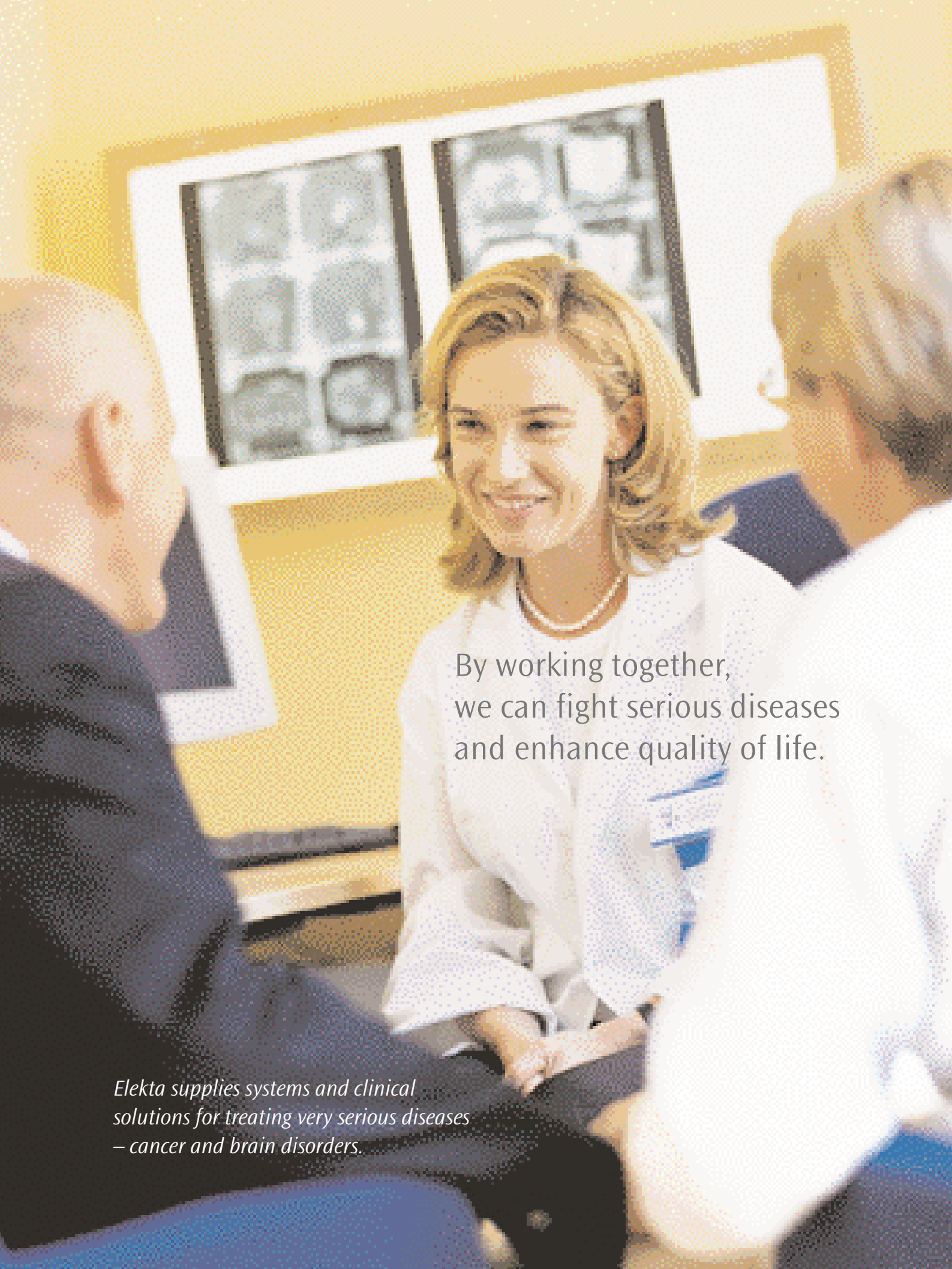




Annual Report 2002/03



ELEKTA



By working together,
we can fight serious diseases
and enhance quality of life.

*Elekta supplies systems and clinical
solutions for treating very serious diseases
– cancer and brain disorders.*

Advanced and innovative clinical solutions in radiation therapy and radiosurgery

Elekta is a leading international medical-technology company offering advanced and innovative clinical solutions and services for precision radiation treatment of cancer and minimally invasive treatment of brain disorders.

Elekta's products are used for treating cancer and brain disorders, which include tumors and vascular disorders, as well as functional disorders, such as facial pain, epilepsy and Parkinson's disease.

Common to all of Elekta's solutions is that they employ non-invasive or minimally invasive techniques and are therefore clinically effective and cost-efficient, as well as gentle on the patient.

Elekta was founded in 1972 by the late Lars Leksell, professor of neurosurgery at the Karolinska Hospital. The company was introduced to the A-List of Stockholm-börsen (Stockholm Stock Exchange) in 1994. During fiscal year 2002/03, sales amounted to SEK 2,781 M, with an average of 1,011 employees.

More than 95 percent of Elekta's sales are outside Sweden. The primary markets for Elekta's products are Europe and North America, followed by Asia and Japan.

The head office is located in Stockholm, Sweden, and there are regional offices in Crawley, UK; Atlanta, US; Hong Kong, China; and Kobe, Japan. Elekta has subsidiaries in 15 countries.

Elekta conducts extensive research and development, with more than 200 qualified employees involved in research and product development at the company's research centers in Sweden, the UK, US and Finland.

More information about Elekta is available at www.elekta.com.

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Financial information

Annual General Meeting	September 22, 2003
3-month interim report	September 22, 2003
6-month interim report	December 8, 2003
9-month interim report	March 2004
Year-end report	June 2004
Annual Report	September 2004

Other information

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The cover picture shows a multileaf collimator strongly magnified. Each separate leaf is only a few millimeters in width and is individually adjusted by the software that controls the linear accelerator. Working like an aperture, the multileaf collimator aligns the radiation field to the size and shape of the tumor to be treated.

Elekta's operations 2002/03

Results from operations during the year

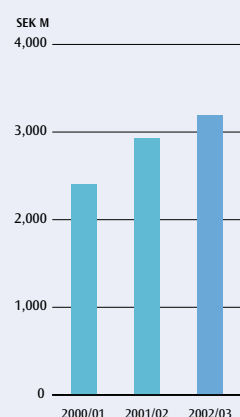
- Operating profit improved by 56 percent and amounted to SEK 323 M (207), the best result ever. The operating margin increased strongly to 12 percent (8).
- Profit after taxes improved by 61 percent to SEK M 234 (145).
- Cash flow after investments increased by SEK 175 M and amounted to SEK 288 M (113).
- Order bookings were the highest ever, increasing by 9 percent to SEK 3,186 M (2,927). In local currencies, the increase was 20 percent.
- The order backlog amounted to SEK 2,411 M (2,317) on April 30, 2003, which was the highest level ever.
- Net sales increased by 2 percent to SEK 2,781 M (2,738) and by 12 percent in local currencies.
- Earnings per share after dilution increased 57 percent to SEK 7.14 (4.56).



Key data	2000/01	2001/02	2002/03
Order bookings, SEK M	2,402	2,927	3,186
Net sales, SEK M	2,160	2,738	2,781
Operating profit, SEK M	92	207	323
Operating margin	4%	8%	12%
Return on capital employed	10%*	19%	22%
Cash flow after investments, SEK M	226	113	288
Equity/assets ratio	39%*	50%	49%
Earnings per share after dilution, SEK	1.89*	4.56	7.14

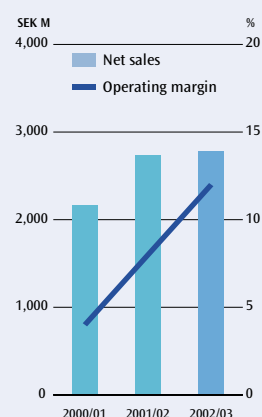
* Restated for new accounting principle for taxes.

Order bookings



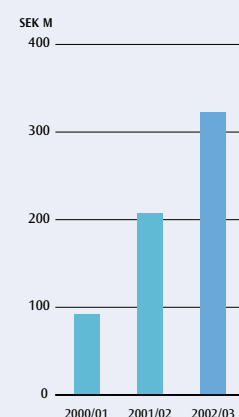
Order bookings amounted to SEK 3,186 M for 2002/03, of which oncology products accounted for SEK 2,143 M and neurosurgery products for SEK 1,043 M.

Net sales and operating margin



Net sales amounted to SEK 2,781 M for 2002/03, of which oncology products accounted for SEK 1,937 M and neurosurgery products for SEK 844 M.

Operating profit



Elekta's operating profit has increased steadily over the past three years. The improvement is primarily due to increased volumes and improved productivity.

Capital employed and return on capital employed



Return on capital employed increased to 22 percent due to better result. The increase in capital employed is mainly an increase in liquid funds.

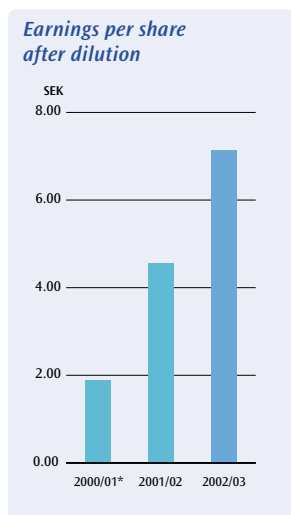
Significant events...

... during the fiscal year 2002/03

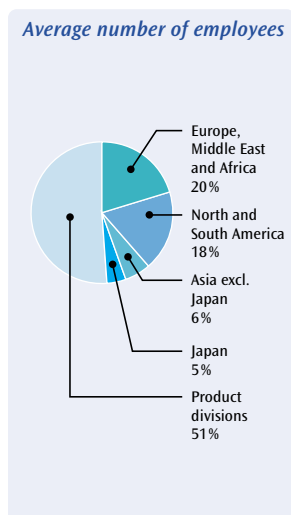
- During the year, Elekta consolidated its position as the world's second largest supplier of products for radiation treatment of cancer. Order bookings in oncology increased by 13 percent, and Elekta continues to strengthen its market position.
- In March, Elekta signed an agreement to acquire the shares in the Finnish company Neuromag Oy, which develops and produces products for registration of nerve cell activity using magnetoencephalography (MEG).
- During the year, Elekta decided on and implemented significant investments in expansion and education of the service organization with a special focus on oncology products. A global service function was created during the year under the management of a Vice President Global Customer Service, responsible for coordinating service operations for the Group.
- In the ongoing patent dispute in the US, Elekta has appealed the ruling in the lower court and posted a surety bond of USD 25 M, corresponding to the damages awarded in the first instance. The parties' presentations in the higher court are now complete and the parties are awaiting the higher court ruling. Elekta's opinion of the possibilities of a ruling in Elekta's favor in the higher court remains unchanged.

... after the end of the fiscal year

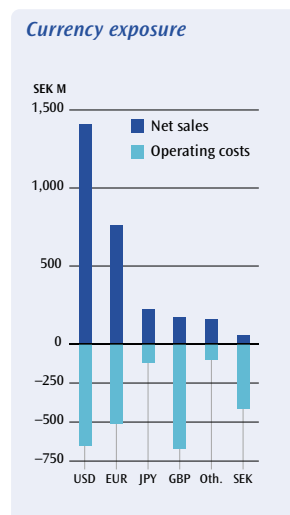
- In June, Elekta introduced Elekta Synergy™, a research project for the development of image-guided radiation therapy (IGRT). The system will increase the opportunities for using radiation therapy for cancer through accurate localization of the tumor using a new three-dimensional imaging system. In July, Elekta Synergy™ was released for clinical use in Europe, and the first patients were treated by the Netherlands Cancer Institute at the Antoni van Leeuwenhoek Hospital in Amsterdam.
- In June, the Board of Directors established a dividend policy for Elekta with the objective of distributing 20 percent or more of net profit in the form of dividend, share buy-back or comparable measures. Dividend decisions will be based on Elekta's financial position, result trend, growth potential and investment requirements.
- Given the established dividend policy, as well as the company's strong financial position and current capital structure, the Board of Directors decided to propose to the Annual General Meeting that no dividend be paid for the 2002/03 fiscal year but that redemption of shares shall take place for a total value of approximately SEK 320 M.



Earnings per share after dilution through outstanding warrants increased by 57 percent to SEK 7.14 (4.56).



During 2002/03, Elekta had an average of 1,011 employees, of whom 223 were women. The average number of employees in Sweden was 152.



Elekta's sales are primarily in USD and EUR. Costs for oncology products are primarily in GBP, while cost for neurosurgery products are mainly in SEK.

Financial objectives

	Objectives for period 2001/02–03/04	Results May–Apr 2002/03
Operating margin, %	8–10	12
Sales growth in local currency, %	10–15	12
Return on capital employed, %	>15	22
Equity/assets ratio, %	>40	49

During the 2002/03 fiscal year, Elekta achieved or exceeded all financial objectives. These remain unchanged for the 2003/04 fiscal year.

“... yet another in a series of successful years for Elekta...”

When it is now time to summarize Elekta's 2002/03 fiscal year, I wish first to thank all of Elekta's employees, as well as our customers, suppliers and partners for yet another successful year.

Elekta continues to develop strongly, and it is pleasing to note that we can now report yet another year in which we met or exceeded all financial objectives. The operating margin amounted to 12 percent, thus exceeding the target of 8-10 percent. Net sales increased by 12 percent in local currencies, which was in line with the target of 10-15 percent.

The 2002/03 fiscal year was yet another in a series of successful years for Elekta. Despite a weak global economy and unfavorable currency movements, we succeeded in reporting an operating profit of SEK 323 M, an improvement of 56 percent.

Order bookings showed strong growth and increased by 9 percent in SEK and by 20 percent in local currency. The order backlog on April 30, 2003 was SEK 2,411 M, the highest level ever.

It was especially gratifying that all our four regions performed well and increased business volumes measured as order bookings in local currency by between 6 and 68 percent.

Elekta is a stable company and our aim to deliver value through sustainable and profitable growth has yielded results.

Strong position for continued profitable growth

There are many indications that growth will continue to be favorable in the markets in which Elekta is active, and we are well-positioned to be able to take advantage of and contribute to this growth.

Cancer is a disease that is increasing sharply and which affects one in three individuals at some point in their lives. At the same time, cancer care is advancing rapidly. Improved diagnostic

techniques mean that cancer can be detected at an earlier stage, which increases the chances of successful treatment. In addition, more advanced and more effective cancer treatment methods are being developed rapidly that are contributing to more and more people being cured of cancer.

One of every two cancer patients needs radiation therapy at some point to cure or control the disease. Radiation therapy is also a cost-efficient alternative, compared with other available methods for curing or controlling cancer.

Elekta leads development

Radiation is a treatment method that is advancing rapidly. Elekta has been and remains a leader in intensity modulated radiation therapy (IMRT), which is a method for more precisely shaping the radiation field and adjusting the radiation intensity in different parts of this field.

Elekta is also the clear leader in the next development phase in radiation therapy. With Elekta Synergy™, we will be able to deliver during the next calendar year a complete system for image-guided radiation therapy. This opens new possibilities for radiation therapy for cancer with higher precision, and interest among leading cancer clinics is very substantial.

