	●	●
Breast cancer	●	
Lung cancer	●	●
Colorectal cancer	●	
Lymphoma	●	
Bladder cancer	●	
Kidney cancer	●	●
Leukemia	●	
Head and neck tumors	●	●
Thyroid cancer	●	
Liver cancer	●	●
Cervical cancer	●	
Testes cancer	●	



Leksell Gamma Knife C.

selling products to selling healthcare improvements and clinical solutions, areas on which Elekta has always concentrated. Cost effectiveness (clinical outcome, patient acceptance and cost per patient) will become the benchmark measurement.

In addition, patients themselves are becoming more involved in the choice of treatments. As patients gain additional information through media coverage and particularly through the Internet, they become part of the decision-making team, along with clinicians, helping to choose the most appropriate method of treatment. This is a positive development for Gamma Knife Surgery.

**BARRIERS TO SALES**

Throughout the world, healthcare costs play a major role in national budgets.

Traditionally, capital funding for the purchase of high value medical equipment has been a barrier to growth as delays in purchases have been used as a method of budgetary control. With the advent of flexible purchase options and the availability of customer financing services, this barrier has been weakened. This has shifted the focus to the routine running costs and a greater emphasis on the serviceability, efficiency and reliability of treatment systems. An additional influence on running costs is the need for training of medical and technical staff. Due to the fast adoption of new technology, customer training and support have become major activities for Elekta.

# Strategies

Elekta is unique among companies within the field of cancer treatment in being able to offer a full range of products for all therapy areas from precise radiosurgery to conventional radiotherapy. Precise radiosurgery involves delivering a single very high dose of radiation to a very small region in the brain, while in conventional radiotherapy, the total dose of radiation required is delivered repeatedly in fractions to a larger treatment volume.

Elekta's business concept is to serve as a leading international supplier of precision medical technology through the development of advanced clinical solutions for the application of radiation technology in the fields of neurosurgery and radiation oncology. Our objective is to create profitable growth while balancing the benefits to our customers, shareholders and employees. Elekta plans to achieve its goals by utilizing its own organizational and unique technical skills in partnership with a dedicated customer base.

Elekta's profitable growth revolves around a number of key strategies. These include developing closer cus-

tomers partnerships, a greater emphasis on after sales programs and increasing the market penetration of Elekta's products by expanding clinical applications and easing customer barriers to equipment acquisition.

## CLOSER CUSTOMER PARTNERSHIPS

Aspects of developing closer partnerships with customers include Elekta's range of product training programs, focusing on clinical information and using the Internet as an information platform.

### ● Training

The basic objectives of customer training are to provide users with the knowledge, skills and confidence to give the patient the best treatment that the instrument can provide.

Customer training for neurosurgical products is provided by independent physicians and surgeons. Elekta has five certified training sites in Europe and four in the U.S.

For radiotherapy products, the courses are divided into maintenance of the equipment, and clinical implementation. For the former, some 350 customers are trained annually at Elekta's site in Crawley U.K., while

*"With the Elekta MLCi, it is clinically feasible to deliver IMRT prostate treatment with a set of segmented fields."*

Dr. Ben Mijnheer  
Netherlands Cancer Institute  
Amsterdam, The Netherlands

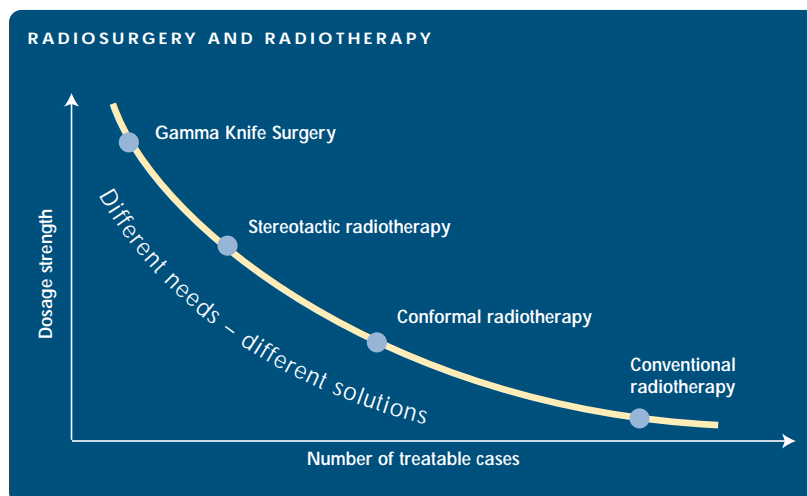
for every treatment system sold, there is a dedicated clinical training course.

These courses provide a perfect means for getting to know customers better and for developing long-term relationships. Elekta regularly holds update courses to train new hospital staff on how to use Elekta equipment.

### ● Focus on clinical solutions

Clinical focus has always been part of Elekta's culture and mission. The development of Leksell Gamma Knife arose from a clinical requirement rather than the application of a technical capability. Since then, the basic principles of radiosurgery and stereotactic methods have been Elekta's core competencies and have found wide applicability for treating a number of severe diseases. With increasing demands for precision and tumor/target localization, these competencies, along with the development of advanced technologies for imaging and reduction of tumor movement, have been key to the development of Elekta's clinical solutions.

In 1994, Elekta established an international consortium of leading oncology institutions to begin research on intensity modulated radiation therapy (IMRT). This consortium has since grown to nine institutions in Europe and North America and has produced significant numbers of scientific publications. It has also



provided valuable insight and guidance to Elekta on the clinical and technical requirements for this emerging technology as well as acting as a resource to other institutions wishing to establish IMRT programs.

For example, in March 2000, the consortium hosted an IMRT conference attended by over 300 physicians and physicists in Philadelphia U.S. with the aim of providing practical information and guidance on establishing clinical IMRT programs.

Leksell Gamma Knife Society is a user group of neurosurgeons from all over the world working with Gamma Knife Surgery. The Society provides a valuable forum for users to exchange information and experience. The proceedings of the annual meetings are much sought after publications. The most recent meeting, in the U.S., attracted more than 350 international participants.

- Customer web

Elekta has always maintained close partnerships with key customers. The advent of Internet technology offers the ability to extend that close communication to customers at every single one of Elekta's thousands of installations worldwide. By implementing a web strategy that allows two-way communication, Elekta can enable communication between customers as well as between Elekta and customers. Delivering content that is relevant and valuable to our customers is an ongoing priority and is greatly facilitated by using the Internet.

One example is the Leksell Gamma Knife web, a web-based information platform that delivers value added services to existing customers. This is only the start of Elekta's "e-health" strategy and further enhancements are already planned.

## INCREASING AFTER SALES AND SERVICE

After Sales and Service business accounts for about one quarter of Elekta's revenues and is currently the Group's fastest growing business segment.

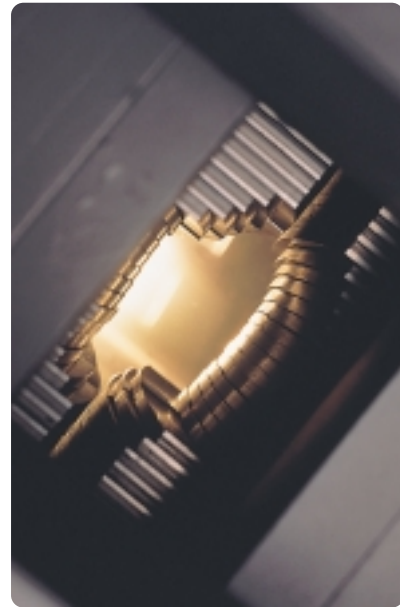
- After Sales and Service programs

After Sales and Service is an area that offers great potential for further revenues for Elekta while at the same time supporting the customer base. Efficient after sales and service activities will ensure repeat purchases from customers.

With an installed base of more than 2,500 installations at leading hospitals all over the world, the growth potential is easy to understand. Software and hardware upgrades, training programs and accessories for new clinical indications are some important areas within After Sales and Service. There is also an increased demand to partner hospitals to secure the quality and usage of the installed systems through comprehensive service and support programs.

To further develop the After Sales and Service business, Elekta is looking into the development of additional areas. These include combining the reloading of radioactive sources in the Leksell Gamma Knife unit with upgrading to new, state-of-the-art units with Automatic Positioning System, and advanced education and training packages.

Within the area of radiotherapy products, After Sales and Service is also a key area of revenue with a potential for further growth. Elekta has always ensured that all upgrades and new models are backward compatible so that customers can benefit from the latest advances. The new Precise Table and Desktop patient management system launched last



Linear Accelerator with Integrated Multi-Leaf Collimator.

year form the core of the upgrade program.

By providing higher reliability and enabling more sophisticated clinical techniques, these upgrades address a clear customer need to improve patient care while delivering greater efficiency through increased clinical availability and cost reductions.

- Focus on cost efficiency

Demands for greater efficacy and cost effective healthcare continue. The unique range of product and system solutions offered by Elekta allows the tailoring of clinical solutions that meet differing patient needs and economic requirements. In addition to the inherent advantages of minimally or non-invasive radiation therapies, these modalities usually lead to better treatment results, with reduced complications and shorter hospitalization.

Rapid expert support is essential in today's radiation therapy environment to deliver the clinical availability required to maintain patient throughput and treatment schedules. Elekta

# Strategies

delivers comprehensive service and customer training to ensure that clinical utilization is maximized by increasing availability and improving staff efficiency.

Focusing on lifecycle management, Elekta provides flexible support packages that facilitate management of hospital budgets and increase efficiency through the use of the latest information technology. For example, Elekta offers the capability for on-line machine diagnosis, an innovative service that offers the opportunity to increase clinical availability through predictive maintenance and trend analysis.

The emphasis on lifecycle management increases the interdependency and partnerships between Elekta and its customers, from the purchase through to a continuing after sales relationship.

## INCREASING MARKET PENETRATION

Increasing market penetration does not just mean increasing sales activities or increasing utilization of existing installations, although these are themselves important. Elekta is actively pursuing other means of facilitating market penetration.

### ● Financing programs

In spite of the cost effectiveness of Elekta's products and systems, budget restrictions on capital investments are a barrier to sales. Lack of capital may slow down or even stop a customer decision to improve patient care. To address this barrier, Elekta is offering a number of different financing programs to support its customers' acquisition programs. In addition, Elekta Medical Services offers a fee-for-use or partnership arrangement with the customer.

During this fiscal year, two clinics,

one in Mexico and one in Europe, have taken advantage of this scheme.

For this model to work, it implies an acceptance of the technology from the medical community and an agreement on reimbursement levels from healthcare payers.

### ● Focus on technology to achieve clinical solutions

While clinical solutions remain a principal focus, continued development and maintenance of technical expertise are essential to new product development.

During this fiscal year, Elekta supplied the world's first advanced linear accelerator control system based on Windows NT technology. Continuing investment in new imaging technology promises to place Elekta at the cutting edge of precision tumor targeting required for IMRT.

With a greater emphasis on the precise delivery of radiation, the merging of anatomical data with the delivery system is becoming vital. Elekta has a proven platform for the real-time comparison of actual to planned prescription delivery. This capability, combined with our competencies in three-dimensional spatial referencing and precision radiation delivery, forms the foundation for the future of image guided radiotherapy.

Elekta also continues to support open systems architecture and design in all its products. This allows customers to take advantage of the latest developments in treatment planning and computer information systems through implementation of DICOM-RT, a data transfer standard established in radiology. This has proven to be a valuable tool for customers in providing a variety of customized clinical solutions.