Application areas increasing for Leksell Gamma Knife®

Radiosurgery for brain disorders is also an area that is developing rapidly. Elekta's latest model, Leksell Gamma Knife® C, has been well received by the market.

Radiosurgery with Leksell Gamma Knife® is now an established treatment method for many types of brain disorders. The need for treatment, however, is significantly greater than availability in all markets, not least in Europe where the market for radiosurgical treatment remains underdeveloped.

There is also a trend toward expanded application areas for Leksell Gamma Knife®. In addition to vascular disorders and tumors, considerable attention is now being devoted to radiosurgical treatment of functional disorders, such as chronic facial pain, epilepsy and Parkinson's disease. In pace with advances in neuroscience that increase our understanding of the brain's function, additional application areas will undoubtedly be opened in the future for effective and gentle treatment with radiosurgery.

With the acquisition in March 2003 of Neuromag Oy, Elekta further strengthened its position in neuromedicine and increased the potential for future growth. Magnetoencephalography is a technology that is now in a transition phase from research use to routine clinical use, and its potential is significant. Elekta has also noted considerable interest, not least in the US, where reimbursement levels for this method are already established.

Elekta's non-invasive treatment methods are well suited to the health-care systems' requirements and to future trends. Increasingly well-informed patients and increasingly cost-conscious healthcare officials favor treatment methods for which treatment quality is high and that do not require long hospitalization periods.

An increasingly larger installed base of both linear accelerators and Leksell Gamma Knife® units contribute to Elekta's future growth in the form of upgrades, service and support. We therefore expect that after-market sales as a percentage of total sales will increase from the 28 percent that was reported for the 2002/03 fiscal year.

We are also working to broaden Elekta's geographic base. Eastern Europe, Asia, the Middle East and South America are all areas in which advanced medical care is lacking and where economic development is starting to pick up.



Strong financial position

It is also pleasing to note that our financial position is strong and stable. In June, Elekta's Board of Directors established a dividend policy with the objective of distributing 20 percent or more of the net profit to shareholders in the form of dividends, share buy-back or comparable measures.

The first decision taken by the Board based on this policy and against the background of the Company's strong financial position was to propose that the Annual General Meeting approve a share redemption program totaling some SEK 320 M.

This sum exceeds free cash flow for the entire 2002/03 fiscal year, yet our financial position will remain strong. Having a strong balance sheet is important for Elekta, not least from the standpoint of competition. We compete with large companies, and our customers demand the security associated with purchasing from a supplier that is highly sound financially and very stable.

Our strong financial position also means that we are often asked about possible acquisitions. Although major structural changes in the industry do not appear likely, Elekta's goals include continuing to implement smaller strategic acquisitions of businesses

and technologies that are well suited to our current structure, technology base and product mix.

Priorities for 2003/04

Elekta has established three overall Group priorities for the 2003/04 fiscal year.

1. World-class service operations

Providing world-class service and support is an increasingly important competitive advantage. We have therefore initiated a very ambitious investment and skills enhancement program so that Elekta within a few years will be a world leader with respect to quality and efficiency in our service and support organization. These issues have also been elevated within the organization. We have recruited qualified employees and will further strengthen the organization at the management level and in the field.

2. Rapid product development

To be able to maintain sustainable and profitable growth, it is essential that Elekta is able to continue to develop and launch innovative new products in radiation therapy and radiosurgery at a rapid pace. We therefore continue to focus strongly on all strategically important development projects while

continuing to invest in enhancing opportunities to integrate various Elekta products.

3. Strengthen business processes

To retain and strengthen our strong position, it is essential that Elekta continues to improve its business processes and increase efficiency. As Elekta grows, it is increasingly evident that we must continue to define and strengthen business processes. During the year, we will therefore implement more uniform processes with respect to time to market (TTM), time to customer (TTC) and installed base management (IBM).

Future prospects

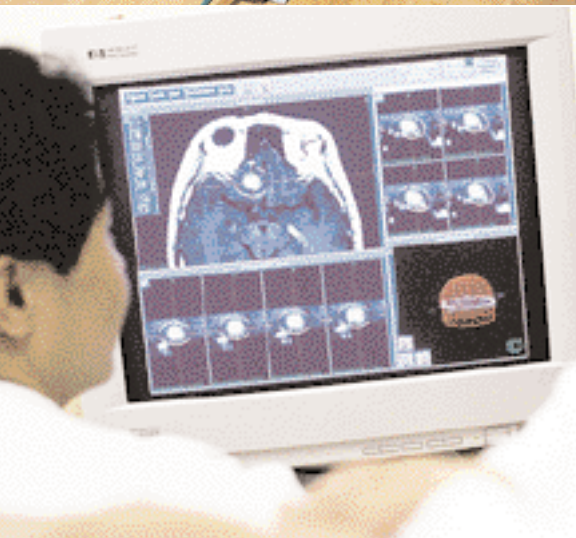
The global economy remains weak. As a result of our international operations and structure, Elekta is considerably exposed to exchange rate fluctuations. At present, we are primarily affected by the weakening of the USD against the SEK. Nonetheless, I am optimistic about the 2003/04 fiscal year and expect growth and profitability in line with our financial objectives.

The order backlog is at the highest level ever. However, delivery volumes, and thus net sales and the operating margin, are expected to be lower during the first half of the year than during the second half of 2003/04.

Elekta has a strong and advanced product portfolio and a well established global organization with very skilled and loyal employees. We have long-term relationships with customers with whom we have been working together for many years to fight serious diseases and enhance quality of life.

STOCKHOLM, AUGUST 19, 2003

Laurent Leksell, PhD Economy
President



Elekta – one organization, two therapy areas

For patients and healthcare professionals throughout the world, the Elekta brand represents the possibility to choose clinically effective and cost-efficient solutions for precision treatment of cancer and brain disorders.

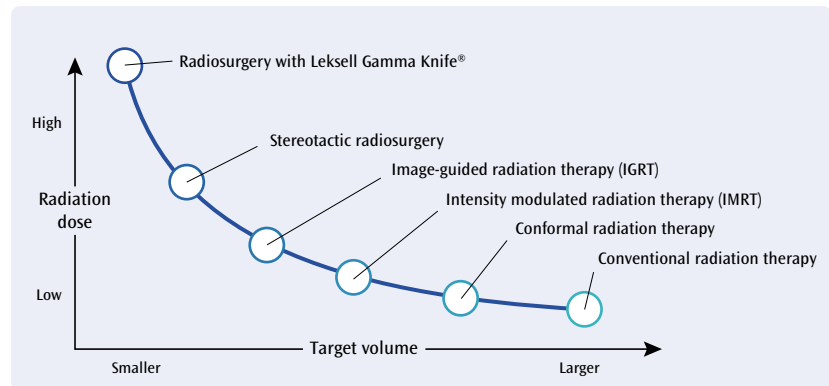
Elekta develops and markets innovative solutions and advanced equipment for use within oncology and neurosurgery. There are many similarities between these two therapy areas and synergies with respect to technology, product development, the advancement of knowledge and customer support. This is reflected in Elekta's operations and in the way the company has chosen to structure its organization.

In conventional radiation therapy for cancer, the daily treatment dose is low but is administered to areas that may be very large. In certain treatments, tissue outside the tumor may even be radiated. In conventional radiation therapy, treatment is repeated daily, over a period of several weeks.

At the other end of the spectrum is radiosurgery with Leksell Gamma Knife® in which the radiation dose is very high in a very small target area and where treatment as a rule takes place on just one occasion.

Rapid development

Traditionally, this has meant that radiation treatment of cancer and radiosurgical treatment of the brain have developed separately but in parallel.



Today, however, the development of cancer treatment methods is progressing very rapidly and the exchange of experience and technology is increasing. This application of new techniques, such as conformal radiation therapy, intensity modulated and image-guided radiation therapy, as well as stereotactic radiation therapy, is driving this development.

While radiation therapy for cancer and radiosurgery in general still address different medical disciplines, Elekta's research and product development, advancement of knowledge and customer support are increasingly linked between the two therapy areas.

Common to the treatment methods based on Elekta's equipment is that they are totally non-invasive or minimally invasive in the sense that no surgical incisions are required or that these are very limited. This means that the treatments that can be offered with Elekta's equipment generally require very little

hospitalization. Radiation therapy for cancer normally takes place on an outpatient basis whereby the patient comes to the hospital for each treatment. For neurosurgery with Leksell Gamma Knife®, the normal routine is that the patient leaves the hospital the same day or the day after receiving treatment.

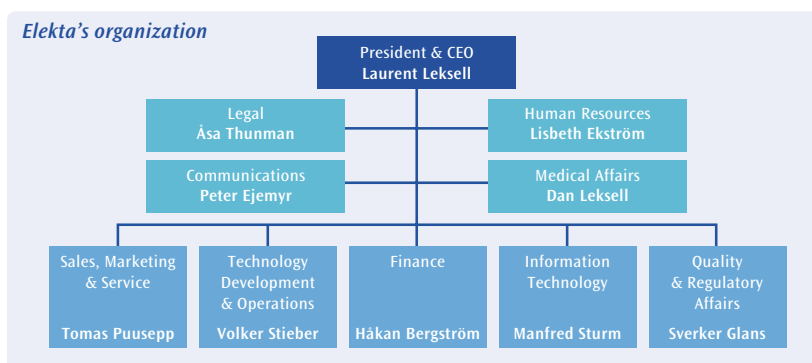
It is obvious that this is gentler to the patient and contributes to improved quality of life. The reduced need for aftercare also addresses the need for healthcare services to save resources.

Functional organization

The fact that Elekta's operations are not divided into oncology and neurosurgery is among other things reflected by the new organizational structure that Elekta introduced during the 2002/03 fiscal year.

In order to strengthen prerequisites for long-term and sustainable growth and profitability, Elekta's organization is based on a strong market and customer focus. Sales, marketing and service are now performed by a globally integrated regional organization.

Profit responsibility is strongly decentralized. All sales and profit responsibility is gathered in the Sales, Marketing and Service function. The Technology Development and Operations function is measured in terms of performance and cost efficiency. Both of these functions are also responsible for capital utilization and capital efficiency.



Radiation therapy of cancer

With more than 10 million new cases each year, cancer has become one of the most devastating diseases worldwide. The burden caused by cancer on the world's population is enormous not only for those affected, but also for family and friends. The causes behind the incidence and prevalence of different types of cancer vary between geographic regions. However, between all countries, both rich and poor, cancer poses considerable challenges and entails substantial costs for healthcare systems.

The methods primarily used today for treating cancer are radiation therapy, surgery and chemotherapy. Elekta supplies advanced clinical solutions for precision treatment of cancer using ionizing radiation therapy in which the patient receives radiation from a linear accelerator. This treatment method is

the most common, fastest growing and most cost-efficient treatment for cancer. A surgical procedure is usually twice as expensive as radiation therapy, while chemotherapy is three to five times more expensive.

Currently more than half of all cancer patients are treated with radiation therapy. This treatment can be used alone or in combination with surgery and/or chemotherapy. Conventional radiation therapy is normally administered five days a week over approx. six weeks. Each individual treatment takes less than half an hour.

Greater precision improves treatment results

The trend in radiation therapy is toward increasingly refined treatment methods. The goal is to achieve higher precision with higher doses in the target area and less exposure of surrounding healthy tissue. Increased precision



admits increased radiation doses and fewer treatments. The increased conformity between the radiation field and the tumor reduces the risk of complications and minimizes the often serious effects of radiation on healthy tissue.

Elekta's products for radiation therapy offers advanced clinical solutions to patients and health care providers. These products are based on the latest technological breakthroughs and on clinical experience from both radiation therapy and stereotactic radiosurgery with Leksell Gamma Knife®.

IMRT consortium

Technical development in radiation therapy is advancing rapidly. One of the latest developments in this area is intensity modulated radiation therapy, IMRT. This method enables the linear accelerator's radiation dose to be adjusted with greater precision to the tumor's three-dimensional shape and the target-specific radiation sensitivity of the tumor and surrounding tissue.

As in radiosurgery, Elekta has been a pioneer in clinical and technical solutions for radiation therapy. As early as 1994, Elekta initiated an international consortium within IMRT. Together with nine highly renowned hospitals in the US and Europe, Elekta has developed promising new clinical solutions for the treatment of breast cancer, for example, which is the most common form of cancer in women.



Cooperation within the consortium has resulted in a large number of scientific articles and provided Elekta with advanced knowledge that provides the foundation for current and future product development. Today Elekta is a leading supplier of the new IMRT technology.

Effective treatment planning

Elekta offers a number of solutions that integrate and thereby increase efficiency in the planning of cancer treatment. PrecisePLAN® is a software for three-dimensional dose planning. Desktop Pro is a planning and control system that simplifies the department's administration of patient, clinical and treatment data. The network software PreciseNET™ integrates the entire flow in the hospital from activities in the radiation therapy department to the hospital's information management and archiving systems.

Elekta's linear accelerators are currently the only truly digital linear accelerators on the market, which among other benefits simplifies integration with other systems.

Precision

Precision is a key term for Elekta's product offering within radiation therapy, as well as a concept that summarizes the driving force behind the development of new products. Examples of Elekta's continuing commitment to refining radiation therapy for ever-greater precision are the many new solutions for IMRT developed and marketed by Elekta, but also such products as Integrated Multileaf, Precise Table, Active Breathing Coordinator™ and Stereotactic Body Frame®, which are based on the same philosophy and vision.

Cancer – a global problem



The global burden of cancer continues to increase. Yearly, there are over 6 million cancer deaths. Each year, more than 10 million new cases of cancer are diagnosed and over 22 million people worldwide have cancer.

Primarily due to an increased average age and improved diagnostics, the number of new cases is expected to grow by 50 percent over the next 20 years to reach 15 million by 2020.

Worldwide, 12 percent of people die from cancer, and in industrialized countries, more than one in four will die from the disease.

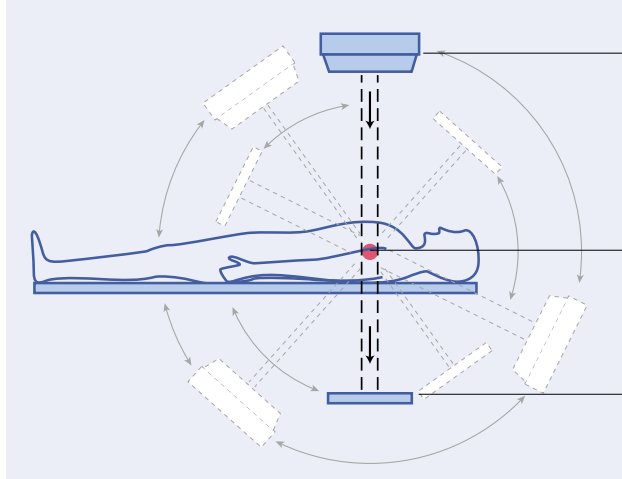
At the same time, development has resulted in increasingly improved cancer diagnostic methods so that the cancer is often detected early and the possibilities of successful treatment improved accordingly. The continuously improving treatment methods also contribute to increasingly more people surviving cancer. At the same time the number of recurrences of cancer and the number of cases in which the same patient develops a new cancer later in life are increasing.

In 1960, cancer was one of the five leading health problems in three of the six WHO regions (the Americas, Europe and Western Pacific). In 2025, it will be one of the top five leading health problems in all the WHO regions, except for the Africa region. Cancer is emerging as a major problem globally, both in more developed and less developed countries.

It is estimated that 50 percent of all patients who are diagnosed with cancer in the world would benefit at some stage of their illness from radiation therapy. This could be either as part of radical therapy with curative intent or as a palliation for pain or other symptoms.

Source: WHO – World Cancer Report 2003

Radiation therapy with the linear accelerator



The radiation beam from the head of the linear accelerator is rotated around the patient at different angles so that the entire tumor receives an optimal radiation dose. The geometry and intensity of the radiation field is adjusted to the tumor's size and shape with a multileaf collimator that functions much like the aperture on a camera.

Prior to the treatment itself, the tumor's location and shape are identified using various radiological methods, such as conventional X-rays, magnetic resonance (MR), computed tomography (CT) or positron emission tomography (PET).

Elekta's advanced equipment also includes the iViewGT™ imaging system that can register the patient's position in relation to the radiation field during treatment.

Image-guided radiation therapy with Elekta Synergy™

The advancement of radiation therapy for cancer has taken great strides in recent years through the enhanced methods that have been developed to achieve a geometrically conformal and intensity modulated radiation field. The treating physician can now shape and optimize the radiation field to the target volume that is being treated.

In pace with these dramatically improved capabilities, the need is increasing to be able to verify the exact location of the target volume prior to and during treatment.

For some years, it has been possible to use the treatment radiation beam to generate two-dimensional images, but today advanced cancer clinics demand to be able to obtain high resolution three-dimensional X-ray images of the patient's soft tissues during treatment. This to allow the position of the radiation beam to be adjusted in relation to the target volume, which may move during treatment. Elekta is therefore developing Elekta Synergy™, a system where high resolution diagnostic quality X-ray equipment is integrated into the linear accelerator. Using sophisticated

algorithms, a three-dimensional image is created that is similar in quality to a conventional CT image.

This joint effort to develop and evaluate various technologies and potential clinical procedures has resulted in the establishment of an international research group consisting of four world-leading hospitals:

- Princess Margaret Hospital, Toronto, Canada
- William Beaumont Hospital, Royal Oak, Michigan, USA
- Christie Hospital, Manchester, UK
- The Netherlands Cancer Institute, Amsterdam, Netherlands

Elekta has thus taken a leading position in the field of image-guided radiation therapy and is the first and only supplier to take into operation integrated systems in which the treatment equipment, the linear accelerator, also can



generate complete three-dimensional images with a resolution greater than one millimeter. This is expected to create new opportunities for continued long-term development and refinement of radiation therapy.

During the 2003/04 fiscal year, Elekta will deliver the Elekta Synergy™ Platform, a linear accelerator that is prepared for an upgrade with XVI (X-ray Volume Imaging) equipment for three-dimensional X-rays, which is expected to be available to a broader market during 2004.

Elekta's products in radiation therapy

Elekta Synergy™ Platform



A linear accelerator that is prepared to be complemented with XVI (X-ray Volume Imaging) equipment, which is a technology that generates three-dimensional images of the patient's inner organs during the actual treatment.

Precise Treatment System™



A complete system for radiation therapy. The system consists of a digital linear accelerator, a patient table (Precise Table), Desktop Pro and a computer-controlled aperture called a multileaf collimator (MLC). The system supports advanced clinical applications such as IMRT. The linear accelerator's head can be rotated around the patient, thus administering radiation from different angles, while the MLC adjusts the radiation field's contours to the tumor's three-dimensional shape.

Precise Table



An advanced treatment table with extremely high positioning accuracy. The patient table is used to position the patient during simulation and treatment. The table is adjusted individually for each patient, meaning that the patient is placed in the same position during each treatment. Precise Table has a patented lifting mechanism, gives high precision and is very gentle to the patient.

Desktop Pro



A data management system for planning and control of patient treatments. The system integrates the configuration data for the linear accelerator with the treatment prescription and patient data. This system helps to simplify access to information for personnel, thus allowing them to devote more time to the patient and the treatment itself.

Integrated Multileaf (MLCi)



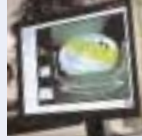
A refinement of the multileaf collimator to meet the development in IMRT technology. The design makes it possible to generate complex radiation fields and treat large and irregular targets with greater precision.

PreciseSIM®



Simulates the treatment sequence prior to the actual radiation therapy. The system is designed to produce high-quality images of the patient's anatomy that are used for treatment planning and to confirm that the correct treatment position is used. PreciseSIM® makes it possible to exactly determine and verify the tumor's position between individual treatments.

PrecisePLAN®



An advanced and interactive computer-based program for three-dimensional dose planning for radiation treatment.

PreciseBEAM®



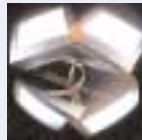
An integrated hardware and software solution for fast and safe radiation treatment with IMRT. Elekta can offer this "best-in-class" solution meeting specific customer requirements, since PreciseBEAM® is designed using an open architecture in accordance with the international DICOM standard.

iViewGT™



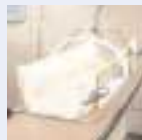
An advanced portal imaging system based on semiconductor technology instead of X-ray film or camera-based systems. The semiconductor imaging panel is attached to the linear accelerator and uses the treatment radiation to image the patient's anatomy. The position of the tumor in relation to the radiation beam is compared to a reference image. Based on this information, the radiation field can be adjusted relative to the actual target position.

PreciseNET™



A network solution within the hospital that integrates the activities of the radiation therapy department, such as diagnostics, simulation, treatments and verification as well as other information systems such as scheduling, billing and patient records. This type of integration is very important in radiation therapy, since the patient receives repeated treatments during many weeks.

Stereotactic Body Frame®



A patient fixation system based on a three-dimensional reference system that makes it possible to exactly localize the tumor and to position the patient in the same position for each treatment. Due to the higher precision, the radiation dose can be increased and the number of treatments reduced. The reference system is based on the principles and experience obtained from Leksell Stereotactic System® and Leksell Gamma Knife®.

Active Breathing Coordinator™



Equipment to halt breathing, and thus the movement of the radiation target, during short periods when the cancer tumor is being irradiated. The short periods of halted breathing, increase precision and contribute to a reduction of radiation dose to adjacent tissues. One application for this method is in treating breast cancer and avoiding unnecessary harmful radiation to the heart.

Minimally invasive and non-invasive treatment of brain disorders

In treating brain disorders, the quest for precision and perfection must always be foremost. Leksell Gamma Knife® entailed a revolution in intracranial surgery when the method was introduced over 30 years ago. Today the method is still unique and often indispensable. Much has been written about the method, which has won broad clinical acceptance around the world.

Elekta's founder, the late professor of neurosurgery Lars Leksell, developed a method for brain surgery more than 50 years ago that was gentler and entailed less risk.

The stereotactic system

The result was called the stereotactic frame or Leksell Stereotactic System®. This metal frame is fixated to the patient's head. During the treatment the frame holds surgical instruments. The frame's three-dimensional reference system allows the surgeon to localize and treat the pathological area with great precision.

Stereotactic brain surgery requires only a small burr hole in the skull, thus making it gentler for the patient than conventional cranial surgery where a large part of the skull is removed with a saw.

Today, Elekta's stereotactic product portfolio includes a number of systems, solutions and accessories for minimally invasive neurosurgery.



Pioneer in radiosurgery

The stereotactic system provided the foundation for professor Leksell's development of Leksell Gamma Knife® and of radiosurgery as a method.

Radiosurgery is a non-invasive method for treating brain disorders. With extremely high precision, a single high dose of ionizing radiation is focused on small and well-defined target areas in the brain. The neurosurgeon does not need to open the skull to perform the operation.

Radiosurgery with Leksell Gamma Knife® normally takes less than an hour and is performed without general anesthesia. The patient often leaves the hospital the same day or the day after.

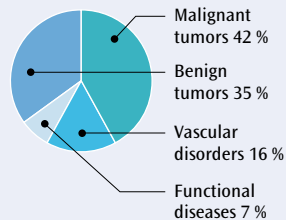
There are many advantages to non-invasive treatment, including reducing the risk of complications associated with open surgery. It is a gentler form of treatment for the patient. There is no need for expensive post-operative care. A radiosurgical treatment can normally be performed in a day, and

the convalescence time is short. With open surgery, the patient often must remain in intensive care for several days and normally in the hospital for 1-2 weeks. This may be followed by months of convalescence.

The extreme precision of Leksell Gamma Knife® makes it possible to administer higher radiation doses to the diseased area without the risk of damaging healthy tissue. With conventional surgery it is often impossible to treat deeply located tumors and tumors located close to sensitive parts of the brain, such as the brainstem or the optic or auditory nerves. For many patients, radiosurgery is the only treatment alternative.

To date, some 250,000 patients around the world have been treated with Leksell Gamma Knife®, and each year approx. 30,000 new patients are treated. On June 30, 2003, there were 180 installed Leksell Gamma Knife® units around the world.

To date, some 250,000 patients have been treated with Leksell Gamma Knife®



Leksell Gamma Knife® Society

For many years, users of Leksell Gamma Knife® have been meeting to share experience, present new results and discuss common clinical problems.

Nearly 400 persons participated in the most recent meeting held in Prague in May 2002, which was opened by the Czech President Václav Havel, who also donated funds for the purchase of a Leksell Gamma Knife® unit in Prague as early as 1992, making it the first unit to be installed in Eastern Europe.

More than 2,000 scientific papers have been published documenting the results of various treatments with Leksell Gamma Knife®.

Eye disorders – a new application area

New application areas for Leksell Gamma Knife® are constantly being identified. Certain eye disorders are a recent example. In recent years, a number of clinics have been using Leksell Gamma Knife® to treat glaucoma (cataracts) and malignant melanoma in the eye.

Elekta does not yet regard these disorders as completely established application areas for Leksell Gamma Knife®, but they are excellent examples of how non-invasive surgery continues to develop. With the addition of treatable eye disorders, a new specialist, the ophthalmologist, has been added to certain Leksell Gamma Knife® centers.

Brain disorders

Tumors can be divided into two groups, benign and malignant. Among benign tumors, acoustic tumors, meningiomas and pituitary tumors are notable, as they can become life-threatening if they are not treated in time.

Malignant brain tumors are classified as primary tumors and secondary metastases, which originate from primary cancer tumors in other parts of the body. The incidence of primary brain tumors is about 1,000 per million population.

Metastatic brain tumors are more common. Some 24 percent of all patients who die of cancer have metastases in the brain.



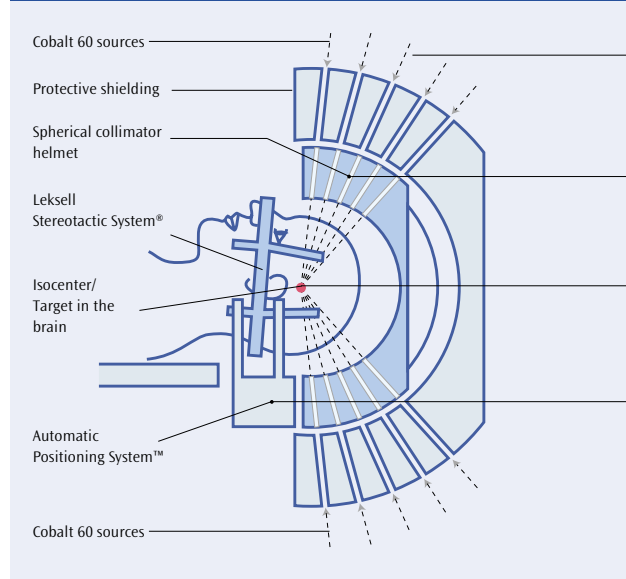
Vascular malformations in the brain, which are called arteriovenous malformations (AVM), are often congenital. As a rule, they are not diagnosed until they have already caused brain hemorrhage. AVMs have been successfully treated for many years with Leksell Gamma Knife®.

Functional brain disorders are diagnosed by observing symptoms such as the tremor resulting from Parkinson's disease or seizures from epilepsy. Elekta is currently focusing on such disorders as facial pain (trigeminal neuralgia), epilepsy and Parkinson's disease.

Epilepsy afflicts about one percent of the world's population. In some of these cases, the disorder cannot be controlled with medication. Many of these patients are candidates for radiosurgery.

Elekta supports clinical research aimed at demonstrating that Leksell Gamma Knife® can be used to treat this large group of patients. Elekta is also working to see to it that the resource-intensive and surgically invasive diagnosis of epilepsy can be made non-invasively with the help of magnetoencephalography (Elekta Neuromag™). This development would be a significant advance in the treatment of epilepsy around the world.

Radisurgery with Leksell Gamma Knife®



During Leksell Gamma Knife® surgery, 201 radiation beams from Cobalt 60 sources converge with high accuracy on the target to be treated.

The hemispherical collimator helmet focuses the beams of radiation onto the surgical target. The patient's head is held in place using Leksell Stereotactic System®.

The beams converge in what is called an isocenter where the cumulative radiation intensity becomes extremely high. Each individual beam has low intensity and therefore does not affect the brain tissue through which it passes on its way to the target.

By moving the patient's head in relation to the beams isocenter, the radiation dose can be optimized in relation to the shape and size of the target. In treatments using the latest model, Leksell Gamma Knife® C, these minimal movements are accomplished using the Automatic Positioning System™ (APS).

Magnetoencephalography with Elekta Neuromag™

Prior to both surgery and other treatment forms it is critical to document brain anatomy and function. When Elekta in March 2003 acquired the Finnish company Neuromag Oy, this was an addition well suited to Elekta's product portfolio and research activities.

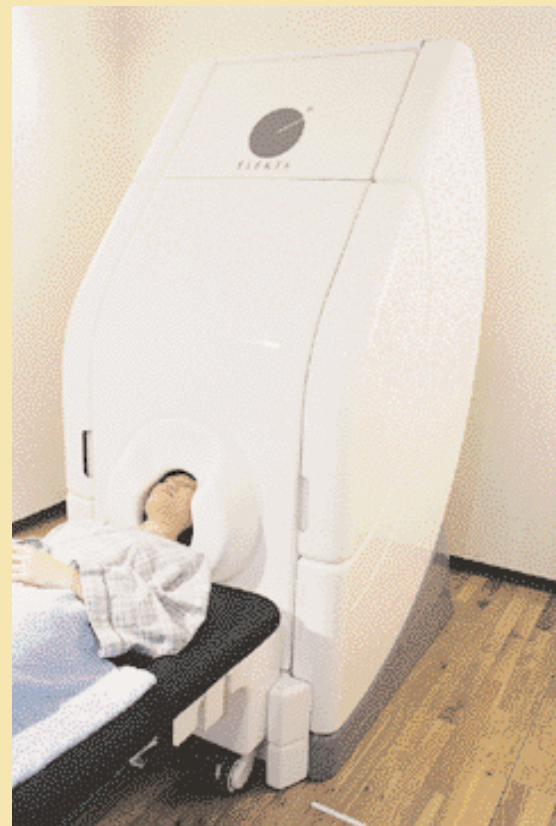
Elekta Neuromag™ for magnetoencephalography (MEG) provides a non-invasive registration of nerve cell activity by measuring the intensity of very weak magnetic fields in the brain. This technology makes possible registration of nerve cell activity in the brain in real time, thus increasing understanding and creating opportunities to develop new treatment methods.