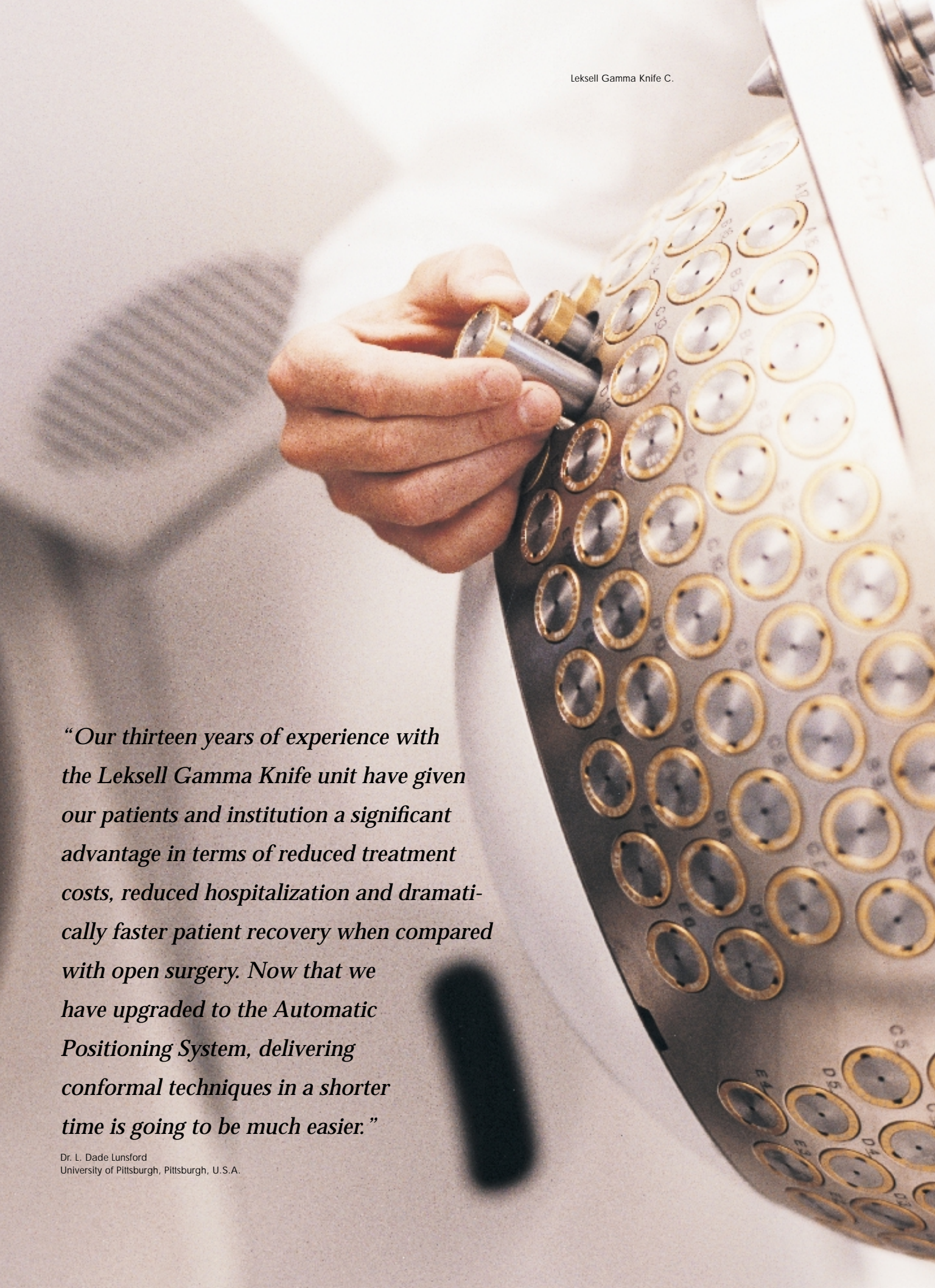
### ● Leksell Stereotactic Neurosurgery

This product area includes the Leksell Stereotactic System<sup>®</sup>, Leksell<sup>®</sup> Neuro Generator and Leksell SurgiPlan<sup>®</sup>, the surgical planning system. These product lines represent the latest core competencies within stereotactic technology.

Using various surgical instruments, the surgeon can access selected target areas with extreme precision. Newly developed computer software, including a stereotactic atlas, enables the surgeon to locate and treat functional disorders. This development is well in line with a growing worldwide interest for surgical procedures suitable for the treatment of functional disorders like Parkinson's disease and pain.

A recently developed Stereotactic Guide<sup>™</sup> adds stereotactic principles to image guided surgery and allows the surgeon to position selected tools in the target with confidence and precision.

Conventional stereotactic procedures such as biopsy, suction, aspiration and injection continue to be standard practices in a growing number of neurosurgical procedures. Leksell Stereotactic Neurosurgery system is also a vital part in all radiosurgery and stereotactic radiation therapy procedures.



*“Our thirteen years of experience with the Leksell Gamma Knife unit have given our patients and institution a significant advantage in terms of reduced treatment costs, reduced hospitalization and dramatically faster patient recovery when compared with open surgery. Now that we have upgraded to the Automatic Positioning System, delivering conformal techniques in a shorter time is going to be much easier.”*

Dr. L. Dade Lunsford  
University of Pittsburgh, Pittsburgh, U.S.A.

# Solutions

Elekta offers not just treatment hardware but complete packages of treatment solutions within radiotherapy and radiosurgery. New solutions to existing and new application areas are continually being sought through in-house development and close contacts with customers.

Elekta has always provided clinical solutions rather than just products and services. For instance, Leksell Gamma Knife offers the customer a total treatment solution. The base is the unit itself but customers are also able to receive training that provides assistance in the use of the product for specific disease applications as well as technological aspects. These include help with targeting, patient care and dose planning. In addition, membership of the Leksell Gamma Knife Society enables the customer to keep abreast of all research being conducted on Gamma Knife Surgery throughout the world and to exchange his experiences with others.

We continually work with customers to develop new solutions to existing and new application areas, increasing our market penetration and opening up new markets.

Solutions that Elekta provides have major impact, not only within the cost structure for healthcare but also within the treatment of life-threatening diseases.

## SOLUTIONS OFFERING SAVINGS FOR SOCIETY AND HOSPITALS

A clinical solution using Gamma Knife Surgery instead of traditional open microsurgery can offer significant benefits and advantages to society.

Take for instance the surgical treatment of an acoustic neuroma. Using microsurgery, the patient requires 2-3 days in an intensive care

unit following the surgery. Thereafter, some 10-15 days of hospitalization are required.

Surgery using Leksell Gamma Knife requires just one day of hospitalization, including the actual "surgery" itself. In addition, there are no or only limited side effects for the patient and minimal complications, an area that is otherwise a significant cost to healthcare.

The savings potentials for healthcare authorities are thus enormous. The savings in bed and staff costs alone can justify the purchase of a Leksell Gamma Knife unit, let alone the clinical outcome and considerable patient advantages.

## TECHNOLOGY ENABLING CLINICAL ADVANCES

Within radiotherapy, there is a merging of modalities and technologies as radiotherapy moves towards image and biologically guided techniques, combined with increased precision of delivery. Radiotherapy utilizes the latest technological advances in imaging, software modeling, precision engineering and information technology to deliver better treatments. This is especially true of the implementation of intensity modulated radiotherapy (IMRT), which continues to be the goal for increased treatment efficacy and reduction of side effects.

Radiosurgery has just changed gear with the release of Leksell Gamma Knife C. This new model, which can easily be upgraded from previous models, offers a number of new innovations benefiting both patient and user.

Automatic Positioning System allows faster and more reliable treatments, which can save time and money for the healthcare provider and makes it more comfortable for the patient.

# Patients

*Good clinical solutions are themselves essential for the success of a product but perhaps only patient stories tell the true result of a solution.*

*The patient stories below are indicative of the success of Gamma Knife Surgery and are the consummation of everything that Elekta works for – patient benefits and healthcare provider benefits.*

## AN ALMOST UNBELIEVABLE STORY

*In 1994, Marjie Coopersmith from Columbus, Ohio, was diagnosed as having an acoustic neuroma. Informed that open surgery was the treatment of choice, Marjie and her husband Jeff investigated other alternatives. As a result, she was treated by Gamma Knife Surgery in January 1995 in Pittsburgh by Dr. L. Dade Lunsford. The treatment took one day and there were no side effects.*

*Five years later, her tumor has begun to shrink and she is in good health. She has since shared her positive experiences with others via the Internet and television.*

*Extraordinarily, in December 1999, Marjie's husband also developed an acoustic neuroma. On January 21, 2000, Gamma Knife Surgery was performed, again by Dr. Lunsford. Several days after the "surgery", Jeff jogged five miles and then worked out with weights!*







**NINE YEARS OF  
UNBEARABLE PAIN**

*This patient story is reported by Cécilia Chambon from France.*

*“My first facial neuralgia appeared when I was 20, and for nine years, I lived with unbearable pain. In 1998, I met Dr Régis, a neurosurgeon in Marseille who proposed treating me with radiosurgery. Since this method was less invasive than a conventional Janetta operation\*, I accepted without hesitation. Today, one year later, with only two little marks on my forehead from the stereotactic frame, I have a happy and normal life. And my greatest happiness is that I can finally laugh and kiss my children. Even though no one can guarantee how long this result will last, I am very pleased I accepted the operation.”*

\* The Janetta operation involves microvascular decompression.

● Intensity modulated radiotherapy (IMRT)

The aim of radiotherapy is to give a sufficient radiation dose to the tumor to cause destruction without producing unacceptable damage to surrounding normal tissue. The higher the differential between the dose to the tumor and that received by the normal tissue, the better the chance of a cure. IMRT enables the radiation beam to be matched to the shape of the tumor allowing higher doses to be delivered to the cancerous cells, resulting in more aggressive therapies with no corresponding damage to healthy tissue.

Although still confined to a relatively small number of research sites, both healthcare professionals and patient groups are actively pursuing this technique as the future treatment of choice. Experience in similar technologies shows that adoption of such techniques is likely to be rapid.

● Minimizing the time overheads of conformal techniques

It is generally accepted that dose escalation and accuracy of delivery can be improved using conformal techniques, but there is a penalty in efficiency and thus patient throughput. The planning process can be very time consuming and it has been found, for example, that conventional planning methods can be adapted for IMRT. The development of a method of treatment planning that optimizes parameters based on a particular disease site has resulted in a practical template that can be used when planning IMRT treatments. This avoids the need for complex inverse treatment planning by using a forward planning procedure adapted for IMRT.

This solution can be used by any clinic starting an IMRT program but which is not able to sacrifice patient throughput to do so. It also has the

*“The dynamic MLC has really been critical to our growth in IMRT.”*

Dr. Wilfried De Neve  
University Hospital, Gent, Belgium

advantage that it is tried and tested and can be used as a simple template for those clinics not having the necessary expertise for inverse treatment planning techniques.

● Leksell Gamma Knife C

After more than ten years of clinical research and technology development, Leksell Gamma Knife C was launched in 1999 to great acclaim.

One of the major innovations in the new model is the Automatic Positioning System (APS). This patient positioning system offers unsurpassed conformity for treating targeted areas in the brain with less damage to surrounding tissue. For the healthcare provider, APS offers significant time savings for each patient, increased conformity, higher patient throughput, improved safety and easier planning.

Also of benefit to the patient is the new treatment couch, which is more comfortable.

Several of the new features aim to improve the operational efficiency of Leksell Gamma Knife. Digital integration and a centralized operator's console reduces the risk for errors. The mechanical helmet changer system puts ergonomics into changing helmets, previously a heavy job for operators, and the introduction of color-coded collimators helps personnel to change collimators in a shorter time with a higher degree of security.

# Solutions

## CLINICAL SOLUTIONS

By working with clinical partners, Elekta's goal is to deliver solutions that provide clinical, financial and social benefits. Elekta combines research and technical knowledge with the clinical skills of selected key hospitals to deliver clinical solutions that improve outcomes, reduce side effects and aid efficiency.

### ● Prostate tumors – precision needed

The prostate is a very difficult organ to treat. It is irregular and concave in shape and delivering a homogeneous dose while sparing healthy tissue is a challenge. This is made even more difficult when the tumor has spread into the rectal wall as the rectum has a very low tolerance to radiation.

A technique has been developed together with the Netherlands Cancer Institute in The Netherlands, the Christie Hospital in the U.K. and the William Beaumont Hospital in the U.S. where the rectal dose has been minimized by shaping the radiation beam accurately to the target.

The technique delivers five fields of radiation, all of varying field shapes and intensities. These are delivered using the Step and Shoot IMRT capability of the Elekta Precise Treatment System. The technique is used routinely at the clinics and is an excellent solution for this clinical challenge.