Compared with other pre-operative registration methods, MEG is superior with respect to both the time required and its three-dimensional resolution, since activity of the brain is measured directly and in realtime as it occurs.

Compared with electroencephalography (EEG), MEG provides superior three-dimensional resolution and thus significantly better localization.

MEG technology is also used to study the brain's activity prior to surgery, for instance, to localize epileptic foci from which epileptic seizures originate. The value of this type of study is clinically established, and reimbursement levels for the method have already been established by Medicare and Medicaid in the US.

As part of Elekta's effort to supply increasingly integrated treatment solutions, the company believes this sophisticated diagnostic system will play an important role in the non-invasive treatment of certain brain disorders with Leksell Gamma Knife®.



Elekta's products in neurosurgery

Leksell Gamma Knife®



An advanced system for delivering high single doses of ionizing radiation to selected, well-defined areas of the brain. Leksell Gamma Knife® is used to treat vascular malformations, benign tumors, metastases and other malignant tumors, as well as functional disorders.

Leksell GammaPlan®



A sophisticated three-dimensional dose and planning program that is directly linked to surgery with Leksell Gamma Knife®.

Gamma FastSite™



A modular system for building a complete Leksell Gamma Knife® clinic. The system consists of three pre-fabricated modules. Using this system, it is possible to take a new clinic into operation in four to six months, compared with 12 months or more for traditional construction.

Leksell Stereotactic System®



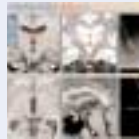
A three-dimensional localization system for minimally invasive intracranial surgery. The stereotactic system is also an optimal tool for accurate diagnosis of deep-seated tumors. Leksell Stereotactic System® is also a key component to Leksell Gamma Knife®.

Elekta Neuromag™



A sophisticated diagnostic system, a magnetoencephalograph (MEG), that registers nerve cell activity in the brain in real time, which increases the ability to understand and by extension to improve treatment for functional brain disorders. Elekta Neuromag™ can be used to localize functional targets prior to Gamma Knife® surgery for instance in epilepsy.

Leksell SurgiPlan®



An advanced computer-based planning program developed for Leksell Stereotactic System®. The patient's various X-ray images can be exported to the program, thus allowing the surgeon to plan and simulate the treatment in advance.

AtlasSpace™



Software used together with Leksell SurgiPlan® for functional neurosurgery. The software consists of a brain atlas with a large number of three-dimensional images of the human brain. These are superimposed on the images of the patient, thus facilitating interpretation and identification of the correct functional targets in the patient.

Leksell® Neuro Generator



A complement to Leksell Stereotactic System®, used for macro stimulation, stereotactic lesioning and pain treatment. The system combines a high-frequency generator with integrated monitoring and control functions.

Elekta MER



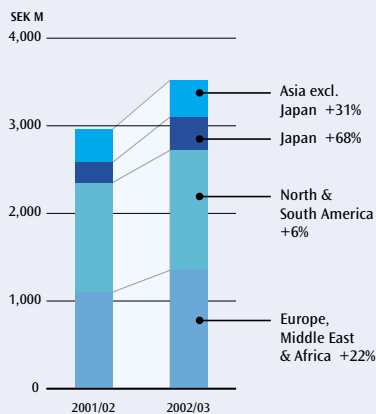
Micro Electrode Recording (MER) system is used in functional neurosurgery to precisely locate specific targets in the brain. This is accomplished by measuring the activity of individual brain cells. The target identification then determines the placement of electrodes in treating Parkinson's disease and other disorders.

Sales in four regions

Elekta offers products, solutions and services for radiosurgery and radiation therapy all over the world. Marketing and sales take place via a sales and service organization divided into four regions.

During the 2002/03 fiscal year, order bookings in local currency developed favorably in all regions. Exchange rate movements during the year, however, meant that order bookings in SEK declined in the North and South America region.

Order bookings in local currency



Competitors

In the market for equipment for radiation therapy for cancer – linear accelerators – there are currently three major suppliers in the global market: Elekta, Varian Medical Systems and Siemens Medical Solutions. In recent years, Elekta has continuously increased its market share and is now the world's second largest supplier.

In the market for radiosurgical treatment of brain disorders, Elekta is the market leader with unique technology represented by Leksell Gamma Knife®.

Four market regions

Europe, Middle East and Africa

KEY RATIOS 2002/03

Order bookings:	SEK 1,310 M	(+18%)
Net sales:	SEK 1,019 M	(-15%)
The respective therapy area's percentage of net sales:	Oncology 90 percent	
	Neurosurgery 10 percent	
After-market sales as percentage of net sales:	34 percent	
Regional office:	Crawley, UK	
Regional manager:	Gerry van Oortmarssen	

Elekta's operations in Europe, including the Middle East and Africa, developed well during the 2002/03 fiscal year, and Elekta has a very strong position in Europe.

In local currency, order bookings increased by 22 percent. Order bookings for oncology products increased by 31 percent.

The European market for equipment for radiation therapy treatment of cancer continued to develop favorably. Several countries, including the Netherlands, the UK and France, are continuing their investment programs to improve cancer treatment.

Within neurosurgery, the European market continued to develop slowly, although some progress was made, particularly in France, which ordered its second Leksell Gamma Knife® unit. This will be installed at the university hospital in Lille and is the first order since the French health authorities approved radiosurgery treatment with Leksell Gamma Knife®.

In many other European countries, health authorities have not yet established reimbursement levels for treatment or prioritized treatment with Leksell Gamma Knife®. Therefore there are only 24 Leksell Gamma Knife® units installed in Europe, compared with 78 in the US and 41 in Japan.

North and South America

KEY RATIOS 2002/03

Order bookings:	SEK 1,141 M	(-9%)
Net sales:	SEK 1,160 M	(+32%)
The respective therapy area's percentage of net sales:	Oncology 60 percent	
	Neurosurgery 40 percent	
After-market sales as percentage of net sales:	29 percent	
Regional office:	Norcross, GA, USA	
Regional manager:	Tomas Puusepp	

In recent years, Elekta has greatly strengthened its position in the American markets. During 2002/03, order bookings for the region increased by 6 percent, calculated on unchanged exchange rates. Order bookings increased 13 percent in local currency for oncology, while neurosurgery declined by 2 percent. Due to the considerable weakening of the USD, however, total order bookings declined when translated to SEK.

A predominant proportion of sales in the region are in the US, which is Elekta's largest and most important market. Elekta has been active in the US since 1983 and has had a very strong position in neurosurgery for many years. Within oncology, Elekta continues to increase its market share in number of sold units.

The US market for equipment for radiation therapy for cancer is largely driven by replacement sales and upgrades of existing linear accelerators with equipment for IMRT.

Radiosurgery treatment methods are well-established in the American market. Elekta's products in both radiosurgery and stereotaxy are highly regarded in the US, and there is considerable interest in using Elekta's equipment for magnetoencephalography (MEG) for clinical treatment. Effective in 2003, reimbursement levels have been established for this method, which is expected to stimulate the market.

Sales activities in South America are handled within Elekta by the company's European organization.


Japan

KEY RATIOS 2002/03

Order bookings: SEK 328 M (+51%)
 Net sales: SEK 224 M (-26%)

The respective therapy area's percentage of net sales:

Oncology	15 percent
Neurosurgery	85 percent



After-market sales as percentage of net sales: 33 percent

Regional office: Kobe, Japan
 Regional manager: Stephen Otto

Japan has been one of Elekta's most important markets for many years, and the company's position is strong in neurosurgery. From a low level in 2001/02, order bookings increased 68 percent based on unchanged exchange rates.

The Japanese market continued to be affected by the country's continued weak economic development. The Japanese market for medical technical equipment is strongly seasonal, with decisions being taken in the Japanese healthcare systems primarily in March and April each year.

Demand remained favorable in radiosurgery and Elekta's order bookings increased sharply with respect to both new Leksell Gamma Knife® units and upgrades and reloads. The large installed base within neurosurgery ensures significant future business opportunities and profitable growth in the after-market segment.

Elekta's organization in Japan also administers sales of Leksell Gamma Knife® in other parts of Asia.

The market for radiation therapy treatment equipment for cancer is growing at a modest pace, despite the fact that the underlying need for additional linear accelerators is significant in Japan.

Interest for equipment for magnetoencephalography is considerable in Japan, and work is in progress at several leading research centers to develop clinical methods and routines.


Asia (excl. Japan)

KEY RATIOS 2002/03

Order bookings: SEK 407 M (+14%)
 Net sales: SEK 378 M (+4%)

The respective therapy area's percentage of net sales:

Oncology	79 percent
Neurosurgery	21 percent



After-market sales as percentage of net sales: 7 percent

Regional office: Hong Kong, China
 Regional manager: Gilbert Wai

Elekta continued to strengthen its position in Asia, and order bookings based on unchanged exchange rates increased by 31 percent during the year.

SARS had a substantial effect on the economic climate in large parts of Asia, particularly during the fourth quarter. Both planned treatments and purchasing decisions tended to be postponed one or more quarters.

In the Asian market for radiation therapy for cancer, Elekta noted success. Demand for Elekta's equipment for radiosurgery also showed a positive trend. The need for additional equipment for treatment of tumor diseases is very great, and Elekta has a strong position.

China is the world's third largest market for medical technology, and Elekta has been active in the country since 1978. Continued investment in China is strategically important, and the company's presence in China through its own manufacturing subsidiary also creates significant new opportunities for long-term market penetration and thus continued profitable growth in both new and after-market sales.

Elekta's organization in Hong Kong also handles sales of radiation therapy products in other parts of Asia.

After-market

Technical service and upgrades



Products and services for after-market sales include technical service, hardware and software upgrades for linear accelerators, Leksell Gamma Knife®, Elekta Neuromag™ and Leksell Stereotactic System® and reloading of Leksell Gamma Knife®.

The after-market segment is important for Elekta, since quality and efficiency in technical service, as well as enabling customers to obtain upgrades, are of great importance for customer satisfaction and loyalty.

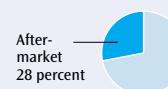
Net sales for after-market products and services increased by 2 percent during the 2002/03 fiscal year to SEK 791 M, corresponding to 28 percent of net sales. Elekta's long-term goal is to achieve 30 percent.

The conditions for long-term, profitable growth of after-market sales is based on Elekta's philosophy of supplying systems that can be upgraded and modernized with the new advances that are constantly being introduced.

Within neurosurgery, upgrades of Leksell Gamma Knife® to the latest version and reloading of the same system account for a growing proportion of sales.

Elekta's large installed base of linear accelerators can be upgraded with equipment for IMRT, intensity modulated radiation therapy, which is now taking place at a rapid pace.

During the current fiscal year, Elekta will continue to prioritize the development of operations for after-market sales with particular focus on improving and increasing the efficiency of service operations as well as investing in education for the service organization.



Market trends

The total world market for Elekta's products for radiation therapy for cancer amounts to between USD 1.5 and 2 billion and is estimated to be increasing by 5 to 10 percent annually.

The world market for neurosurgery products for brain surgery, which includes Leksell Gamma Knife® and Leksell Stereotactic System®, is estimated at about USD 400 M per year.

The market for equipment for radiation therapy for cancer is growing fastest in the US and Asia. In the US, rapid growth is being fueled by demand for the new and more precise IMRT treatment methods. Elekta has a leading position in IMRT and increased use of these methods can be expected in other markets, as well.

The global market is dominated by three international manufacturers, among which Elekta is the second largest. Elekta has a greater share of new sales than its share of the installed base in all markets.

The need for Leksell Gamma Knife® continues to increase. Only some 20 percent of the people in the world who have brain disorders that could benefit from radiosurgery are currently able to receive treatment with Leksell Gamma Knife®. Normally, the alternative to radiosurgery is conventional neurosurgery.

The total market for magnetoencephalography is difficult to assess, since the technology is in a transitional stage from being primarily a research tool to becoming a routinely used clinical method.

Healthcare under pressure

In many parts of the world, healthcare systems are subject to immense economic pressure. An increasingly elderly population results in greater demand for qualified and time-consuming care. To an increasing extent, Elekta's customer groups are demanding not only equipment with clinically documented

good results, but also solutions and systems that are cost-efficient and that ensure a high and stable patient flow. This means that the focus in purchasing is not only on the core equipment, the linear accelerator or Leksell Gamma Knife®, but also on the peripheral equipment that manages treatment scheduling, data storage and integration.

Elekta's philosophy is to offer equipment with open connectivity to other systems and equipment, and the company currently offers the market's only truly digital linear accelerator, which facilitates integration with other systems.

To an increasing extent, customers wish to purchase entire packages and solutions at the same time. Elekta views this positively and assists customers by including third-party products in its offering based on customer preferences.

Regional differences and similarities

Elekta markets its products in all regions. Although the diseases that Elekta's equipment is designed to treat are the same the world over, there are considerable cultural and political differences in different geographic markets. Differences arise not least between healthcare systems that are revenue-financed as in the US and systems that are largely subsidized as is most healthcare in Europe.

In revenue-financed systems, capital-intensive equipment, such as linear accelerators and Leksell Gamma Knife® units, are considered an investment, while they are regarded more as a cost in subsidized healthcare systems.

Combined with different attitudes toward non-traditional treatment methods, this has had the result that the US has been quicker historically to accept both radiosurgery and new and refined techniques in radiation therapy. The development of IMRT is progressing more rapidly in the US than in Europe, and in the US there are

significantly more Leksell Gamma Knife® units per capita than in Europe.

Regardless of the method of financing, hospitals strive to be able to ensure high and stable patient flows for advanced medical equipment. Both in healthcare systems like that in the US where the number of patients determines the hospital's revenues and in Europe where capacity is often inadequate and waiting lists long, it is becoming increasingly important that both the core equipment and peripheral systems contribute to reducing treatment time per patient.

Elekta's solutions for ensuring a high and stable patient flow therefore enjoy high demand in different regions of the world, regardless of how healthcare systems are financed.

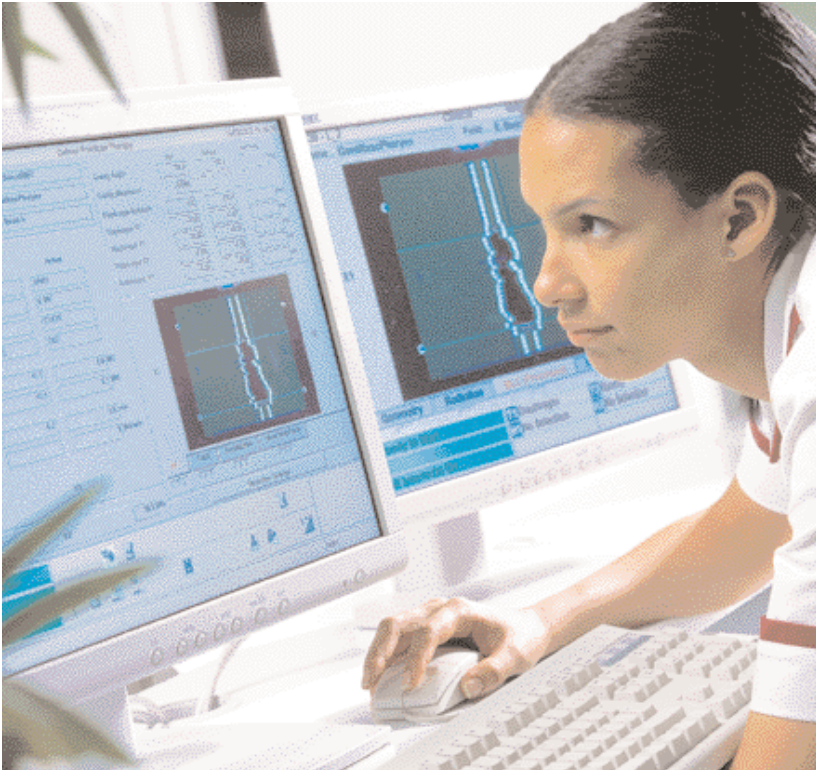
Rapid development of new methods

In both oncology and neurosurgery, the development of new and refined methods is progressing rapidly.

IMRT and the emerging field of image-guided radiation therapy (IGRT) are beginning to change the fundamental prerequisites for radiation therapy for cancer. Elekta has a long and extensive experience of IMRT and a leading position in image-guided radiation therapy through Elekta Synergy™, the first kilovolt-based system for diagnostic quality imaging of the patient during treatment. The precision that Elekta Synergy™ provides, in combination with advanced technologies such as IMRT, allow the treating physician to develop new and advanced methods for more aggressive radiation treatment of cancer.

Within neurosurgery, the trend is toward an increased number of indications for which radiosurgery with Leksell Gamma Knife® is a possible alternative. In addition to tumors and vascular malformations, considerable attention is now being devoted to various functional disorders.

Treatment of severe facial pain, trigeminal neuralgia, has increased,



particularly in the US, with favorable results reported. Epilepsy is a disorder that afflicts about one percent of the world's population, and of these, some 70 percent can be treated with medication. For the remainder, conventional surgery or radiosurgery are promising alternatives. In time, radiosurgery for treatment of Parkinson's, a disease that primarily affects the elderly, may be an alternative to medication and conventional surgery.

New customer groups

In both of Elekta's therapy areas, the trend is toward a broadening of customer groups. The benefits of radiation therapy and the advances that have been achieved, mean that not only traditional radiation therapy clinics, but also medical oncology centers, are beginning to show an interest for acquiring their own equipment for radiation therapy. In the US, there is a new and rapidly expanding market segment consisting of local clinics for radiation treatment of cancer.

These smaller treatment centers are very open for Elekta's total solutions that include not only the technical equipment, but also many other services, such as building design, financial solutions, information and marketing, training and expertise with respect to various reimbursement systems, as well as service and maintenance.

Elekta also perceives a trend toward broader customer groups in neurosurgery. In many cases, the strict territorial thinking that previously existed between various medical disciplines is diminishing, which is often a prerequisite for a hospital to take a decision to invest in a Leksell Gamma Knife® unit. The large number of treated patients and the results that have been reported have resulted in increased interest for Leksell Gamma Knife® – and for Elekta Neuromag™ – not only among neurosurgeons, but also among oncologists, ophthalmologists (eye specialists), otologists (ear specialists), neurophysiologists and endocrinologists.

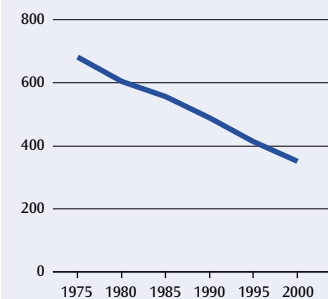
Elekta's markets are also expanding geographically. In those parts of the world where previously poor economies are now growing rapidly, such as Eastern Europe, South America, the Middle East and parts of Asia, the need for the type of equipment that Elekta supplies is very great. As healthcare systems improve and resources are added, direct demand is also increasing.

Greater need for out-patient care

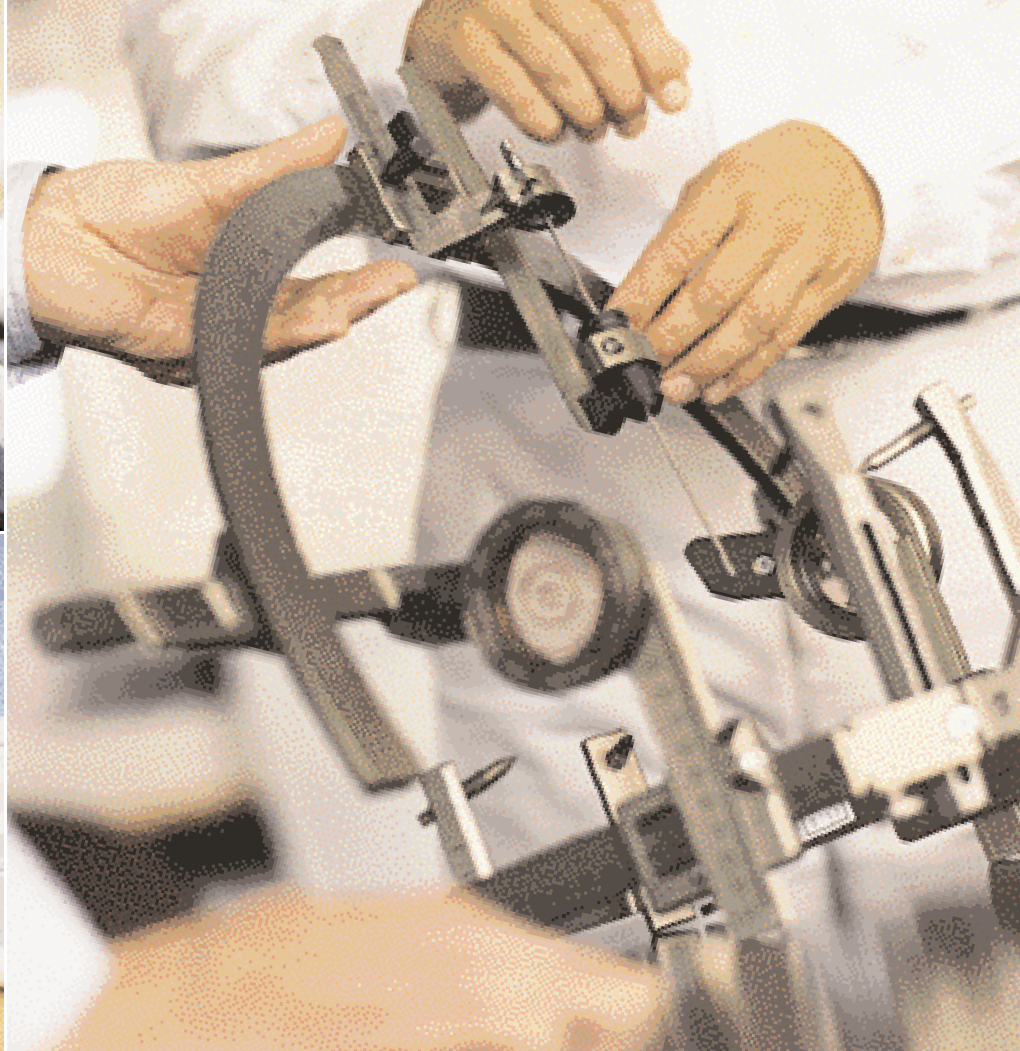
In many parts of the world, the number of hospital beds has been reduced dramatically over the last few decades. In the US, for example, the number of hospital beds was reduced nearly by half between 1975 and 2000. Demands are therefore increasing on healthcare professionals to choose treatment methods that reduce convalescence time and contribute to relieving pressure on aftercare.

All of Elekta's treatment methods are either non-invasive or minimally invasive and can therefore normally be administered in forms where the patient comes to the hospital the same day and does not need to stay overnight. This means that Elekta is well-positioned to be able to contribute to greater cost-efficiency in healthcare.

Number of hospital beds per 100,000 inhabitants in US, 1975–2000



Source: Trends and Indicators in the Changing Health Care Marketplace, 2002, The Henry J. Kaiser Family Foundation.



Vision, mission, strategy...

At the corporate level, Elekta manages its operations by formulating the company's vision, as well as its mission, strategy, values, financial objectives and corporate priorities. In an organization in which responsibility for both profitability and operations in general is to a large extent decentralized, these statements provide guidance for managers and employees who has to take decisions in their daily work.

Our vision

"By working together, we can fight serious diseases and enhance quality of life"

In Elekta's vision the spirit that pervades Elekta is reflected, as well as the pride that Elekta's employees take in their work.

Our mission

"To be the first choice..."

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

"...for the patient"

Patients today are increasingly aware of the treatment methods available for various diseases, in part through various patient organizations and the opportunities provided by the Internet for seeking information about new treatment methods and their clinical results. Elekta's treatment solutions for radiation therapy for cancer and treatment of brain disorders are available in hospitals throughout the world and have been documented as providing

favorable clinical results. Because Elekta's treatment methods are non-invasive or minimally invasive, they are also gentler for the patient and generally require less convalescence than alternative methods, which contributes to improving the quality of life during the course of the illness.

"...for healthcare professionals"

In many parts of the world, both state-owned and private healthcare systems are under financial pressure, resulting in increased prioritization and cost awareness.

The treatment solutions that healthcare systems choose must therefore be both clinically effective and cost-efficient. Patients, on the other hand, demand the best possible clinical results and that the treatment is as gentle as possible. Elekta's non-invasive and minimally invasive treatment methods meet these requirements.

Both radiation therapy for cancer and radiosurgery for brain disorders can normally be administered on an outpatient bases without requiring expensive hospital beds.

"...for employees"

Elekta is a high-tech company that invests large sums in research and development of new technology in the form of both hardware and software as well as electronics. Elekta is also an international company with operations over the entire world. The company works with large, long-term projects in which professional skills in technology, medicine, production, logistics, finance, education, legal affairs, administration and communication are vitally important for the company's success. Elekta therefore offers its employees challenging and stimulating work assignments. The company's organization and culture result in a working environment in



which short, fast and informal decision paths encourage a delegated and responsible approach to decision making.

"...for shareholders"

The interest for Elekta's business and its share continued to increase, not least among non-Swedish investors. Several banks and brokers monitor Elekta and publish regular reports analyzing the company's development.

Four times a year, in conjunction with the publication of each interim report, Elekta arranges telephone conferences with the financial markets and the media. Three or four times a year, financial analysts and the media are invited to information meetings at Elekta in Sweden or one of Elekta's foreign subsidiaries. Elekta's senior management regularly visits investors both in Sweden and in other countries, particularly in Europe and North America. Elekta also participates through presentations in several international investor conferences.

Our strategy

Elekta's strategy is to provide:

- clinically effective and cost-efficient solutions and services for improved management of cancer and brain disorders – aimed at enhanced quality of life
- progressive and pioneering technology for precise radiation based on minimally invasive techniques
- excellence in customer service and support
- operational proficiency based on Elekta Values

Financial objectives

Elekta's goal is to deliver profitable growth. Balancing profitability and growth is always a challenge for a growing company. To achieve this balance and to provide guidance for the stock market, Elekta has established the following financial objectives for the three fiscal years 2001/02 to 2003/04:

- Sales growth of 10-15 percent in local currency
- Operating margin of 8-10 percent on a rolling 12-month basis
- Return on capital employed exceeding 15 percent
- Equity/assets ratio exceeding 40 percent



Priorities for 2003/04

Each year, Elekta establishes a number of corporate priorities intended primarily to guide improvement work during the fiscal year. Each function then adapts its priorities and plans to contribute to these overall priorities. The priorities guiding Elekta's work during the 2003/04 fiscal year are:

1. Develop a world-class service organization

Providing best-in-class service and support is an increasingly important competitive tool in Elekta's markets. Elekta is therefore conducting a very ambitious investment and skills enhancement program with the objective of becoming a world leader in a few years' time with respect to quality in our service and support operations.

2. Maintain a high pace in Elekta's product development

To enable Elekta to continue growing profitably, it is critically important that the company continues to develop and launch innovative products and services at a rapid pace and in line with customer expectations.

Elekta will therefore continue focusing strongly on all strategically important development projects and continue to invest in enhancing opportunities to integrate various products from Elekta.

3. Continue enhancing operational efficiency through improved business processes

Continually improving and increasing the efficiency of operations is an increasingly important means of competition in today's business world. Elekta is therefore striving to implement improved business processes, particularly with respect to time to market (TTM), time to customer (TTC) and installed base management (IBM).

Elekta Values

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

As a support for daily work, there are five Elekta Values. These values function as support for decision making and as general guidelines in our daily internal and external work.

- Long-term Customers
- Trust and Reliance
- Stretch Boundaries
- Careful with Resources
- Speed and Performance

The following pages of this annual report describe what these values mean for Elekta and present a few among many practical examples of how they permeate the company's operations.

Long-term Customers

When a customer selects Elekta as a supplier, this is always the start of a long-term relationship. Elekta's systems and products are expected to provide first-class treatment for a long time. The relation between Elekta and the customer is a partnership built on a long-term relation.

The customer depends on Elekta to maintain equipment, to offer upgrades and to contribute to the development of new and refined treatment and work methods. Elekta in turn is dependent on the customer to provide feedback with respect to functionality, improvement suggestions and new requirements.

Continuously improved service

Providing first-class service and support for customers and users is becoming an increasingly important means of competition in today's market. Elekta's goal and one of the corporate priorities for 2003/04 is therefore continuing to enhance service operations so that they are totally world-class. This will be accomplished through continuous improvements in product reliability and serviceability, while taking service concerns for new products into consideration at the design stage.

Elekta will also invest in continued expansions of the service organization, particularly with regard to oncology products. In order to further increase the focus on service issues, a global service function was recently created under the leadership of a Vice President Global



Customer Service, who is charged with coordinating all service operations within the Group.

Research funding and collaboration in clinical development



Elekta works together with the world's medical community in a number of ways to promote continued research and development of clinical methods and continued development of advanced products.

One way in which this takes place is through the extensive sponsorship commitments that the company makes toward a number of specialist organizations. Examples include Elekta's contributions to the American Association of Neurosurgeons (AANS), the American Society for Therapeutic Radiology and Oncology (ASTRO), the European Society for Therapeutic Radiology and Oncology (ESTRO), the Japanese Society for Therapeutic

Radiology and Oncology (JASTRO), the Congress of Neurosurgery (CNS), the American Association of Physicists in Medicine (AAPM) and the American College of Medical Physics.

Within product development, Elekta works side-by-side with leading clinics to develop and refine equipment and methods. Examples of this include Leksell Gamma Knife® Society, which is a global user group for neurosurgeons working with radiosurgery. The society meets regularly to share experience. Scientific papers are published in conjunction with the meetings.

In the same spirit, Elekta took the initiative as early as 1994 in establishing an international consortium for the development of

intensity modulated radiation therapy (IMRT) for cancer. This consortium includes nine leading institutions in Europe and North America. Collaboration within the consortium has resulted in a large number of scientific publications.

An additional example is the development of Elekta Synergy™ for image-guided radiation therapy, which is the result of close and successful cooperation between Elekta and leading clinical institutions and four leading cancer hospitals in the US, Canada, UK and the Netherlands.

In addition to these established groups, Elekta also conducts many user meetings each year in Europe, Japan and the US to which all users of Elekta products are invited.