### ● Bladder tumors – increasing dose homogeneity

Dose homogeneity is a challenge when treating tumors in the bladder due to its anatomical position. It is close to critical structures and it is difficult to deliver an adequate dose evenly over the desired target volume. Together with the Christie Hospital in the U.K., Elekta has developed a customized compensation by dynamic

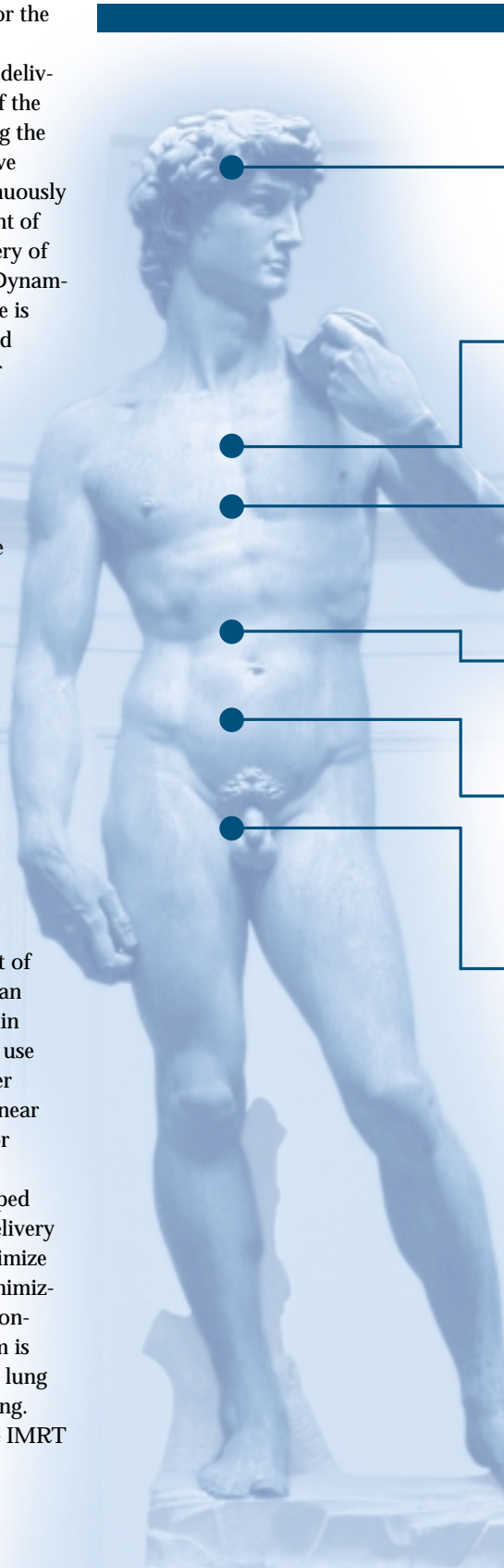
multileaf collimation (MLC) for the treatment of bladder cancer.

This approach successfully delivers an equal dose to all parts of the target volume while minimizing the dose to healthy or radiosensitive tissue. The field shape is continuously modified by dynamic movement of the MLC, which ensures delivery of the desired dose distribution. Dynamic delivery of the radiation dose is more efficient than the Step and Shoot IMRT which can deliver the same dose distribution but takes longer.

### ● Breast tumors – close to sensitive organs

The breast presents a challenge since the underlying organs—lungs and heart—are very radiosensitive. It is also difficult to treat one breast without radiating the other (contralateral) breast. Conventional treatments employ simple wedge techniques to modify the dose distribution within the breast to deliver an equal dose throughout. This is not 100 percent successful and hot spots of radiation dose are usually unavoidable. The effect of these hot spots to the patient can result in sore patches on the skin around the treated breast. The use of wedges also requires a higher output of radiation from the linear accelerator which is not time or energy efficient.

A solution has been developed using Step and Shoot IMRT delivery of MLC-shaped fields that optimize the dose homogeneity while minimizing hot spots and dose to the contralateral breast. The first beam is delivered without IMRT and a lung block shields the underlying lung. This is followed by four of five IMRT



**BRAIN TUMORS**

Leksell Gamma Knife.

**LUNG CANCER**

Linear accelerator.

**BREAST CANCER**

Linear accelerator.

**LIVER CANCER**

Linear accelerator.

**BLADDER CANCER**

Linear accelerator.

**PROSTATE CANCER**

Linear accelerator.

segments to top up the dose in the desired intensity distribution.

Another benefit is that the desired dose effect can be achieved using IMRT with fewer monitor units than a conventional wedge technique.

This solution has proved to be an efficient method to improve dose uniformity for tangential breast radiotherapy using multiple MLC segments.

- Active Breathing Control minimizes breathing motion

The reduction of organ and tumor movement in the thorax and abdomen due to breathing ensures that the target does not move out of the radiation beam during treatment.

Active Breathing Control is based on an idea from clinicians at the William Beaumont Hospital in the U.S. and is a simple method to reduce respiratory motion, which allows a substantial escalation in prescribed dose. The patient breathes through a modified ventilator and a valve is closed at a predetermined point in the breathing cycle. The patient then takes and holds a deep breath (typically 10-20 seconds) and the radiation is delivered. When the radiation stops, the valve is released and the patient can breathe normally. This sequence is repeated until the required radiation dose has been delivered, typically twice per beam. This technique provides a simple and effective solution for any target that would be moved by respiratory motion, e.g. breast and lung.

- Overcoming radiation resistance in liver cancers

Due to its structure, liver cancer does not respond well to radiation, making it a particularly difficult organ to target using conventional radiotherapy techniques.

Elekta, in conjunction with the Karolinska Hospital in Stockholm, developed the Stereotactic Body Frame<sup>®</sup>, which allows increased accuracy in tumor location. During diagnosis, the location of the tumor is referenced using a series of markers (fiducials) on the Stereotactic Body Frame. These markers are then accurately located during the treatment process thereby increasing the precision of tumor location. This permits additional radiotherapist confidence in increasing the dose of radiation to overcome the natural resistance of liver cancers to radiation treatment.

This technique, known as stereotaxy, has also been employed to tackle other difficult to treat cancers such as lung metastases. In clinical studies, the Stereotactic Body Frame has allowed great improvements in the treatment precision of targets located in the thoracic and abdominal regions.

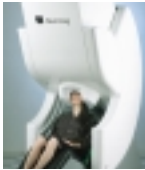
# Products

## Leksell Gamma Knife®



Delivers single high doses of ionized radiation to selected, well-circumscribed targets in the brain. Treats cardiovascular disorders, benign tumors, metastases and other malignant tumors and functional disorders such as epilepsy and Parkinson's disease.

## Neuromag Vectorview™



Magnetic encephalograph measures and registers the location of extremely weak magnetic fields in the brain and is used for brain research and diagnosis of functional diseases such as epilepsy.

## Stereotactic Guide



Stereotactic Guide offers instrument guidance to targets within the brain through a minimal burr hole. The method reduces the need for stereotactic frame and stereotactic imaging.

## Digital Accelerator



Advanced linear accelerator providing clinical flexibility to deliver conformal and standard radiotherapy for treatment of tumors.

## Precise Table



Patient table with patented lift mechanism offering high precision and low noise levels during movement. Is used to position the patient during simulation and radiation treatment of cancer.

## Desktop



Patient management and control system which integrates data prescription settings for the linear accelerator with treatment programs and patient data.

## PreciseSIM™



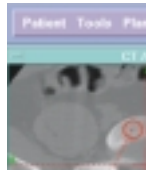
Simulates radiation treatment sequences using X-ray technique with high-quality imaging.

## Leksell Stereotactic System®



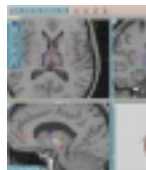
Three-dimensional stereotactic localization system that enhances diagnostic accuracy and facilitates less invasive surgical treatment. Is used for biopsy, removal of tumors, hemorrhage evacuation, endoscopic surgery and functional disorders.

## Leksell SurgiPlan®



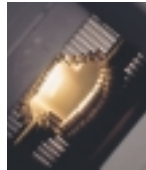
Computer-based simulation for planning and guidance in connection with neurosurgical procedures.

## Brain Atlas



Images from a standard brain atlas is electronically overlaid on the patient specific images. Is used by neurosurgeons in treatment of functional diseases such as Parkinson's disease, epilepsy and pain.

## Integrerad MLC



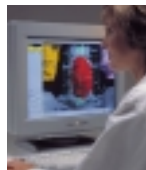
Computer-controlled system of limiting leaves that shape the radiation to the contour of the tumor which increases the precision and reduces radiation of healthy tissue.

## Stereotactic Body Frame®



Frame for accurate localization and immobilization when treating tumors in the abdominal, thoracic and pelvic regions.

## PrecisePLAN™



Three-dimensional dose-planning system for radiotherapy of cancer with linear accelerator.

## iViewGT



Checking of treatment delivery from linear accelerator using high quality imaging with fast response to provide accurate target localization.

# Board of Directors' Report

## OPERATIONS

Elekta AB (publ), corporate registration no. 556170-4015, is a leading international medical technology company that offers systems and clinical solutions for effective treatment of serious illnesses, such as cancer, tumors and cardiovascular disorders of the brain and central nervous system, such as Parkinson's disease and epilepsy. Elekta's treatment methods contribute to gentle and effective care and improved healthcare economy.

The primary markets for Elekta's products are Europe and North America, followed by Japan and the rest of Asia. Markets outside Sweden account for more than 95 percent of the Group's total market.

During fiscal year 1999/2000, Elekta has implemented extensive structural changes.

Elekta's image-guided surgery, IGS, operations were sold, thereby eliminating a major source of losses from Group operations.

Continued restructuring has resulted in reduced costs. The average number of Group employees has been reduced by 8 percent.

Several important new products were launched during the year. Sales of Leksell Gamma Knife® C started in the autumn of 1999, and market reception was extremely favorable. In the field of oncology, Elekta has continued to present new products in the framework of its Elekta Precise Treatment System.

Elekta's installed base of equipment in global markets is an important source of service and aftermarket activities. The operations have expanded and now account for 25 percent of Elekta Group sales.

A warrants program for management and key personnel was introduced in the spring of 2000.

## ORDER BOOKINGS AND ORDER BACKLOG

The Group's order bookings amounted to SEK 1,877 M (1,884), of which neurosurgery products accounted for SEK 697 M (818) and oncology products for SEK 1,180 M (1,066). The decline in Neurosurgery order bookings was attributed to fewer orders for Leksell Gamma Knife. Contracts for 13 (19) new Leksell Gamma Knife units were signed during the year. In addition, Elekta Medical Services signed contracts with two hospitals to establish Gamma Knife clinics. The decline in number of new orders for Leksell Gamma Knife was offset in part by a significant increase in service and after-market sales. The orderbookings for oncology products increased by 11 percent.

The Group's order backlog at April 30, 2000 amounted to SEK 1,714 M (1,539).

## European Market

The European market for radiotherapy systems weakened slightly during the year. Despite this, the Group's share of the market increased and the order bookings increased by 13 percent. Elekta is the largest supplier of equipment for radiation treatment of cancer in Europe today. One Gamma Knife clinic is now being established within the framework of Elekta Medical Services.

## American market

The growth in the American market was not satisfactory. Order bookings were on the same level as in the preceding fiscal year. The United States is a prioritized market. A reorganization has been carried out and new management appointed during spring to strengthen market positions.

## Japanese market

The Japanese market continued to be stable. Contracts signed during the year included magnetic encephalographs, used in brain research, amounting to SEK 139 M and Gamma Knife equipment amounting to SEK 121 M. Elekta's main products for radiation treatment are under registration in Japan, hence the order bookings were limited.

## Rest of Asia

Healthcare markets in the rest of Asia – notable China and Taiwan – showed signs of weak recovery toward the end of the fiscal year. However, total order bookings were lower than in the preceding year.

## NET SALES

Consolidated net sales amounted to SEK 1,789 M (1,787). After adjustments for exchange-rate fluctuations, net sales declined 4 percent.