Furthermore, Elekta dedicates extensive resources to supporting specially selected research efforts at university hospitals around the world. These research projects primarily contribute to expanding clinical application areas for Elekta's products but also to developing new technology and new methods for non-invasive radiation-based treatment of cancer and brain disorders.

Trust and Reliance

Elekta is active in a market in which trust and reliance are critically important. Customers must be able to trust unconditionally that Elekta provides fast and efficient service and support of its products, as well as continued enhancement of technology, methods and solutions for the entire treatment chain.

To win the trust and confidence of customers, suppliers and other stakeholders, Elekta's company culture must be permeated by the same trust and reliance at all levels and in all functions.

In order to be successful, it is also necessary that patients feel confident about the equipment and methods used and that the treating physician has excellent knowledge of the equipment and methods.

Corporate responsibility

Elekta is a company with operations throughout the entire world and thus an organization that conducts business in widely different cultures, traditions and regulatory frameworks. This places substantial demands on Elekta to not only conform with each country's laws and regulations, but also to take into consideration ethnic and cultural differences.

Elekta works actively with issues relating to corporate responsibility. The company's policies in this area deal with such issues as respect for diversity and human rights, global labor legislation and counteracting discrimination, as well as working environment issues in all countries in which Elekta does business.

Education in radiosurgery and radiation therapy

One example of Elekta's long-term commitment to customers are the extensive training activities that Elekta has been conducting for many years, which are unique in the industry. These courses are intended for clinical users of Leksell Gamma Knife®, Leksell Stereotactic System® and linear accelerators. Participants are primarily neurosurgeons, oncologists and hospital physicists, as well as doctors with related specialties, such as neurologists and otologists.

Because Elekta is the sole supplier of Leksell Gamma Knife®, the only equipment for radiosurgery with global scope, the company has taken a great responsibility since the technology was introduced in the 1980s not only to make these treatments available to patients throughout the world, but also to ensure that treating physicians receive adequate education in radiosurgery.

Currently some 20 radiosurgery courses are held around the world each year, and since the start, Elekta has trained more than 1,600 persons in the clinical and technical use of Leksell Gamma Knife®. These courses are initiated and administered by Elekta, while the clinical expertise is recruited from leading neurological hospitals.

Training generally takes place at one of the nine training centers in the US, Europe, Japan and China that cooperate with Elekta.

As a leading supplier of linear accelerators with equipment for intensity modulated



radiation therapy, Elekta also offers training in this methodology. Within oncology, Elekta provides training in the use of stereotactic radiation therapy (Stereotactic Body Frame®) and in the use of Active Breathing Coordinator™, in order to ensure the precision of radiation treatment.

Elekta's application specialists also ensure that customers quickly receive training in the technical use of the company's products.

With the development of Elekta Synergy™, Elekta is now opening the way for the next phase of development in radiation therapy for cancer, image-guided radiation therapy. As a pioneer, Elekta will offer training in this area as well that contribute to a transfer of knowledge between the hospitals that will provide treatment with Elekta Synergy™.



Stretch Boundaries

Elekta is active in an international and competitive market. It is therefore necessary for us to be fast, innovative, efficient and intelligent in both production and other business activities.

Achieving this often requires considerable creativity in solving problems and an ability to stretch both our own limits and those of others. Having the courage and the authority to think “outside the box” is critical for Elekta in a strongly competitive market.

This presupposes that employees and business units are well informed with regard to internal and external developments and are encouraged to take their own decisions and to assume responsibility for their own operations.

Advanced training in business leadership

During the 2002/03 fiscal year, Elekta established a corporate training function, Elekta Center for Learning and Development (ECLD), and initiated an extensive program to further strengthen business leadership among Elekta employees and managers.

Some 75 managers were invited to participate in the Business Leadership and Development Program and worked in cross-functional and internationally mixed groups for three weeks distributed throughout the year.

The program is designed to support Elekta's strategic goals, increase business know-how, develop leadership and cooperation across functional as well as national boundaries in the in the Group.

The training is based on Elekta's vision, mission and values and is intended to ensure that Elekta as a global organization can continue to develop the skills of managers and employees in an increasingly dynamic and complex business environment where creati-

ty, flexibility, speed and personal responsibility are increasingly critical factors.

The result of this training program is already evident in operations, not least through increased cross-functional understanding, increased capacity to handle conflicts, teamwork and change management.

During the current fiscal year Elekta will continue to invest in manager training and continue to develop the ECLD.



Manufacturing where it is best and least costly

Elekta's manufacturing strategy for products and systems is to make widespread use of sub-suppliers and thus attain maximum flexibility and the most cost-effective results without having to invest in large, high-cost manufacturing facilities. For many years, production of Leksell Gamma Knife® has been performed by sub-suppliers in Sweden. This production requires skill in both heavy manufacturing, since Leksell Gamma Knife® weighs about 18 tons, and extremely precise mechanical engineering. In addition, high expertise in software systems is required.

Production of Elekta's equipment for radiation treatment of cancer takes place in Elekta's production plant in Crawley in the UK, where critical components are manufactured and assembly and final testing takes place.

In addition, Elekta has made a strategic



investment in production and purchasing of components in China through its majority-owned subsidiary in Shanghai. China is the world's third largest market for medical technical equipment, and Elekta has been active there since 1978. This investment is a natural consequence of Elekta's long-term presence in the growing Chinese market, while at the same time broadening Elekta's supplier base. Elekta's advanced patient table Precise Table for linear accelerators is manufactured in China. With its advanced mechanics, which received the Queen's Award for Enterprise and Innovation in the UK in 2002, this equipment and its patented lifting mechanism is used for positioning of patients with high precision and silent operation during simulation and radiation treatment of cancer.

Careful with Resources

To ensure that Elekta will be able to continue to grow with profitability, it is essential to be careful in how resources are used. Having control over and critically examining all costs is one aspect of this. Long-term investment of the company's resources in the most efficient manner possible is another.

By exercising caution with Elekta's resources, the company can grow. Through growth, Elekta attains greater strength, stability and long-term sustainability.

Elekta has made considerable progress with respect to reducing costs in all parts of its operations. However, both the competitive situation in the market and the customer's often tight financial constraints force Elekta to continuously strive to develop its products, to conduct marketing and sales, and to maintain its products in an increasingly resource-efficient manner.

Upgrading existing equipment

Elekta's philosophy is that wherever possible, all equipment that Elekta supplies should be capable of being upgraded when new technology is developed. This allows existing installations to be upgraded with the latest technology and clinical developments, thus ensuring that they remain clinically effective, cost-efficient and competitive. In this way, customers are provided with long-term assurance when investing in Elekta products.

One example of this is the increasingly widespread clinical application of IMRT, intensity modulated radiation therapy, which enables radiation treatment of cancer to be administered with greater precision, thus improving treatment results. Elekta is a leading supplier of equipment for this new treatment method, and Elekta has developed both hardware and software components that allow the company's substantial installed base of radiation therapy equipment to be upgraded



to enable it to provide IMRT treatment. Within neurosurgery, upgrades to the latest Leksell Gamma Knife® C model are taking place continuously. This refinement of Leksell Gamma Knife® includes a new function, Automatic Positioning System™ (APS).

Quality assurance

As a supplier of equipment that is used for treating serious diseases, quality issues are naturally always a priority. Both regulatory authorities in all regions of the world and Elekta itself place very high demands on the documentation, quality and reliability of Elekta's products.

In accordance with the established quality policy, Elekta maintains and refines a quality system that effectively supports the implementation of strategies, achievement of business objectives and improved customer satisfaction. The policy states further that Elekta must comply with all relevant standards, regulations and safety requirements and regularly establish quality targets to ensure continuous improvement of the quality management system and efficient operations based on Elekta Values.



Environmental issues

For Elekta, with improved quality of life as its main goal, it is self-evident that operations should be conducted in a manner that results in as little negative impact on the environment as possible. Demands for environmental consideration are also increasing among the media, special interest organizations, public authorities and investors with an environmental profile.

Elekta strives to be an environmentally aware and responsible organization that works continuously to reduce the negative impact of operations. The environmental policy adopted by the Board of Directors states first and foremost that Elekta must always comply with prevailing laws, regulations and recommendations in environmental matters. In addition, it is the responsibility of everyone in Elekta's organization to always show consideration for environmental aspects when introducing new clinical solutions or new products, work methods and packaging. Elekta also integrates environmental considerations in the purchasing of services and goods from sub-suppliers.

Speed and Performance

In the market for medical technical products, speed is a critical factor. The development of new technology and new treatment methods is proceeding rapidly. In large parts of the world, patients are queuing for the treatment that they need.

This places substantial demands on the capacity of Elekta as a supplier to quickly develop new products and upgrades, to quickly deliver booked orders and to quickly provide service and maintenance. It is absolutely essential that this is reflected also in Elekta's internal work.

At the same time, speed and performance is not only a matter of speed, but also of meeting and exceeding the expectations of customers and colleagues with respect to quality in performance and results.

Performance management

Elekta has introduced an extensive program for annual planning and follow up of each employee's performance. The objective is to link individual development plans to the company's budget, business strategies and priorities.

At the beginning of each fiscal year, a planning talk is held in which the employee and the manager together establish goals and a plan for the individual's skills enhancement based on Elekta Values. At the end of the fiscal year, a separate evaluation and follow-up of established goals and plans takes place. In this manner, all employees are evaluated and encouraged in a consistent and fair way.

Each manager is responsible for ensuring that this performance management is completed and followed up and for continuously supporting and stimulating employees during



the year in accordance with the established plans. Each employee is responsible for actively pursuing his or her role in establishing goals and for requesting the support required to achieve them.

Gamma FastSite™

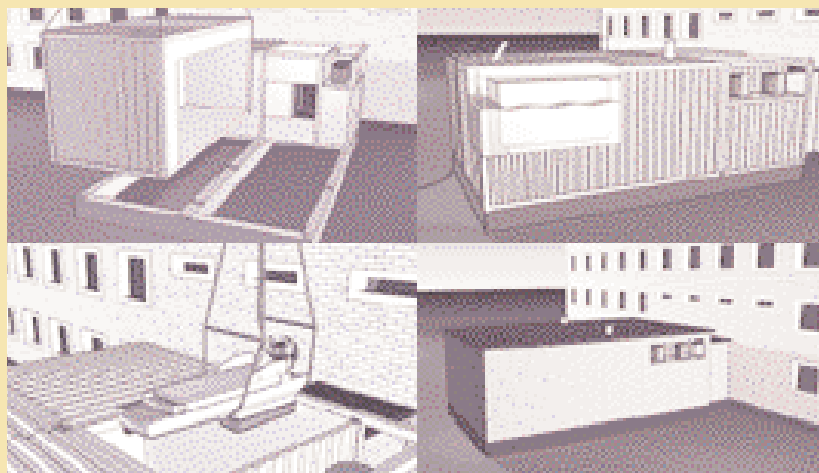
When a neurological clinic wishes to purchase a Leksell Gamma Knife® unit, the question of premises is often a problem. Leksell Gamma Knife® weighs 18 tons and must be placed in a radiation-shielded room. The substantial weight and the shielding that must be installed mean that Leksell Gamma Knife® must almost always be located on the ground floor.

For many clinics, this often constitutes an obstacle or a cause for delay.

Elekta has therefore developed a solution that allows an addition to an existing building to be constructed quickly that is specially designed for Leksell Gamma Knife®.

Gamma FastSite™ is a pre-fabricated modular construction for a fully functional radiosurgery clinic and absolutely the fastest way of moving from an investment decision to an operational clinic. Instead of 12 months, which is not an unusual start-up time for a radiosurgery clinic, Gamma FastSite™ can be taken into operation within 4 to 6 months.

The property owner is responsible for pouring a concrete foundation. Thereafter,

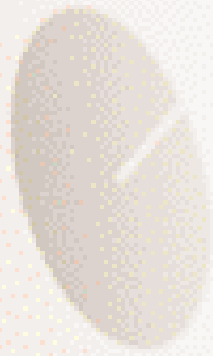


Elekta delivers the pre-fabricated modules with double walls. These walls are then filled with water to provide optimal radiation shielding.

Gamma FastSite™ is custom designed with respect to dimensions and layout for Leksell Gamma Knife® and the peripheral equipment, workstations, etc. that are required for clinical radiosurgery.

In addition, Gamma FastSite™ is delivered at a fixed price, which allows the clinic to budget its entire investment with greater confidence.

Finally, Gamma FastSite™ can even be disassembled and moved, should this be necessary. This is impossible with conventionally shielded premises.



ELEKTRONIK

LEKSELL GAMBAR



Financial risk management

As a result of its international operations, Elekta is exposed to various financial risks. Within Elekta, these financial risks pertain to fluctuations in cash flow, mainly due to changes in exchange and interest rates.

Financial risk is handled within the framework of a policy established by the Board of Directors.

Liquidity and financing risk

Liquidity and financing risk is defined as the risk of not being able to meet current payment obligations due to insufficient liquidity or difficulties in raising external financing.

Elekta endeavors to maintain readily available funds equal to at least 10 percent of net sales. On April 30, 2003, available funds amounted to SEK 1,009 M, which substantially exceeded the established target. In addition to available funds, on April 30, 2003, Elekta had SEK 78 M invested as collateral for issued bank guarantees.

Interest risk

The interest risk pertains to the risk that changes in interest rates will adversely affect the Group's earnings as a result of, for example, a lower return on invested funds.

During 2002/03, Elekta's business generated a positive cash flow. At year-end, liquid funds accounted for 37 percent of the Group's total assets. Liquid funds invested have generated a return that corresponds to the interest on government securities in the Swedish money market. Elekta invests its liquid funds solely in low-risk, easily convertible instruments denominated in SEK, such as commercial paper with a K-1 rating.

On April 30, 2003, the gross loan liability amounted to SEK 252 M, of which SEK 18 M pertained to financial leases. In December 2002, Elekta raised a long-term loan of USD 27 M with the Nordic Investment Bank in order to increase its future freedom of action and to hedge net investments in the US. Although the loan carries variable interest, interest swaps have been arranged that result in a fixed interest rate. The average fixed-interest term for the loan is 2.4 years.

Currency risks

As a result of Elekta's international operations and structure, the Group is considerably exposed to exchange rate fluctuations. This concerns both flows in different currencies and translation of foreign subsidiaries' profits and net assets into Swedish kronor.

Transaction exposure

The Group's products are sold mainly in USD, EUR and JPY. Expenses are mainly in GBP and SEK. The revenues and expenses of the sales companies are in local currencies.

The proportion of invoiced sales in foreign currency corresponds to more than 95 percent of the Group's total invoicing.

Elekta's policy is to hedge the exchange rate risk associated with commercial flows by using forward contracts or options, where the extent is determined by Elekta's own risk assessment. Hedging is conducted on the basis of contracted and part of forecasted net flows over a rolling 18-month period. Hedging is carried out to secure the profit on the existing order backlog and to reduce the effects of short-term fluctuations in the currency markets. On April 30, 2003 outstanding forward contracts that were concluded in order to reduce the Group's transaction exposure amounted to SEK 816 M.

Exposure affecting Group profits

Based on Elekta's current structure and business orientation, a general change of one percentage point in the SEK exchange rate in relation to other currencies affects Group profits by approximately SEK 6 M. Hedging with forward contracts limits the short-term effect of exchange rate movements.

The Group's net sales and operating expenses in 2002/03 are shown in the diagram to the left.

Translation exposure

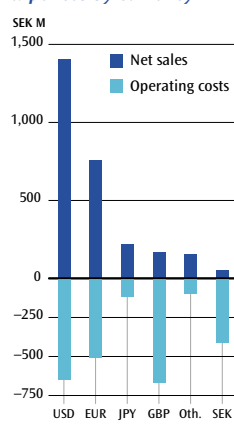
Elekta Group shareholders' equity is affected by translation differences. In accordance with Elekta's financial policy, equity is not to be hedged by using forward contracts or other derivatives, since such instruments affect the cash flow from

sales, thus increasing liquidity and financing risk. On the other hand, the long-term loan in USD is being used to hedge net investments in the American subgroup.

Customer financing

Elekta's customers often require some form of financing solution when investing in capital-intensive equipment. As the market for medical technology equipment has grown, Elekta has developed various forms of financing solutions. Elekta offers both traditional financing forms – through export credits or various leasing products, for example – and more sophisticated “fee-for-use” arrangements. Customer financing is done through banks, leasing companies and other external parties, such as development banks and international aid agencies.

Net sales and operating expenses by currency



Board of Directors' report*

Operations

Despite the generally weak business climate, Elekta's operating profit improved sharply. The international healthcare market is developing positively and the demand for Elekta's products and treatment methods for cancer and neurological disorders remains strong.

An increasingly elderly population in combination with improved diagnostic methods means that the number of cancer cases is increasing. Every second cancer patient needs radiation treatment. Today, Elekta is the second largest supplier in the world of equipment for radiation therapy of cancer.

Effective treatment of cancer requires more radiation therapy with greater precision. Elekta is a leading supplier of both radiosurgery with Leksell Gamma Knife® and for precision radiation therapy for cancer with intensity modulated radiation therapy (IMRT). This treatment method enables the radiation dose to be more precisely adapted to the tumor's three-dimensional shape and specific radiation sensitivity, without healthy tissue being damaged.

The market has rapidly accepted IMRT as a clinically and economically efficient method for improved cancer care.

As a result of its ongoing product development, Elekta also has a leading position in image-guided radiation therapy (IGRT) and is the first and only supplier with a system in operation that when integrated with a linear accelerator deliver complete three-dimensional images with high resolution. These systems increase the ability to localize both tumors and critical organs with high precision during radiation treatment.

The market consensus is that both IMRT and IGRT will be able to dramatically improve treatment results while enhancing the patient's quality of life.

The need for non-invasive radiosurgery is increasing. Today, some 240 persons in every one million suffer from the type of brain disorders that are suitable for radiosurgery using Leksell Gamma Knife®. The areas of illness in which radiosurgery is rising sharply are certain metastases in the brain and functional disorders. Radiosurgery using Leksell Gamma Knife® is characterized by the high quality of care provided and its cost-effectiveness, as well as being very gentle on the patient.

Elekta's most recently launched equipment for radiosurgery, Leksell Gamma Knife® C 1.2, has been well received on the market and customers will be able to upgrade to this latest model.

Through the acquisition of Neuromag Oy earlier this year, Elekta complemented its product portfolio with equipment for registration of nerve cell activity with the help

of magnetoencephalography (MEG). Applications of this technology include mapping the brain's functions and activity prior to neurosurgery and localizing epileptic foci, the points from which epileptic attacks originate. The value of this form of examination is clinically established and the method has already been assigned its reimbursement level by authorities in the US.

Order bookings and order backlog

Order bookings rose 9 percent to SEK 3,186 M (2,927). At fixed exchange rates, the increase would have been 20 percent. Oncology products rose 13 percent to SEK 2,143 M (1,901), and neurosurgery products increased by 2 percent to SEK 1,043 M (1,026).

Order bookings

SEK M	2002/03	2001/02	Change, %
Europe, Middle East, Africa	1,310	1,107	18
North and South America	1,141	1,247	-9
Japan	328	217	51
Asia excl. Japan	407	356	14
Group	3,186	2,927	9
of which:			
Oncology products	2,143	1,901	13
Neurosurgery products	1,043	1,026	2

The value of Group order backlog rose despite the weakening of the US dollar. Order backlog amounted to SEK 2,411 M at April 30, 2003 (2,317). Neurosurgery products accounted for 38 percent of the order backlog, while oncology products accounted for 62 percent.

Market comments

Europe, Middle East and Africa

Order bookings in the Europe region, including the Middle East and Africa, rose 18 percent to SEK 1,310 M (1,107). At fixed exchange rates, order bookings in Europe rose 22 percent. Order bookings for oncology products increased by 31 percent.

The European market for radiation therapy equipment continued to develop positively. Several countries, including the Netherlands, the UK and France, are continuing their investment programs for improved cancer care.

Within neurosurgery, the market in Europe continues to develop slowly, although advances are being made, including France, which has now ordered its second Leksell Gamma Knife® unit. It is being installed at a leading university hospital and is the first order since the French health authorities have now approved radiosurgery treatment with Leksell Gamma Knife®.

* In addition to these pages, the Board of Directors' report includes the comments on financial results and position on pages 35, 37 and 39.

North and South America

Order bookings in North and South America declined by 9 percent and amounted to SEK 1,141 M (1,247). At fixed exchange rates, order bookings for the region rose 6 percent. In US dollars order bookings for oncology rose 13 percent while neurosurgery decreased 2 percent.

The market for equipment for radiation therapy is driven in the US largely by replacement sales and upgrading to linear accelerators equipped for IMRT. Competition is intense and the market is driven by the desire to upgrade to the latest technology and the need for solutions for efficient care. Modern technology, such as IMRT and image-guided radiation therapy (IGRT), is attracting major market interest.

In the American market, treatment methods with radiosurgery are well established. Elekta's products in radiosurgery as well as stereotaxy have a high reputation in the US and interest is great in the clinical application of Elekta's equipment for magnetoencephalography (MEG). This method has already been assigned reimbursement levels.

Japan

Order bookings in Japan rose 51 percent compared with the low level a year earlier to SEK 328 M (217). At fixed exchange rate, order bookings rose by 68 percent. Decisions on healthcare investments in Japan occur mainly in March/April every year.

Demand remains favorable within radiosurgery and Elekta's order bookings rose sharply with regard to new Leksell Gamma Knife® units as well as upgrades and reloads.

The market for equipment for radiation treatment of cancer is growing moderately despite the underlying need for additional linear accelerators being considerable in Japan.

The interest in equipment for magnetoencephalography is high in Japan, with a number of leading research centers working on developing clinical methods and routines.

Asia

Order bookings in Asia amounted to SEK 407 M (356), up 14 percent. At fixed exchange rates, order bookings rose by 31 percent.

In the Asian market for equipment for radiation therapy of cancer, Elekta is noting successes. Demand for Elekta's equipment for neurosurgery is also developing well. The need for additional equipment for treatment of tumors is very high and Elekta holds a strong position.

Net sales

Group net sales rose 2 percent to SEK 2,781 M (2,738). Exchange rate movements had a negative impact of about 9 percent. Net sales of oncology products increased 5 percent to SEK 1,937 M (1,848) and declined 5 percent for neurosurgery products to SEK 844 M (890).

Result

Operating profit improved 56 percent or SEK 116 M to SEK 323 M (207). The improvement was primarily attributable to increased volumes and improved productivity. Operating margin improved to 12 percent (8).

The currency movements during the period impacted operating profit negatively in an amount of about SEK 9 M. Elekta hedges contracted and part of expected net flows with forward contracts over a rolling 18-month period. At fixed exchange rates year-on-year, net sales would have increased by 12 percent and gross margin would have been unchanged at 38 percent.

Net financial items amounted to an expense of SEK 6 M (income: 14). Net interest income was SEK 7 M (expense: 2). Income from participations in associated companies amounted to SEK 11 M (12), and foreign exchange differences totaled a loss of SEK 24 M (gain: 4), primarily from short-term intercompany loans.

Profit after net financial items improved to SEK 317 M (221). Profit after taxes increased 61 percent to SEK 234 M (145).

Earnings per share improved by 56 percent and amounted to SEK 7.29 (4.66) before dilution and SEK 7.14 (4.56) after dilution.

Return on equity amounted to 17 percent (13) and return on capital employed was 22 percent (19).

Investments and depreciation

Investments in intangible and tangible fixed assets amounted to SEK 78 M (32). Amortization/depreciation of intangible and tangible fixed assets totaled SEK 68 M (62).

Liquidity and financial position

Cash flow before investments was strong and amounted to SEK 361 M (137). Cash flow after investments and divestments was SEK 288 M (113).

Liquid assets amounted to SEK 1,087 M (536). Of the bank balances held, SEK 78 M was pledged, primarily in the form of guarantees for customer advances received.

Interest-bearing liabilities amounted to SEK 252 M (35). In December, Elekta raised a long-term loan from the Nordic Investment Bank of USD 27 M to increase its freedom of action and to hedge net investments in the US.

The equity/assets ratio was 49 percent.

During the year, 491,175 new Series B shares were subscribed through exercising allotted warrants within the framework of established warrants programs. Total number of shares at July 31 amounted to 32,554,367.

Board of Director's report

Sensitivity analysis

Elekta's gross margin, defined as revenues less costs of products sold, can vary substantially from one period to another, depending on delivery volume, product mix, geographic mix and exchange rate movements. Margins on products that Elekta only distributes are lower than the margins on proprietary products. Also the margin between proprietary products varies. During the year, Elekta had a gross margin of 37 percent (38).

Elekta's net sales for the coming 12-month period are determined mainly by the current order backlog. Delays in delivery dates are relatively common but can be offset by orders with shorter delivery time that are received during the year.

Most of Elekta's costs are incurred in SEK and GBP, while revenues are denominated mainly in USD and EUR. A general change of one percentage point in the value of the SEK relative to the other currencies affects Group income by approximately SEK 6 M. Over the short term, the effects of currency movements are offset by hedging. Hedging is based on contracted and a portion of expected net flows over a rolling 18-month period. The scope is determined by Elekta's currency risk assessment.

Research and development

The objective of the R&D program is to confirm and advance Elekta's position as a leading player in its market and product areas. During the year SEK 185 M, equal to 7 percent of net sales, was invested in areas such as the following:

- Developing minimally invasive and cost-efficient technologies for monitoring and treatment of neurological disorders. Transfer knowledge in stereotaxy and radiosurgery to the field of cancer care, where there are still good opportunities to make substantial progress through higher precision.
- Developing products and methods in the oncology program that offer higher precision as well as improved clinical results – such as IMRT and IGRT. This involves both software applications and new equipment. The objective is to achieve increased radiation of tumor tissue while shielding adjacent healthy tissue from damage.
- Within the R&D operations clinical research is also conducted jointly with external institutions and Elekta's customers in each area of research.

IT

The use of IT support is being increased in all operating areas. Elekta has continued its investment in efficient communications and systems solutions in order to be able to handle these information needs. The IT architecture is being continuously expanded to support business processes and to strengthen productivity and competitiveness.

Quality

Elekta works determinedly to develop and ensure the quality of all processes within the Group. The quality control program also ensures that all relevant requirements set by public authorities are met. All of Elekta's development and production units are certified in accordance with applicable ISO 9000 and EN 46000 standards. Elekta carries out and have external audits by notified bodies to ensure that the Group meets the requirements that various supervisory authorities have established for companies in the field of medical technology.

Employees

The average number of employees in the Group amounted to 1,011 (922). The number of employees at fiscal year-end was 1,073 (989).

Value added per employee amounted to SEK 987,000 (917,000).

Parent Company

Parent Company operations comprise Group management, joint Group functions and financial management. The Parent Company's profit after net financial items amounted to SEK 11 M (53). Dividends from subsidiaries are included in the amount of SEK 53 M (80). The average number of employees was 15 (13).

After receiving approval by the district court to carry out a decision made at the Annual General Meeting of September 30, 2002, the share premium reserve was reduced by SEK 900 M through transfer to unrestricted reserves.

Patent dispute

In the ongoing patent dispute in the US, Elekta has appealed the ruling in the lower court and posted a surety bond of USD 25 M, corresponding to the damages awarded in the first instance. The parties' presentations in the higher court are now complete and the parties are awaiting the higher court ruling. No time limit has been given, but it could be up to a year or more before the final ruling is disclosed. Elekta's opinion of the possibilities of a ruling in Elekta's favor in the higher court remains unchanged.

In the case that Elekta should lose its appeal, the entire damage amount will be charged against earnings at one time. In the balance sheet, any damage amount will be reported as an interest-bearing liability reduced by the amount that was pledged for a financial facility with an upper limit of USD 20 M.

During the appeals process, the amount of the surety bond is reported as a contingent liability.

If the higher court grants Elekta's appeal, Elekta may decide to reduce the pledged amount for the financial facility.

In fiscal year 2001/02, Elekta reserved SEK 20 M for the estimated costs for the patent dispute during fiscal year 2002/03. SEK 2 M of this reserve remained at April 30, 2003. An additional provision of SEK 3 M has been made to cover costs in fiscal year 2003/04.

Acquisition of company

In March, Elekta acquired the Finnish company Neuromag Oy, which develops and produces equipment for registration of nerve cell activity and analysis of the functions of the brain with the help of magnetoencephalography (MEG). The purchase price was about EUR 5 M. The acquisition of Neuromag is expected to contribute positively to Elekta's earnings per share in fiscal year 2003/04.

Work of the Board of Directors

The Board of Directors consists of five members. A presentation of these members appears on page 51.

At the board meeting following election on September 30, 2002, Akbar Seddigh was reelected Chairman of the Board. The Board held 7 (8) recorded meetings during the fiscal year. Among other matters, the Board has dealt with strategy and objectives for the business, research and development strategy, long-term financing and risks, the budget, the financial statements and major investments. During the year representatives of Group management and other management employees have participated regularly in Board meetings to report on matters in their respective areas.

As part of its work, the Board of Directors visit major Elekta units in various parts of the world. During the year, a Board meeting was held in the US in conjunction with visits to the US subsidiaries.

Nomination process

The Board of Directors' procedures, modes of operation, composition and expertise requirements are evaluated during at least one Board meeting. The results of this evaluation are presented to a group consisting of at least five of the largest shareholders during the third quarter and provide the foundation for a discussion of the composition of the Company's Board of Directors. Thereafter, the group nominates candidates to be elected by the Annual General Meeting. In 2003, discussions were held with shareholders that together represent 42.6 percent of the voting rights and 23.6 percent of the capital.

Auditing issues

The Board deals with accounting and auditing issues at its regular meetings. Elekta's external auditors present their observations from the annual audit and their views on the control and monitoring system, and report on and discuss the Group's accounting principles, in at least one meeting per fiscal year.

Compensation committee

Within the Board of Directors, there is a committee that considers and takes decision on the compensation philosophy, bonus systems and similar forms of compensation in accordance with special instructions established by the Board. The members of this committee are Akbar Seddigh and Laurent Leksell, with participation by the Group Vice President Human Resources as presenter and reporter. Compensation to the President is proposed by the committee but approved by the Board of Directors.

Future prospects

Demand remains favorable for Elekta's products and services. Order backlog is high. The growth in Elekta's earnings will be affected adversely, mainly as a result of the weakening of the USD against the SEK. Elekta's financial objectives for fiscal 2001/02 to 2003/04 remain unchanged. The objectives are for revenue growth of 10-15 percent in local currencies and for operating margin 8-10 percent on a rolling 12-month basis. The operating margin for individual quarters can deviate from this objective. Return on capital employed should exceed 15 percent and equity/assets ratio should be over 40 percent.