Net sales of neurosurgical products, which amounted to SEK 718 M (607), improved sharply in all markets with the exception of Asia, not including Japan. Sixteen (13) Leksell Gamma Knife units were delivered during the year. Neurosurgery includes SEK 72 M (69) from the IGS operations sold in November 1999. Net sales of oncology products, which amounted to SEK 1,071 M (1,180), declined due to a lower rate of deliveries of linear accelerators in the United States and Europe. Net sales of service and after-market products improved, characterized by favorable development in all markets, and accounted for 25 percent (22) of the Group's net sales.

## RESULT

The operating loss amounted to SEK 37 M (loss: 208). Excluding items affecting comparability, the loss was SEK 56 M (loss: 222), an improvement of SEK 166 M.

# Board of Directors' Report

The improvement was attributable primarily to higher gross margins and lower operating expenses. Furthermore, the results of IGS operations, excluding items affecting comparability, led to significantly lower charges against operating income, compared with the preceding year, amounting to a loss of SEK 29 M (loss: 106).

Strategic investments in research and development totaled SEK 129 M (152), of which SEK 10 M (17) related to IGS. These investments, which are expensed as incurred, corresponded to 7 percent (9) of net sales.

Net financial items amounted to a negative of SEK 32 M (42). Net interest amounted to a negative SEK 56 M (58) of which SEK 45 M refers to convertible debenture loan. Income from participations in associated companies amounted to SEK 3 M (loss: 6) and foreign exchange gains totaled SEK 21 M (22).

The loss before taxes amounted to SEK 69 M (loss: 250) and after taxes to SEK 77 M (loss: 256).

The loss per share amounted to SEK 4.24 (loss: 17.09).

## DIVESTMENT OF IGS

On November 17, 1999, Elekta signed an agreement with Medtronic Inc. of the US regarding the sale of Elekta's IGS operations. The sales price was USD 11.75 M. The sale of IGS operations, which is reported as an item affecting comparability, had a favorable impact of SEK 19 M on income, after taking into account divestment expenses.

## FIXED ASSETS AND INVESTMENTS

Investments in intangible and tangible fixed assets amounted to SEK 0 M (1) and SEK 57 M (34), respectively.

Amortization and depreciation of intangible and tangible fixed assets amounted to SEK 33 M (45) and SEK 45 M (45), respectively.

## RIGHTS ISSUE AND OFFSET ISSUE

To strengthen Elekta's financial position, a new issue of shares was carried out during December with preferential rights for shareholders. The issue, which was fully subscribed, generated SEK 134 M after issue expenses, and increased the number of shares in Elekta by 10,497,451.

In February, the company implemented an offset issue. Owners of Elekta's convertible debentures were offered the opportunity to offset a maximum of 50 percent of outstanding debentures in the 1998/2001 convertible debenture loan for newly issued B shares in Elekta. The offer, which was oversubscribed, increased Elekta's share capital by SEK 210 M after issue expenses, increasing the number of shares in Elekta by 6,858,715 to 27,853,617. Interest expenses in fiscal year 2000/2001 will be reduced through conversion by about SEK 25 M.

## LIQUIDITY AND FINANCIAL POSITION

Liquid assets at April 30, 2000 amounted to SEK 249 M (159).

Cash flow before investments and divestments amounted to SEK 11 M (neg: 117). Cash flow after investments and divestments amounted to SEK 42 M (243).

As of April 30, 2000, net debt – interest-bearing liabilities less liquid assets – amounted to SEK 80 M (442), including SEK 216 M attributable to the convertible loan. Liquid assets, plus credit lines not utilized by the company, amounted to SEK 283 M (160) at April 30, 2000. Bank balances included SEK 119 M (5) that was pledged primarily to guarantee advance payments from customers.

The net debt/equity ratio at April 30, 2000 was 0.14 (1.41) and the equity/assets ratio was 31 percent (17).

## SENSITIVITY ANALYSIS

Elekta's gross margin, defined as revenues less the cost of products sold, can vary greatly between different periods depending on product mix. Leksell Gamma Knife has a much higher margin than oncology products. The margin for products for which Elekta is just distributor, such as MEG and others, is relatively low. Elekta's gross margin for the year was 35 percent (29).

Net sales over the next 12-month period are largely secured by the existing order backlog. There may be delays and postponements in delivery dates, but they could be offset by new orders during the year, with shorter delivery times.

Elekta's operating expenses are quoted primarily in SEK and GBP, while most revenues are booked in USD, JPY and EUR. The short-term effects of change in exchange rates are reduced by hedging with forward contracts.

## EMPLOYEES

The average number of Group employees was 794 (866). The number of employees at fiscal year-end was 778 (862).

An Extraordinary General Meeting of shareholders on November 17, 1999 approved a proposal by Elekta's Board of Directors to establish a warrants program for management and other key personnel. The program is designed to promote their commitment to Elekta's business operations and create greater incentives for strong job performance standards on behalf of the company. The program was initiated in the spring of year 2000. The terms are described on page 37.

## PARENT COMPANY

Parent Company operations comprise Group management, joint Group functions and financial management. The Parent Company reported a loss of SEK 57 M (loss 143)

after financial items. The average number of employees was 14 (18).

#### BOARD OF DIRECTORS

The Board of Directors consisted of six members in fiscal year 1999/2000. At the statutory Board meeting on September 20, 1999, Akbar Seddigh was elected as the new Chairman of the Board. Akbar Seddigh succeeded Per-Olof Mårtensson. During fiscal year 1999/2000, the Board held 28 (23) recorded meetings.

Issues managed by the Board of Directors include strategy and goals, long-term financing and risks, the budget, financial accounts and major investments and divestments.

The Board of Directors includes a committee to implement special instructions established by the Board regarding compensation philosophies, bonus systems and other similar forms of remuneration. The President's salary is set by the committee, subject to approval by the Board of Directors. The committee consists of Per-Olof Mårtensson and Akbar Seddigh.

#### FUTURE PROSPECTS

The restructuring of operations is virtually complete, but efforts to improve the Group's profitability will be continued during fiscal year 2000/2001. As announced earlier, the Group's restructuring is expected to lead to satisfactory profitability level by the end of fiscal year 2000/2001. Results during the first and second quarters will be weak, however, due to the projected low level of deliveries of linear accelerators and Gamma Knife units. The operating result for the current fiscal year is expected to be better than fiscal 1999/2000.

#### PROPOSED DIVIDEND

The Board does not propose any dividend for fiscal year 1999/2000.

### FINANCIAL RISK MANAGEMENT

#### FINANCING AND LIQUIDITY RISKS

Financing and liquidity risks are defined as the risk of insolvency in terms of financial capacity to meet current payment obligations due to insufficient liquidity or difficulties in raising external financing. Elekta strives to maintain liquid assets corresponding to a minimum of 10 percent of net sales. At April 30, 2000, available liquid assets, including credit lines granted but not utilized, amounted to SEK 164 M, which was somewhat lower than established goals. In addition to available liquid assets at April 30, 2000, Elekta had pledged SEK 119 M

as securities for bank guarantees issued to the company.

If conversion of the debenture loan is not effected before June 30, 2001 Elekta will redeem the outstanding convertible debenture loan at par value, SEK 233 M, not later than December 31 of the same year.

#### INTEREST RISKS

Changes in interest rates have only limited effects on Elekta's financial results, since the convertible debenture loan, which carries a fixed interest rate accounts for SEK 216 M of net debt totaling SEK 80 M. Liquid assets, less loans at variable interest rates, amount to SEK 136 M.

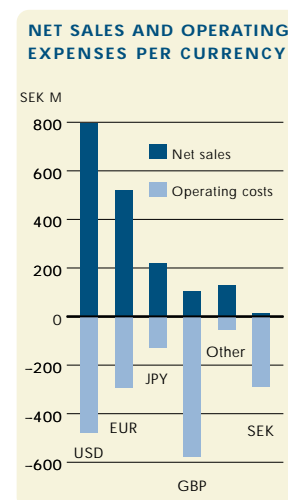
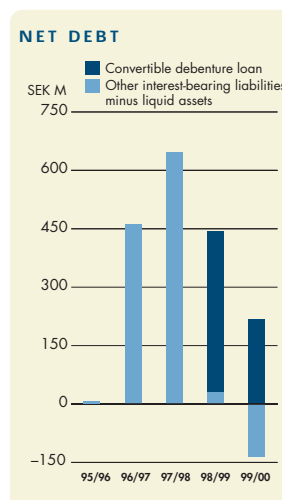
#### CURRENCY RISKS

##### Transaction exposure

Sales of Group products are primarily in USD, JPY and EUR. Expenses are chiefly in GBP and SEK. Revenues and expenses reported by sales companies are mainly in local currencies. Flow exposure is concentrated in the UK and Sweden and is reduced by hedging with forward contracts. Hedging is conducted on the basis of contracted net flows over a rolling 12-month period.

##### Translation exposure

Elekta Group shareholders' equity is affected by currency translation differences. Since most borrowing consists of the convertible debenture loan, borrowing in foreign currencies is limited. In accordance with Elekta's financing policy, no equity is hedged through forward contracts or other derivative instruments, since these contracts impact the cash flow at renewal.



# Income statement

SEK M	Note	GROUP		PARENT COMPANY	
		1999/2000	1998/99	1999/2000	1998/99
Net sales	1	1,789	1,787	—	—
Cost of products sold		-1,156	-1,270	—	—
<b>Gross income</b>		<b>633</b>	<b>517</b>	—	—
Selling expenses		-294	-324	—	—
Administrative expenses		-256	-258	-51	-61
R&D expenses		-129	-152	—	—
Items affecting comparability	2	19	14	18	—
Exchange differences in operation		-10	-5	—	—
<b>Operating loss</b>		<b>-37</b>	<b>-208</b>	<b>-33</b>	<b>-61</b>
Income from participations in Group companies	3	—	—	-4	-80
Income from participations in associated companies	4	3	-6	-1	—
Interest income		6	7	25	40
Interest expense and similar items		-62	-65	-66	-62
Financial exchange differences		21	22	22	20
<b>Income after financial items</b>		<b>-69</b>	<b>-250</b>	<b>-57</b>	<b>-143</b>
Taxes	5	-8	-6	—	-2
<b>NET INCOME</b>		<b>-77</b>	<b>-256</b>	<b>-57</b>	<b>-145</b>



# Balance sheet

SEK M	Note	GROUP		PARENT COMPANY	
		Apr. 30, 2000	Apr. 30, 1999	Apr. 30, 2000	Apr. 30, 1999
<b>ASSETS</b>					
Intangible fixed assets	6	437	465	—	—
Tangible fixed assets	7	81	88	0	0
Financial fixed assets	8	17	15	1,259	1,274
<b>Total fixed assets</b>		<b>535</b>	<b>568</b>	<b>1,259</b>	<b>1,274</b>
Inventories	9	255	265	—	—
Receivables	10	797	879	52	47
Cash and bank		249	159	49	2
<b>Total current assets</b>		<b>1,301</b>	<b>1,303</b>	<b>101</b>	<b>49</b>
<b>TOTAL ASSETS</b>		<b>1,836</b>	<b>1,871</b>	<b>1,360</b>	<b>1,323</b>
<b>SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>					
Share capital		139	52	139	52
Restricted reserves		1,007	820	775	661
Unrestricted reserves		-493	-303	5	5
Income for the year		-77	-256	-57	-145
<b>Total shareholders' equity</b>	11	<b>576</b>	<b>313</b>	<b>862</b>	<b>573</b>
<b>Provisions</b>	12	<b>79</b>	<b>100</b>	—	—
Convertible debenture loan	13	216	412	216	412
Other interest-bearing liabilities	14	113	189	166	186
Interest-free liabilities	15	852	857	116	152
<b>Total liabilities</b>		<b>1,181</b>	<b>1,458</b>	<b>498</b>	<b>750</b>
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>		<b>1,836</b>	<b>1,871</b>	<b>1,360</b>	<b>1,323</b>
Assets pledged	16	849	325	784	410
Contingent liabilities	17	15	178	267	155

# Statement of changes in financial position

SEK M	GROUP		PARENT COMPANY	
	1999/2000	1998/99	1999/2000	1998/99
Net income	-77	-256	-57	-145
Depreciation and write-downs	79	136	1	77
Participation in net income of associated companies	-4	0	—	—
Capital gain on the sale of				
fixed assets	1	-30	—	—
product area	-19	-23	-18	-36
Adjustment upward of convertible debenture loan	16	15	16	15
Deferred taxes	-3	0	—	—
<b>Operating flows</b>	<b>-7</b>	<b>-158</b>	<b>-58</b>	<b>-89</b>
Increase (-)/decrease (+) in current receivables	74	-77	-5	58
Increase (-)/decrease (+) in inventories	14	112	—	—
Increase (+)/decrease (-) in interest-free liabilities	-5	107	-36	134
Increase (+)/decrease (-) in provisions	-65	-101	—	—
<b>Change in working capital</b>	<b>18</b>	<b>41</b>	<b>-41</b>	<b>192</b>
<b>Cash flow before investments</b>	<b>11</b>	<b>-117</b>	<b>-99</b>	<b>103</b>
Increase (-)/decrease (+) in shares and participations	-3	2	-118	-38
Increase (-)/decrease (+) in long-term receivables	1	0	132	36
Investments in intellectual properties	—	31	—	—
Investments in machinery and equipment	-57	-34	—	—
Sale of fixed assets	4	164	—	—
Sale of product area	86	197	18	40
<b>Investments and divestments</b>	<b>31</b>	<b>360</b>	<b>32</b>	<b>38</b>
<b>CASH FLOW AFTER INVESTMENTS</b>	<b>42</b>	<b>243</b>	<b>-67</b>	<b>141</b>
Increase (+)/decrease (-) in interest-bearing liabilities	-299	-248	-232	-159
New issues and warrant premium	345	—	346	—
<b>External financing</b>	<b>46</b>	<b>-248</b>	<b>114</b>	<b>-159</b>
Change in liquid assets excl. translation differences	88	-5	47	-18
Translation difference on liquid assets	2	-12	—	—
<b>Change in liquid assets during the year</b>	<b>90</b>	<b>-17</b>	<b>47</b>	<b>-18</b>
Liquid assets at the start of the year	159	176	2	20
<b>Liquid assets at year-end</b>	<b>249</b>	<b>159</b>	<b>49</b>	<b>2</b>

## NET DEBT

SEK M	1999/2000	1998/99
Net debt, April 30, 1999	442	647
Adjustment upward of convertible debenture loan	16	15
Cash flow	-177	-231
Offset issue	-212	—
Translation differences	11	11
<b>Net debt, April 30, 2000</b>	<b>80</b>	<b>442</b>

# Accounting principles

## CHANGES IN ACCOUNTING PRINCIPLES

The production and sale of a new generation of the Leksell Gamma Knife has commenced. The new product generation, the C model, incorporates a higher degree of standardization, makes the sales process more uniform and reduces project lead-times. This means that the sale of Leksell Gamma Knife to a less degree has the character of a unique project. As percentage-of-completion no longer is considered to reflect the income of recognition in a correct way, Elekta is, in order to provide a more accurate recognition, switching over to income recognition on delivery. As a result, shareholders' equity at May 1, 1999 was reduced by SEK 224 M, which corresponds to Leksell Gamma Knife projects that were recognized as income but which had not been delivered on April 30, 1999. To keep comparability all figures for the preceding years have been recalculated in accordance with the new principle.

In the Parent Company, adjustments have been made to comply with new recommendations by Swedish Financial Accounting Standards Council regarding the effects of changes in exchange rates. As a result, long-term financing, which is considered to represent an increase in the Parent Company's net investment in the subsidiary, is reported at historical exchange rates, rather than closing date exchange rates, which were applied in the past. To support comparability, figures for the preceding year have been recalculated in compliance with the new principle.

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the recommendations issued by the Swedish Financial Accounting Standards Council concerning consolidated accounts and by applying the purchase method of accounting.

The income statements of foreign subsidiaries have been translated at average exchange rates for the fiscal year, and the balance sheets have been translated at closing date exchange rates. Translation differences have been transferred to consolidated shareholders' equity.

Long-term financing of subsidiaries is considered to represent an increase in the Parent Company's net

investment in the subsidiary. At the Group level, exchange losses/gains in the Parent Company (taking into account tax effects) have been offset against the translation difference in shareholders' equity.

## ASSOCIATED COMPANY ACCOUNTING

Associated company accounting is applied to share investments in which the Group holds more than 20 percent but less than 50 percent of voting rights, or otherwise exercises a significant influence. Associated companies are accounted for in accordance with the equity accounting method.

## INCOME RECOGNITION

Income from all Elekta products is recognized on delivery.

## RESEARCH AND DEVELOPMENT

Research and development costs are expensed as they arise.

## DEPRECIATION/AMORTIZATION

Intangible rights, machinery and equipment are amortized/depreciated for the Group in proportion to their economic life of 3-10 years. Goodwill is amortized over 10 years, with the exception of goodwill attributable to the acquisition of Philips Radiation Therapy, which is amortized over 20 years. This acquisition is strategically important for future development of Elekta's operations in the treatment of cancer and neurosurgery. Following the acquisition, Elekta is the only company able to offer a full range of advanced clinical solutions for both radiosurgery and radiotherapy.

## INVENTORIES

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

## RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY

Receivables are shown in the amount expected to be received. Receivables and liabilities in foreign currency have been valued at closing date exchange rates. Alternatively, the forward rate has been used for receivables and liabilities hedged by forward contracts.

## EXCHANGE RATES

Country	Currency	Average rate May-April		Year-end rate April 30	
		1999/2000	1998/1999	2000	1999
Switzerland	100 CHF	539.969	556.929	517.750	552.450
Germany	100 DEM	441.717	459.032	416.166	445.178
France	100 FRF	131.704	136.889	124.086	135.718
Great Britain	1 GBP	13.596	13.160	14.000	13.523
Hong Kong	1 HKD	1.087	1.031	1.145	1.083
Italy	100 ITL	0.446	0.464	0.420	0.460
Japan	100 JPY	7.694	6.321	8.390	7.030
USA	1 USD	8.449	7.986	8.928	8.390

# Notes to the financial statements

## NOTE 1 NET SALES

SEK M	GROUP	
	1999/2000	1998/99
<i>By product area:</i>		
Neurosurgery	718	607
Oncology	1,071	1,180
<i>By geographical market:</i>		
North and South America	667	717
Asia	385	339
Europe and the rest of the world	737	731
<b>Total net sales</b>	<b>1,789</b>	<b>1,787</b>

## NOTE 2 ITEMS AFFECTING COMPARABILITY

SEK M	GROUP		PARENT COMPANY	
	1999/2000	1998/99	1999/2000	1998/99
<i>Sale of:</i>				
property outside London	—	30	—	—
Surgical Instruments product area	—	23	—	—
IGS product area	19	—	18	—
Writedown of intangible IGS assets	—	-39	—	—
<b>Total items affecting comparability</b>	<b>19</b>	<b>14</b>	<b>18</b>	<b>—</b>

## NOTE 3 INCOME FROM PARTICIATIONS IN GROUP COMPANIES

SEK M	PARENT COMPANY	
	1999/2000	1998/99
Sale of shares in subsidiaries	—	36
Cover of losses in subsidiaries	-4	-39
Writedown of shares in subsidiaries	—	-77
<b>Income from participations in Group companies</b>	<b>-4</b>	<b>-80</b>

## NOTE 4 INCOME FROM PARTICIATIONS IN ASSOCIATED COMPANIES

SEK M	GROUP		PARENT COMPANY	
	1999/2000	1998/99	1999/2000	1998/99
Income from participations in associated companies	4	1	—	—
Writedown of participations in associated companies	-1	-7	-1	—
<b>Income from participations in associated companies</b>	<b>3</b>	<b>-6</b>	<b>-1</b>	<b>—</b>

## NOTE 5 TAXES

SEK M	GROUP		PARENT COMPANY	
	1999/2000	1998/99	1999/2000	1998/99
Current taxes	-11	-5	—	-2
Deferred taxes	3	0	—	—
Participation in taxes of associated companies	—	-1	—	—
<b>Total taxes</b>	<b>-8</b>	<b>-6</b>	<b>—</b>	<b>-2</b>

Tax loss carry-forwards less other temporary differences, which are not reported in the balance sheet, amounted to approximately SEK 300 M in the Swedish companies. There are also loss carry-forwards in the U.S., the UK and Hong Kong which are not reported in the accounts.

## NOTE 6 INTANGIBLE ASSETS

SEK M	R&D operations	Patents & licenses	Goodwill	Total
Acquisition value, May 1, 1999	44	41	550	635
Sales / disposals	-22	-4	-44	-70
Translation differences	1	—	6	7
<b>Acquisition value, April 30, 2000</b>	<b>23</b>	<b>37</b>	<b>512</b>	<b>572</b>
Accumulated amortization, May 1, 1999	-27	-31	-73	-131
Sales / disposals	16	2	13	31
Amortization for the year	-4	-3	-26	-33
Translation differences	—	—	-2	-2
<b>Accumulated amortization, April 30, 2000</b>	<b>-15</b>	<b>-32</b>	<b>-88</b>	<b>-135</b>
Accumulated write-downs, May 1, 1999	-6	-2	-31	-39
Sales / disposals	6	2	31	39
<b>Accumulated write-downs, April 30, 2000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Residual value according to plan, April 30, 2000</b>	<b>8</b>	<b>5</b>	<b>424</b>	<b>437</b>

## NOTE 7 TANGIBLE FIXED ASSETS

SEK M	Machinery etc for production	Equipment, tools and installations	Financial lease equipment	Total
Acquisition value, May 1, 1999	42	317	—	359
Purchases	—	33	24	57
Sales / disposals	-9	-71	—	-80
Translation differences	1	8	—	9
<b>Acquisition value, April 30, 2000</b>	<b>34</b>	<b>287</b>	<b>24</b>	<b>345</b>
Accumulated depreciation, May 1, 1999	-36	-235	—	-271
Sales / disposals	9	50	—	59
Depreciation for the year	-4	-30	-11	-45
Translation differences	-1	-6	—	-7
<b>Accumulated depreciation, April 30, 2000</b>	<b>-32</b>	<b>-221</b>	<b>-11</b>	<b>-264</b>
<b>Residual value according to plan, April 30, 2000</b>	<b>2</b>	<b>66</b>	<b>13</b>	<b>81</b>

# Notes to the financial statements

## NOTE 8 FINANCIAL FIXED ASSETS

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2000	Apr. 30, 1999	Apr. 30, 2000	Apr. 30, 1999
Participations in Group companies	—	—	624	508
Receivables from Group companies	—	—	627	759
Participations in associated companies	12	9	8	7
Other long-term receivables	5	6	—	—
<b>Total financial fixed assets</b>	<b>17</b>	<b>15</b>	<b>1,259</b>	<b>1,274</b>

## PARTICIPATIONS IN GROUP AND ASSOCIATED COMPANIES

SEK M	GROUP		PARENT COMPANY	
	Associated companies		Associated companies	Group companies
Opening balance, May 1, 1999		9	7	508
Investments		3	2	116
Sales / repayment		-4	—	—
Write-downs		-1	-1	—
Participations in income of associated companies		4	—	—
Translation differences		1	—	—
<b>Closing balance, April 30, 2000</b>		<b>12</b>	<b>8</b>	<b>624</b>

## PARTICIPATIONS IN GROUP COMPANIES

Company	Corp. Reg. No.	Domicile	No. of shares & participations	Proportion of shares & votes, %	Book value
Elekta Instrument AB	556492-0949	Stockholm, Sweden	1,000,000	100.0	50
Elekta Instrument SA		Geneva, Switzerland	500	100.0	57
Elekta KK		Kobe, Japan	2,000	100.0	0
Elekta Ltd	2699176	Crawley, UK	20,609,695	100.0	243
Elekta Holdings US Inc.		Norcross, GA, USA	6,020	100.0	217
Elekta Canada Inc.		Toronto, Canada	1	100.0	0
Elekta Asia Ltd		Hong Kong, China	1,000,000	100.0	0
Elekta IGS SA	383 379 880	Grenoble, France	352,380	100.0	17
Elekta GmbH	HRB 63500	Hamburg, Germany	—	100.0	5
Elekta Oncology Systems AB	556539-1736	Stockholm, Sweden	20,000	100.0	0
Elekta S.A./N.V.	613 484	Zaventem, Belgium	350	100.0	1
Elekta BV		Best, Netherlands	40	100.0	0
Elekta Holding BV	33 292 546	Amsterdam, Netherlands	40	100.0	0
Elekta SpA		Monza, Italy	500,000	100.0	34
<b>Total participations in Group companies</b>					<b>624</b>

## PARTICIPATIONS IN ASSOCIATED COMPANIES

Company	Corp. Reg. No.	Domicile	No. of shares & participations	Proportion of shares & votes, %	Book value
AB Motala Verkstad *	556031-3503	Motala, Sweden	29,960	49.9	7
Misc. participations					5
<b>Total participations in associated companies</b>					<b>12</b>

\* The book value of AB Motala Verkstad in the Parent Company is SEK 8 M. 5,250 shares sold in July 2000 has been reported as current assets.

## NOTE 9 INVENTORIES

SEK M	GROUP	
	Apr. 30, 2000	Apr. 30, 1999
Components	37	44
Work in progress	51	68
Finished goods	167	153
<b>Total inventories</b>	<b>255</b>	<b>265</b>

**NOTE 10 RECEIVABLES**

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2000	Apr. 30, 1999	Apr. 30, 2000	Apr. 30, 1999
Accounts receivable	520	599	3	4
Receivables from Group companies	—	—	34	16
Receivables from associated companies	2	—	2	—
Other receivables	53	100	1	3
Prepaid expenses and accrued revenues	210	165	7	17
<b>Maturity less than 1 year</b>	<b>785</b>	<b>864</b>	<b>47</b>	<b>40</b>
Accounts receivable	2	1	—	—
Receivables from associated companies	5	7	5	7
Other receivables	5	7	—	—
<b>Maturity more than 1 year</b>	<b>12</b>	<b>15</b>	<b>5</b>	<b>7</b>
<b>Total receivables</b>	<b>797</b>	<b>879</b>	<b>52</b>	<b>47</b>

Ongoing projects amounting to SEK 145 M (152) are included under Prepaid expenses and accrued revenues for the Group.

ElektA purchases forward rate contracts to hedge contracted flows. The forward rate is used to translate the receivables hedged. The following forward contracts regarding the sale of USD, JPY etc. are not reported in the balance sheet.

Currency	Amount	Maturity	Rate
MJPY/SEK	1,091	3-4 months	8.1060
MEUR/SEK	1	1 month	9.0370
MGBP/SEK	2	3 months	13.7172
MDKK/SEK	1	4 months	1.1845

**NOTE 11 SHAREHOLDERS' EQUITY**

GROUP, SEK M	Share capital	Restricted reserves	Unrestricted reserves	Income for the year	Total
Closing balance, April 30, 1999	52	1,044	-303	-256	537
Changed accounting principles	—	-224	—	—	-224
Treatment of loss approved by AGM	—	-145	-111	256	0
New issues	87	262	—	—	349
Issue expenses	—	-5	—	—	-5
Warrant premium	—	1	—	—	1
Translation differences	—	31	-36	—	-5
Transfer between restricted and unrestricted capital	—	43	-43	—	0
Income for the year	—	—	—	-77	-77
<b>Closing balance, April 30, 2000</b>	<b>139</b>	<b>1,007</b>	<b>-493</b>	<b>-77</b>	<b>576</b>

PARENT COMPANY, SEK M	Share capital	Premium reserve	Retained earnings	Income for the year	Total
Closing balance, April 30, 1999	52	661	—	-145	568
Changed accounting principles	—	—	5	—	5
Treatment of loss approved by AGM	—	-145	—	145	0
New issues	87	262	—	—	349
Issue expenses	—	-5	—	—	-5
Warrant premium	—	2	—	—	2
Income for the year	—	—	—	-57	-57
<b>Closing balance, April 30, 2000</b>	<b>139</b>	<b>775</b>	<b>5</b>	<b>-57</b>	<b>862</b>

The total number of shares in ElektA AB (publ) amounts to 27,853, 617, of which 1,187,500 are Series A shares and 26,666,117 are Series B shares. Each share has a par value of SEK 5. One Series A share entitles the holder to 10 votes and one Series B share to one vote.

# Notes to the financial statements

## NOTE 12 PROVISIONS

SEK M	GROUP	
	Apr. 30, 2000	Apr. 30, 1999
Provisions for pensions, etc.	8	6
Provisions for taxes	0	1
Warranty provisions	20	55
Restructuring reserves	24	12
Other provisions	27	26
<b>Total provisions</b>	<b>79</b>	<b>100</b>

Restructuring reserves refers mainly to measures in connection with the divestment of IGS operations.

## NOTE 13 CONVERTIBLE DEBENTURE LOAN

In June 1998, an issue of convertible debentures, with a nominal value of SEK 467 M, was carried out. The issue was sold at 85 percent of the nominal value. The loan is subject to interest at 5 percent of the nominal value. Conversion may be carried out from July 31, 1998 to June 30, 2001. The convertible debentures that have not been converted will be redeemed at their nominal value on December 31, 2001. Nominal value is SEK 233 M after the offsetting issue in February 2000. A convertible debenture with the nominal value of SEK 60.20 entitles the bearer to one Series B share in Elekta.

Convertible debentures issued at 85% of their nominal value	397
Interest expenses July-April 1998/99 added to the loan*	15
Interest expenses May-April 1999/2000 added to the loan*	16
Converted in connection with offsetting issue in February 2000	-212

**Convertible debenture loan, April 30, 2000** **216**

\* The difference between the issuing price and the nominal value is distributed as interest expenses over the term of the loan and added to the loan in such a way as to be equal to the nominal value on the maturity date.

## NOTE 14 OTHER INTEREST-BEARING LIABILITIES

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2000	Apr. 30, 1999	Apr. 30, 2000	Apr. 30, 1999
Liabilities to credit institutions	97	187	3	88
Liabilities to Group companies	—	—	163	98
Finance lease liabilities	15	—	—	—
Other liabilities	1	2	—	—
<b>Total other interest-bearing liabilities</b>	<b>113</b>	<b>189</b>	<b>166</b>	<b>186</b>

### Maturity term structure

SEK M	Apr. 30, 2000	Apr. 30, 1999	Apr. 30, 2000	Apr. 30, 1999
Within 1 year	101	185	166	186
1-5 years	12	4	—	—
<b>Total</b>	<b>113</b>	<b>189</b>	<b>166</b>	<b>186</b>

### Specification of Group liabilities to credit institutions

Currency	Apr. 30, 2000 Amount	Apr. 30, 2000 SEK M	Apr. 30, 1999 Amount	Apr. 30, 1999 SEK M
Swedish kronor, SEK M	18	18	105	105
Pounds sterling, GBP M	2	22	1	19
Japanese yen, JPY M	630	53	839	59
Other currencies	—	4	—	4
<b>Total</b>		<b>97</b>		<b>187</b>



**NOTE 15 INTEREST-FREE LIABILITIES**

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2000	Apr. 30, 1999	Apr. 30, 2000	Apr. 30, 1999
Advance payments by customers	255	129	—	—
Accounts payable	259	252	7	1
Liabilities to Group companies	—	—	84	112
Tax liabilities	8	7	—	—
Accrued expenses and prepaid revenues	286	430	13	38
Other interest-free liabilities	44	39	12	1
<b>Total interest-free liabilities</b>	<b>852</b>	<b>857</b>	<b>116</b>	<b>152</b>

Ongoing projects amounting to SEK 88 M (33) are included under Accrued expenses and prepaid revenues for the Group.

**NOTE 16 ASSETS PLEDGED**

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2000	Apr. 30, 1999	Apr. 30, 2000	Apr. 30, 1999
<i>Liabilities to credit institutions:</i>				
Chattel mortgages	431	25	—	25
Shares in subsidiaries	299	295	572	350
Subsidiaries' promissary note	—	—	175	30
<i>Collateral pledged for contingent liabilities:</i>				
Bank balances	119	5	37	5
<b>Total assets pledged</b>	<b>849</b>	<b>325</b>	<b>784</b>	<b>410</b>

The above Group assets are pledged for loans amounting to SEK 90 M and guarantees amounting to SEK 160 M.

**NOTE 17 CONTINGENT LIABILITIES**

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2000	Apr. 30, 1999	Apr. 30, 2000	Apr. 30, 1999
Guarantees	15	178	15	36
Guarantees, subsidiaries	—	—	252	119
<b>Total contingent liabilities</b>	<b>15</b>	<b>178</b>	<b>267</b>	<b>155</b>

**NOTE 18 NUMBER OF EMPLOYEES**

	AVERAGE NUMBER		OF WHOM WOMEN	
	1999/2000	1998/99	1999/2000	1998/99
Parent company	14	18	7	8
Subsidiaries:				
Sweden	91	86	27	27
Belgium	7	7	1	1
UK	312	337	59	60
France	42	47	10	11
Hong Kong	9	25	3	12
India	—	7	—	2
Italy	20	17	4	3
Japan	32	27	6	6
Canada	5	6	—	1
China	22	22	9	11
Netherlands	13	12	2	1
Switzerland	4	7	1	3
Spain	13	12	2	2
Germany	55	62	3	4
USA	149	169	40	44
Austria	6	5	2	1
<b>Total average number of employees</b>	<b>794</b>	<b>866</b>	<b>176</b>	<b>197</b>

# Notes to the financial statements

## NOTE 19 WAGES, SALARIES, OTHER REMUNERATIONS AND SOCIAL SECURITY COSTS

SEK M	Salaries and remunerations to the Board and the President		Salaries and remunerations to other employees	
	1999/2000	1998/99	1999/2000	1998/99
Parent company	3	4	9	14
Subsidiaries:				
Sweden	1	2	38	35
Belgium	1	1	2	3
UK	1	—	120	127
France	2	1	15	15
Hong Kong	3	6	8	14
India	—	—	—	1
Italy	1	1	7	6
Japan	2	1	25	17
Canada	—	—	2	2
China	—	—	2	4
Netherlands	1	0	7	4
Switzerland	0	0	2	4
Spain	1	—	5	4
Germany	1	1	27	32
USA	6	5	87	105
Austria	1	1	2	1
<b>Total, salaries and other remunerations</b>	<b>24</b>	<b>23</b>	<b>358</b>	<b>388</b>
Pensions costs, Parent Company	6	1	8	2
Pensions costs, subsidiaries	1	1	19	21
Other social security costs, Parent Company	1	1	3	5
Other social security costs, subsidiaries	3	5	53	57
<b>Total wages, salaries, other remunerations and social security costs</b>	<b>35</b>	<b>31</b>	<b>441</b>	<b>473</b>

Bonus payments, included in the above salaries and remunerations paid to the Boards and the Presidents in the subsidiaries, amount to SEK 2 M (4).

Wages salaries and other benefits for the President was SEK 2,432,000. The Chairman received a fee of SEK 180,000 and each of the external members of the Board received fees of SEK 90,000. Björn A Marklund's (Board member) law firm received fees in its capacity as the company's legal representative. The President is entitled to retire

at age 60, with 70 percent pension. This also applies to one of the other senior executives. If their positions are terminated by the company, two senior executives, including the President, have the right to severance pay amounting to three annual salaries, including pension and other benefits. In addition, the above executives are entitled to severance pay if they resign due to extensive changes in the company's ownership. Senior executives, including the President, have periods of notice for termination of employment ranging from 6 to 12 months.

## NOTE 20 OPERATIONAL LEASING

The year's leasing costs amounted to SEK 30 M (19). Contractual rental payment for the 2000/2001 fiscal year amount to SEK 33 M and for the following period, to SEK 298 M.

## NOTE 21 FEES TO PUBLIC ACCOUNTING FIRM

SEK M	GROUP		PARENT COMPANY	
	1999/2000	1998/99	1999/2000	1998/99
Audit fees	5	6	2	1
Others fees	5	3	1	1
<b>Total fees</b>	<b>10</b>	<b>9</b>	<b>3</b>	<b>2</b>

# Proposed treatment of loss

The Parent Company's accumulated loss amounts to:

Retained earnings	SEK	4,409,137
Loss for the year	SEK	-56,888,038
Total deficit	SEK	-52,478,901

To cover the loss reported in the balance sheet, the Board of Directors and the President propose that the share premium reserve be reduced by SEK 52,478,901.

The Group's accumulated loss amounts to SEK 570 M. No allocation to restricted reserves is required.

STOCKHOLM AUGUST 25, 2000

AKBAR SEDDIGH  
Chairman of the Board

LAURENT LEKSELL  
President

BJÖRN A MARKLUND

PER-OLOF MÄRTENSSON

CARL PALMSTIERNA

MAGNUS SCHMIDT

## Auditor's Report

TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF ELEKTA AB (PUBL),  
CORPORATE REGISTRATION NUMBER 556170-4015.

We have audited the annual report, the consolidated financial statements and the accounts and also the administration of the Board of Directors and the President of Elekta AB (publ) for the fiscal year from May 1, 1999 to April 30, 2000. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the financial statements. We examined significant deci-

sions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any board member or the President or whether they have in some 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.

In our opinion, the annual report and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and provide a correct view of the Company's and Group's earnings and financial position in accordance with generally accepted accounting principles in Sweden.

We recommend that the income statements and the balance sheets of the Parent Company and the Group be adopted, that the loss of the Parent Company be dealt with in accordance with the proposal in the Board of Directors' Report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

STOCKHOLM AUGUST 25, 2000

Öhrlings PricewaterhouseCoopers AB

LENNART DANIELSSON  
Authorized Public Accountant

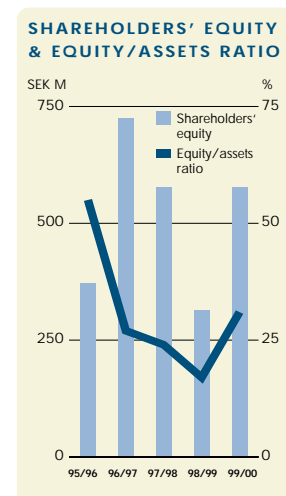
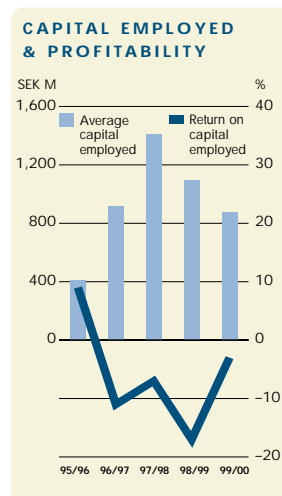
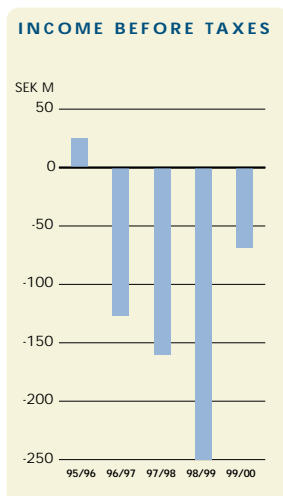
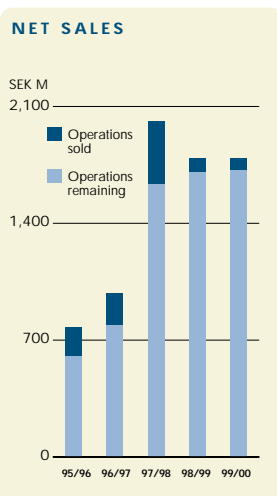
INGVAR PRAMHÄLL  
Authorized Public Accountant

# Five-year review, key figures and definitions

INCOME STATEMENT (SEK M)	1995/96	1996/97	1997/98	1998/99	1999/2000
Net sales	778	980	2,013	1,787	1,789
Operating expenses	-754	-1,087	-2,151	-2,009	-1,845
Items affecting comparability	—	—	34	14	19
<b>Operating income</b>	<b>24</b>	<b>-107</b>	<b>-104</b>	<b>-208</b>	<b>-37</b>
Net financial items	1	-20	-51	-42	-32
<b>Income before taxes</b>	<b>25</b>	<b>-127</b>	<b>-155</b>	<b>-250</b>	<b>-69</b>
Taxes	-9	-3	-32	-6	-8
<b>Net income</b>	<b>16</b>	<b>-130</b>	<b>-187</b>	<b>-256</b>	<b>-77</b>

BALANCE SHEET (SEK M)	Apr. 30, 1996	Apr. 30, 1997	Apr. 30, 1998	Apr. 30, 1999	Apr. 30, 2000
Intangible fixed assets	25	648	616	465	437
Tangible fixed assets	71	325	292	88	81
Financial fixed assets	62	24	24	15	17
Inventories	87	472	425	265	255
Receivables	390	941	846	879	797
Liquid assets	39	240	176	159	249
<b>Total assets</b>	<b>674</b>	<b>2,650</b>	<b>2,379</b>	<b>1,871</b>	<b>1,836</b>
Shareholders' equity	372	724	576	313	576
Provisions	4	333	201	100	79
Convertible debenture loan	—	—	—	412	216
Other interest-bearing liabilities	42	701	823	189	113
Interest-free liabilities	256	892	779	857	852
<b>Total shareholders' equity, provisions and liabilities</b>	<b>674</b>	<b>2,650</b>	<b>2,379</b>	<b>1,871</b>	<b>1,836</b>

CASH FLOW (SEK M)	1995/96	1996/97	1997/98	1998/99	1999/2000
Operating cash flow	40	-68	-48	-158	-7
Change in working capital	-80	-24	-108	41	18
<b>Cash flow before investments</b>	<b>-40</b>	<b>-92</b>	<b>-156</b>	<b>-117</b>	<b>11</b>
Investments, net	-82	-840	-70	360	31
<b>Cash flow after investment</b>	<b>-122</b>	<b>-932</b>	<b>-226</b>	<b>243</b>	<b>42</b>



## KEY FIGURES

	1995/96	1996/97	1997/98	1998/99	1999/2000
Order backlog, SEK M*	—	1,448	1,288	1,539	1,714
Operating margin, %	3	-11	-5	-12	-2
Profit margin, %	3	-13	-8	-14	-4
Shareholders' equity, SEK M	372	724	576	313	576
Capital employed, SEK M	414	1,425	1,399	914	905
Net debt, SEK M	3	461	647	442	80
Equity/assets ratio, %	55	27	24	17	31
Net debt/equity ratio, multiple	0.01	0.64	1.12	1.41	0.14
Interest cover ratio, multiple	3.3	-4.2	-1.7	-2.9	-0.7
Return on shareholders' equity, %	4	-24	-29	-56	-22
Return on capital employed, %	9	-11	-7	-17	-3
Capital turnover ratio, multiple	1.2	0.6	0.8	0.9	1.0
Investments in tangible and intangible assets, SEK M	45	934	73	35	57
Depreciation, SEK M	-26	-59	-125	-90	-78
Average number of employees	324	614	1,161	866	794

\* Figures for the years prior to 1996/97 are not available.

## DEFINITIONS

**Operating margin:** Operating income in relation to net sales

**Profit margin:** Income before taxes in relation to net sales

**Capital employed:** Total assets less provisions and interest-free liabilities

**Equity/assets ratio:** Shareholders' equity including minority interests in relation to total assets

**Net debt:** Interest-bearing liabilities less liquid assets

**Net debt/equity ratio:** Net debt in relation to shareholders' equity including minority interests

**Interest cover ratio:** Income before taxes plus financial expenses in relation to financial expenses

**Return on shareholders' equity:** Net income in relation to average shareholders' equity

**Return on capital employed:** Income before taxes plus financial expenses in relation to average capital employed

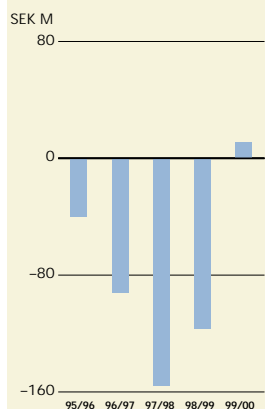
**Capital turnover ratio:** Net sales divided by average total assets

**Average number of employees:** Average number of employees based on normal working hours per year

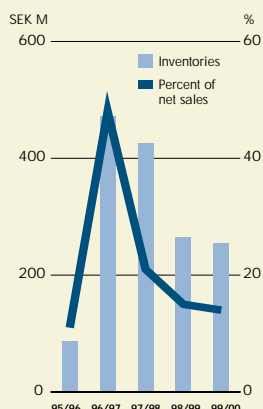
**Net income per share:** Net income in relation to the average number of shares

**Shareholders' equity per share:** Shareholders' equity in relation to the number of shares at year-end.

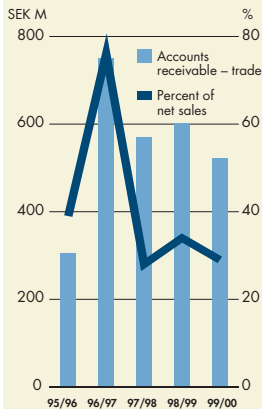
### CAH FLOW BEFORE INVESTMENTS



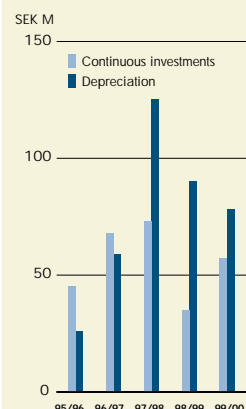
### INVENTORIES



### ACCOUNTS RECEIVABLE - TRADE



### CONTINUOUS INVESTMENTS & DEPRECIATION



# The Elekta share

Elekta's share capital amounts to SEK 139,268,085 distributed among 1,187,500 Series A shares and 26,666,117 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. Each share has a par value of SEK 5. In accordance with Section 13 of the Articles of Association, Series A shares are subject to right of first refusal. All Series A shares are currently 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 share has been listed on the OM Stockholm Exchange A List since 1994. Total trading in Elekta shares on the OM Stockholm Exchange during the period May 1, 1999 – April 30, 2000 amounted to 15.9 million shares (8.9), corresponding to 103 percent (84) of the total number of shares. The average number of shares traded each day during the period amounted to 62,436 (35,690).

The trading information is based on transactions reported in the SAX system, which means actual trading in Elekta shares was probably higher. Market capitalization at April 30, 2000 amounted to SEK 607 M (312).

## DIVIDEND POLICY

In view of the Group's financial position and current weak profitability, the Board of Directors does not intend to propose any dividend before operations achieve sufficient cash flow to enable a dividend to be financed by internally generated funds, providing there is sufficient unrestricted shareholders' equity. In the long term, Elekta expects to be able to distribute 25-35 percent of profit after tax.

## CONVERTIBLE DEBENTURE LOAN

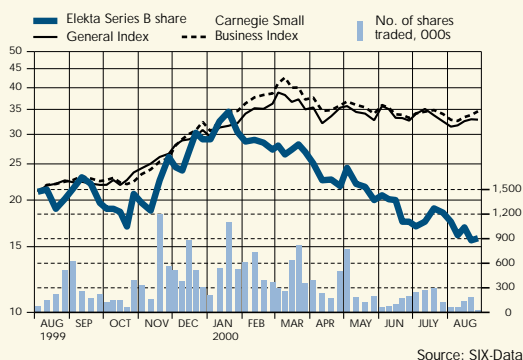
A convertible debenture loan at a nominal value of SEK 467 M with preferential rights to existing shareholders was issued in June 1998. After a fully subscribed offset issue in February 2000, the nominal balance of the loan amounts to SEK 233 M.

The convertible debenture certificates were issued at a

## PER SHARE DATA

	1995/96	1996/97	1997/98	1998/99	1999/2000
Net income before conversion, SEK	1.32	-10.58	-12.53	-17.09	-4.24
Net income after full conversion, SEK	1.32	-10.58	-12.53	-8.10	-1.15
Shareholders' equity before conversion, SEK	30.83	48.43	38.49	20.96	20.68
Shareholders' equity after full conversion, SEK	30.83	48.43	38.49	28.25	24.96
Dividend, SEK	1.51	—	—	—	—
Share price, Elekta Series B, April 30, SEK	153.29	157.57	51.94	20.85	21.80
Market capitalization, April 30, SEK M	1,848	2,357	777	312	607
Lowest share price, SEK	115.95	144.09	49.48	17.55	18.67
Highest share price, SEK	206.35	178.20	157.92	71.59	36.70
Average number of shares					
before conversion, (000s)	12,055	12,297	14,957	14,957	18,263
after full conversion, (000s)	12,055	12,297	14,957	25,690	27,854
Number of shares, April 30					
before conversion, (000s)	12,055	14,957	14,957	14,957	27,854
after full conversion, (000s)	12,055	14,957	14,957	25,690	31,729

## SHARE PRICE TREND



## CHANGES IN SHARE CAPITAL

Year	Transaction	Total number of shares	Total share capital, SEK 000s
1993	Split 20:1	5,697,180	28,486
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

price equivalent to 85 percent of the nominal value. They are subject to annual interest of five percent. They may be converted into Series B shares prior to and including June 30, 2001. The conversion price is SEK 60.20. On December 31, 2001, the convertible debentures will be repaid at nominal value if they have not been converted previously. Full conversion will result in 3,875,139 new shares, corresponding to 12 percent of the capital.

#### WARRANTS

At an Extraordinary General Meeting on November 17, 1999, a decision was reached to raise a subordinated loan in a nominal amount of SEK 100,000 through the issue of debt instruments with not more than 500,000 detachable warrants for new subscriptions to Series B shares in Elekta AB (publ). The issue was subscribed in its entirety by a wholly owned subsidiary of Elekta AB (publ). The subsidiary detached the warrants and, at April 30, 2000, had transferred 157,400 warrants to senior executives of Elekta. The subscription period for the warrants has been established as March 1, 2000 – December 1, 2002. Holders of

the warrants may subscribe for new shares in Elekta at any time during the subscription period. The subscription price for the new shares is SEK 100 during the period up to and including Nov. 20, 2001 and SEK 50 during the remaining subscription period. At full conversion, dilution effects of these shares will amount to about 0.6 of the capital.

#### CONVERTIBLE DEBENTURE LOAN

Nominal amount of loan, SEK M	233
Interest, %	5
Repayment date	Dec. 31, 2001
Conversion period	July 31, 1998 – June 30, 2001
Conversion price, SEK	60.20
At full conversion, the number of Series B shares increases by	3,875,139

#### DISTRIBUTION OF SHARES, APRIL 30, 2000

Class of share	No. of shares	No. of votes	Percentage of capital	Percentage of votes
Series A	1,187,500	11,875,000	4.3	30.8
Series B	26,666,117	26,666,117	95.7	69.2
<b>Total</b>	<b>27,853,617</b>	<b>38,541,117</b>	<b>100.0</b>	<b>100.0</b>

#### OWNERSHIP STRUCTURE, JUNE 30, 2000

Shareholding No. of shares	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of share capital	Average number per shareholder
1 – 500	5,886	65.9	1,153,566	4.1	196
501 – 1,000	1,272	14.2	1,112,022	4.0	874
1,001 – 10,000	1,567	17.5	4,737,364	17.0	3,023
10,001 – 100,000	182	2.1	4,821,368	17.3	26,491
100,001 –	30	0.3	16,029,297	57.6	534,310
<b>Total</b>	<b>8,937</b>	<b>100.0</b>	<b>27,853,617</b>	<b>100.0</b>	<b>3,117</b>

Source: VPC

#### MAJOR SHAREHOLDERS, JUNE 30, 2000

Shareholder	Number of shares	Percentage of votes	Percentage of capital
Laurent Leksell and familj	2,854,298	35.1	10.2
Odin Fondene, Norway	1,831,021	4.8	6.6
Skandia	1,785,873	4.6	6.4
Philips, the Netherlands	1,251,952	3.2	4.5
SPP	1,158,113	3.0	4.2
Länsförsäkringar	1,086,999	2.8	3.9
Förenade Liv	855,458	2.2	3.1
Catella Aktiefonder	834,288	2.2	3.0
Others	16,195,615	42.1	58.1
<b>Total</b>	<b>27,853,617</b>	<b>100.0</b>	<b>100.0</b>

The proportion of institutional ownership was approximately 50 percent. The proportion of foreign ownership amounted to approximately 28 percent.

# Board of Directors and auditors



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**AKBAR SEDDIGH**

*Chairman of the Board, born 1943*  
Board member since 1998  
Holdings: -

Working Vice Chairman, Ortivus AB  
Graduate chemist, marketing specialist

Other board memberships:  
Artimplant AB, Mobimed Inc.  
(Chairman), Affärsstrategerna AB, etc.



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**LAURENT LEKSELL**

*President, born 1952*  
Board member since 1974  
Holdings: 1,187,500 Series A  
and 1,666,798 Series B shares  
(including via family)

Doctor of Economics



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**BJÖRN A MARKLUND**

*born 1942*  
Active in the company since 1972  
and Board member since 1984  
Holdings: 27,390 Series B shares  
(via company)

LLM (Stockholm), Hon. M.A.,  
MCL (Cambridge), Attorney

Other board memberships:  
Fanerimporten AB (Chairman),  
Rosenthal SF AB (Chairman), etc.



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**PER-OLOF MÅRTENSSON**

*born 1937*  
Board member since 1991  
Holdings: 25,124 Series B shares (  
including via family)

President, Karo Bio AB  
Registered pharmacist

Other board memberships:  
Karo Bio AB, Maxim Pharmaceutical Inc.,  
Sangtec Medical AB, etc.



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**CARL PALMSTIERNA**

*born 1953*  
Board member since 1993  
Holdings: 25,610 Series B shares,  
convertibel debentures SEK 60,629

President, IDI AB  
MBA

Other board memberships:  
Boxman AB, Emtunga International AB,  
Security Qube Systems SQS AB,  
Transport Interior AB, LGP Telekom AB,  
Hasbjer Micro System AB



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**MAGNUS SCHMIDT**

*born 1940*  
Board member since 1998  
Holdings: -

International consultant  
MBA

Other board memberships:  
Upplands Motor Holding AB,  
TransFargo AB,  
Sydkraft Energi Trading AB

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**LENNART DANIELSSON**

*Born 1959*  
Authorized Public Accountant  
Öhrlings PricewaterhouseCoopers AB  
Stockholm  
Company auditor since 1990

---

**INGVAR PRAMHÅLL**

*Born 1942*  
Authorized Public Accountant  
Öhrlings PricewaterhouseCoopers AB  
Stockholm  
Company auditor since 1997



# Group management



**LAURENT LEKSELL \***  
*born 1952*  
**President**  
Employed since 1974

\* Part of the Executive Committee



**TOMAS PUUSEPP \***  
*born 1955*  
**Neurosurgery and Market USA**  
Employed since 1988  
Holdings: 3,004 Series B shares,  
14,100 warrants



**VOLKER STIEBER \***  
*born 1943*  
**Oncology**  
Employed since 1997  
Holdings: 14,100 warrants



**LISBETH EKSTRÖM**  
*born 1946*  
**Human Resources**  
Employed since 1997  
Holdings: 1,000 Series B shares, convertible  
debentures SEK 33,990, 9,400 warrants



**SVERKER GLANS**  
*born 1944*  
**Quality and Regulatory**  
Employed since 1993  
Holdings: 595 Series B shares, 9,400 warrants



**PER GRÖNWALL**  
*born 1959*  
**Accounting & Business Control**  
Employed since 1996  
Holdings: 9,400 warrants



**LARS JONSTEG**  
*born 1938*  
**Corporate Relations**  
Employed since 1997  
Holdings: 9,400 warrants



**DAN LEKSELL**  
*born 1950*  
**Clinical Research**  
Employed since 1989  
Holdings: 9,400 warrants



**GERRY VAN OORTMARSEN**  
*born 1943*  
**Market Europe**  
Employed since 1997  
Holdings: 9,400 warrants



**STEPHEN OTTO**  
*born 1948*  
**Market Japan**  
Employed since 1996  
Holdings: 9,400 warrants



**LARS GUNNAR SCHULTZ**  
*born 1959*  
**Treasury**  
Employed since 1998  
Holdings: convertible debentures SEK 144,000,  
9,400 warrants



**MANFRED STURM**  
*born 1946*  
**IS/IT**  
Employed since 1997  
Holdings: 9,400 warrants



**TED THORSON**  
*born 1939*  
**Marketing**  
Employed since 1998  
Holdings: 9,400 warrants



**ÅSA THUNMAN**  
*born 1969*  
**Legal**  
Employed since 1999  
Holdings: 4,700 warrants



**GILBERT WAI**  
*born 1953*  
**Market Asia**  
Employed since 1998  
Holdings: 9,400 warrants

# Addresses

## HEAD OFFICE

Elekta AB (publ)  
Elekta Instrument AB  
P.O. Box 7593  
SE-103 93 Stockholm Sweden  
Street address: Birger Jarlsgatan 53  
Phone +46-8 587 254 00  
Fax +46-8 587 255 00  
E-mail [info@elekta.se](mailto:info@elekta.se)  
Web page [www.elekta.com](http://www.elekta.com)

## REGIONAL OFFICES

### Elekta Oncology Systems Ltd

Linac House, Fleming Way,  
Crawley West Sussex  
RH10 2RR, Great Britain  
Phone +44-1293-544 422  
Fax +44-1293-654 321

### Elekta Instruments, Inc.

Elekta Oncology Systems, Inc.  
Precision Therapy International, Inc.  
3155 Northwoods Parkway NW  
Norcross, Georgia 30071, USA  
Phone +1-770 300 9725  
Fax +1-770 448 6338  
E-mail [atlanta@elekta.com](mailto:atlanta@elekta.com)

### Elekta Instruments Asia Ltd.

28th floor, Morrison Plaza  
No. 9 Morrison Hill Road  
Wanchai, Hong Kong, China  
Phone +852-2891 2208  
Fax +852-2575 7133  
E-mail [hongkong@elekta.com](mailto:hongkong@elekta.com)

### Elekta K.K.

Kobe MK Bldg. 2F, 1-9,  
Isogami-Dori 6-Chome  
Chuo-ku, Kobe 651-0086, Japan  
Phone +81-78 241 7100  
Fax +81-78 271 7823



# Glossary

<b>Brachytherapy</b>	Radiotherapy where the radioactive material is in direct contact with the tissue being treated.
<b>Cancer</b>	Uncontrolled, abnormal growth of cells.
<b>Chemotherapy</b>	Treatment of disease by means of chemicals with a specific toxic effect.
<b>Conformal</b>	Agreeing in size, good fit.
<b>Diagnostics</b>	Identification of a disease.
<b>DNA</b>	The substance in which the genes are encoded.
<b>Endoscope</b>	Fiber-optic instrument for studying the body's internal organs.
<b>Epilepsy</b>	Disorder characterized by repeated, sudden disturbances of brain functions.
<b>Incidence</b>	The number of new cases of an illness in a population in a given period.
<b>Indication</b>	Basis for operation or treatment.
<b>Invasive</b>	Technique for penetrating the skin, skull, etc. Antonym: non-invasive (bloodless).
<b>Magnetic encephalography</b>	Measures and records magnetic fields in the brain.
<b>Neurology</b>	Study of the nervous system and its disorders.
<b>Neurosurgery</b>	Surgery of the brain or other parts of the central nervous system.
<b>Oncology</b>	Study of diseases that cause cancer.
<b>Prevalence</b>	Total number of cases of an illness within a population on a specific occasion.
<b>Radiotherapy</b>	Treatment of diseases by means of ionising radiation.
<b>Stereotaxy</b>	Technique in which a fixed coordinate system is used to determine a precise location in the brain by specifying height, depth and lateral coordinates.
<b>Therapy</b>	Treatment of disorders.

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