Delivery volumes, and thus net sales, are expected to be lower in the first half than in the second half of 2003/04.

Dividend policy and proposal for share redemption

Elekta's goal is to provide a favorable return and value growth to shareholders. The goal is to distribute 20 percent or more of net profit in the form of dividend, share buy-back or comparable measures. Dividend proposals is based on Elekta's financial position, expected profitability trend and growth potential as well as investment needs.

As a result of the dividend policy as well as Elekta's strong financial position and current capital structure, the Board has decided to propose no dividend to the Annual General Meeting for fiscal 2002/03 but a redemption of shares to be carried out at a value of approximately SEK 320 M.

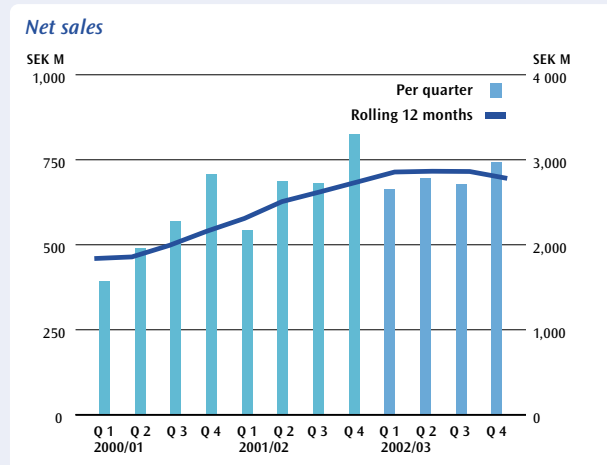
Income statement

SEK M	Note	GROUP		PARENT COMPANY	
		2002/03	2001/02	2002/03	2001/02
Net sales	1	2,781	2,738	—	—
Cost of products sold		-1,758	-1,698	—	—
Gross profit		1,023	1,040	—	—
Selling expenses		-356	-367	—	—
Administrative expenses		-285	-315	-56	-51
R&D expenses		-148	-144	—	—
Currency exchange differences in operations		89	-7	—	—
Operating profit/loss	19-21	323	207	-56	-51
Income from participations in Group companies	2	—	—	53	100
Income from participations in associated companies	3	11	12	—	—
Interest income	4	22	17	31	26
Interest costs and similar profit/loss items	4	-15	-19	-9	-12
Financial currency exchange differences		-24	4	-8	-10
Profit after financial items		317	221	11	53
Taxes	5	-88	-78	13	2
Minority shares		5	2	—	—
PROFIT FOR THE YEAR		234	145	24	55
Earnings per share before dilution, SEK		7.29	4.66		
Earnings per share after dilution, SEK		7.14	4.56		

COMMENTS ON THE INCOME STATEMENT

Net sales

The Group's net sales increased by 2 percent to SEK 2,781 M (2,738). Based on unchanged exchange rates between the years, net sales would have risen by 12 percent. The number of systems delivered for neurosurgery and cancer care increased during the year. Net sales of products and services for the aftermarket rose by 2 percent to SEK 791 M (778), corresponding to 28 percent (28) of Group net sales.



Net sales

SEK M	2002/03	2001/02	Change, %
Europe, Middle East, Africa	1,019	1,195	-15
North and South America	1,160	877	32
Japan	224	303	-26
Asia excl. Japan	378	363	4
Group	2,781	2,738	2
of which:			
Oncology products	1,937	1,848	5
Neurosurgery products	844	890	-5

Results

Operating profit improved 56 percent or SEK 116 M to SEK 323 M (207). The improvement was primarily attributable to increased volumes and improved productivity.

The gross margin is affected significantly by volumes and the product mix, as well as exchange rates. The gross margin declined to 37 percent (38), due entirely to the effects of exchange rate changes between the years.

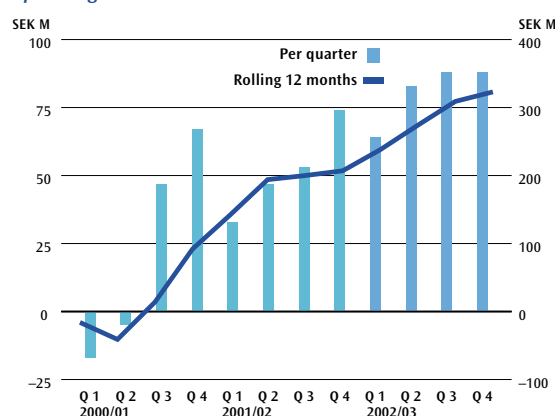
Elekta's neurosurgery products are produced on sub-contract in Sweden, while the core oncology products are assembled and tested by Elekta in the UK.

Purchases of products, materials and consumables constitute the single largest cost item, accounting for 47 percent of the Group's total operating costs.

Operating result

	Net sales SEK M	Change %	Operating result, SEK M	Operating margin, %
Q 1	662	22	64	10
Q 2	697	1	83	12
Q 3	678	0	88	13
Q 4	744	-10	88	12
Full year 2002/03	2,781	2	323	12

Operating result



Payroll costs rank second at 29 percent.

Investments in research and development rose 29 percent to SEK 185 M (144), corresponding to 7 percent (5) of net sales. In accordance with the RR15 accounting recommendation, SEK 41 M of this amount, or SEK 37 M after amortization, was capitalized for certain specific projects, while the remainder was expensed as incurred. See Accounting Principles on page 40.

Exchange rate differences within operations were positive in an amount of SEK 89 M (neg: 7), of which forward contracts accounted for SEK 59 M. Exchange rate changes during the fiscal year had a negative impact of approximately SEK 9 M on operating profit.

Net interest items improved by SEK 9 M to income of SEK 7 M (expense: 2). Exchange rate differences within net financial items, which corresponded to expense of SEK 24 M (income: 4), pertained mainly to short-term loans within the Group.

Profit after financial items improved by SEK 96 M to SEK 317 M (221).

Estimated tax expense was SEK 88 M, corresponding to a tax rate of 28 percent. During 2002/03, changes in tax legislation had a favorable impact of approximately SEK 6 M on tax expense. Of the total tax expense of SEK 88 M, SEK 65 M consisted of deferred taxes, mainly from the utilization of loss carryforwards.

Profit for the fiscal year amounted to SEK 234 M (145).

Balance sheet

SEK M	Note	GROUP		PARENT COMPANY	
		Apr. 30, 2003	Apr. 30, 2002	Apr. 30, 2003	Apr. 30, 2002
ASSETS					
Intangible fixed assets	6	408	388	—	—
Tangible fixed assets	7	83	87	—	—
Financial fixed assets	8	16	22	974	981
Total fixed assets		507	497	974	981
Inventories	9	258	269	—	—
Receivables	5, 10	1,110	1,234	321	398
Current investments	11	224	—	224	—
Cash and bank		863	536	252	59
Total current assets		2,455	2,039	797	457
TOTAL ASSETS		2,962	2,536	1,771	1,438
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES					
Share capital		161	159	161	159
Restricted reserves		200	1 282	76	956
Unrestricted reserves		850	-314	1,142	143
Profit for the year		234	145	24	55
Total shareholders' equity	12	1,445	1,272	1,403	1,313
Minority		0	6	—	—
Provisions	13	110	90	—	—
Interest-bearing liabilities	14	252	35	295	73
Interest-free liabilities	15	1,155	1,133	73	52
Total liabilities		1,407	1,168	368	125
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		2,962	2,536	1,771	1,438
Assets pledged	16	125	63	93	26
Contingent liabilities	17	92	24	242	175

COMMENTS ON THE BALANCE SHEET

Assets and capital employed

The Group's total assets increased by SEK 426 M to SEK 2,962 M. The Group's fixed assets at fiscal year-end amounted to SEK 507 M (497). Investments amounted to SEK 78 M.

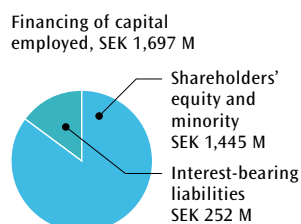
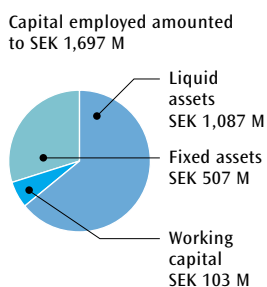
Current assets, excluding liquid funds, declined by SEK 135 M to SEK 1,368 M. Accounts receivable, accrued revenue for projects, and inventories decreased by a total of 10 percent. Accounts receivable and accrued revenue for projects were equal to 100 (101) days of net sales. The value of inventories relative to net sales was 9 percent (10).

Liquid assets increased by SEK 551 M, to SEK 1,087 M, and amounted at the end of the fiscal year to 37 percent (21) of total assets. SEK 78 M (63) of the Group's bank deposits was pledged, primarily as guarantees for customer advances received.

The value in SEK of the Group's foreign net assets amounted to SEK 671 M.

The Group's capital employed amounted to SEK 1,697 M (1,313), an increase of 29 percent. The increase is entirely attributable to the increase in liquid assets. The capital turnover ratio was 1.0 (1.2).

Capital employed and its financing



Liabilities and shareholders' equity

Interest-bearing liabilities increased by SEK 217 M. In December, Elekta raised a long-term loan from NIB Nordic Investment Bank of USD 27 M to increase its future freedom of action and to hedge net investments in the US. The loan carries variable interest, but to spread the risks interest swaps were made and, accordingly, a fixed interest rate was obtained. The average fixed interest term of the loan is 2.4 years.

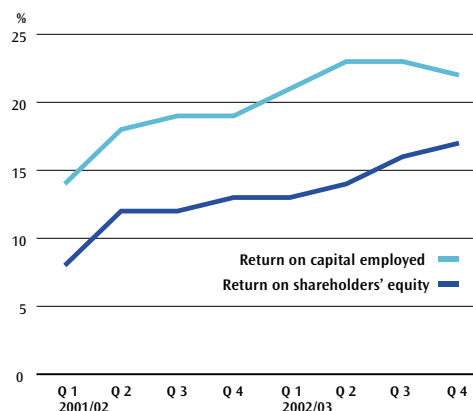
Interest-free liabilities rose by SEK 22 M including an increase in customer advances of SEK 54 M. Provisions increased by SEK 20 M, of which the warranty reserve by SEK 17 M and deferred tax liabilities by SEK 12 M.

The minority interest pertains to the company in China. During the second quarter 2002/03 Elekta increased its shareholding in Shanghai Elekta from 60 to 80 percent.

Shareholders' equity rose by 14 percent to SEK 1,445 M (1,272).

At the end of the fiscal year the Group's equity/assets ratio amounted to 49 percent (50). Liquid assets exceeded interest-bearing liabilities by SEK 835 M.

Return on capital employed and shareholders' equity



Cash flow statement

SEK M	GROUP		PARENT COMPANY	
	2002/03	2001/02	2002/03	2001/02
Profit for the year	234	145	24	55
Depreciation and writedowns charged against these results	72	63	—	—
Participation in profit/loss of associated companies, after tax	-10	-13	—	—
Capitalized development	-41	—	—	—
Upward adjustment of convertible debenture loan	—	7	—	7
Minority shares	-5	-2	—	—
Deferred taxes for the year	65	65	-13	-2
Operating flows	315	265	11	60
Increase (-)/ decrease (+) in current receivables	-59	-207	90	-84
Increase (-)/ decrease (+) in inventories	-24	-37	—	—
Increase (+)/ decrease (-) in interest-free liabilities	92	102	21	3
Increase (+)/ decrease (-) in provisions	37	14	—	—
Change in working capital	46	-128	111	-81
Cash flow before investments	361	137	122	-21
Increase (-)/ decrease (+) in shares and participations	6	8	-46	-28
Increase (-)/ decrease (+) in long-term receivables	1	0	53	4
Investments in intangible assets	-5	-3	—	—
Investments in machinery and equipment	-32	-29	—	—
Acquisition of subsidiary*	-43	—	—	—
Investments and divestments	-73	-24	7	-24
CASH FLOW AFTER INVESTMENTS AND DIVESTMENTS	288	113	129	-45
Increase (+)/ decrease (-) in interest-bearing liabilities	210	-245	222	-264
New issues, warrant premiums and group contribution	22	235	66	321
Minority	-1	—	—	—
External financing	231	-10	288	57
Change in liquid assets during the year excl. translation differences	519	103	417	12
Translation differences on liquid assets	32	-1	—	—
Change in liquid assets during the year	551	102	417	12
Liquid assets at beginning of year	536	434	59	47
Liquid assets at year-end	1,087	536	476	59
*Acquired operations 2002/03				
Fixed assets	36			
Operating assets	24			
Liquid assets	1			
Provisions	-2			
Interest-bearing liabilities	-9			
Interest-free liabilities	-6			
Purchase price paid	44			
Liquid assets in acquired company	-1			
Effect on Group's liquid assets	43			

COMMENTS ON CASH FLOW STATEMENT

A cash flow statement is intended to describe the ability of a business to generate funds. Elekta's cash flow is used primarily to finance market growth, strategic research projects and investments. Based on income statement and balance sheet items restated at the average rate, the statement shows the net of the Group's flows during the year.

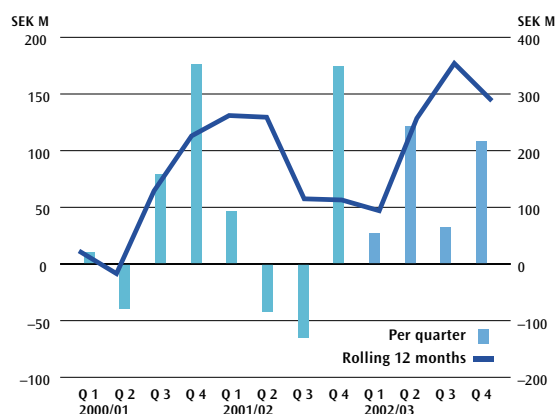
Elekta showed a positive cash flow for the fiscal year, primarily as a result of strong operating profit. Profit for the year, adjusted for items that did not affect cash flow, resulted in a cash flow of SEK 315 M, an increase of SEK 50 M compared with cash flow in the preceding fiscal year.

Despite the growth in the volume of operations, tied-up working capital declined by SEK 46 M, primarily as a result of increased customer advances. Cash flow before investments amounted to SEK 361 M (137).

Elekta Neuromag Oy, which develops and produces equipment for registration of nerve cell activity and analysis of brain functions using magnetoencephalography (MEG), was acquired for SEK 44 M.

Cash flow from other investments and divestments amounted to a negative SEK 30 M (neg: 24), which is considerably lower than the level of depreciation. Cash flow after investments amounted to SEK 288 M (113).

Cash flow after investments and divestments



Accounting principles

Elekta applies the Annual Accounts Acts and the Swedish Financial Accounting Standards Council's recommendations.

Change in accounting principles

Application of RR15, the Swedish Financial Accounting Standards Council's new recommendation regarding intangible assets forces a change of accounting principles for Elekta, which previously expensed all research and development. Elekta's application of the new rules means that highly stringent demands are made on development expenditures to qualify for accounting as assets. For example, a new product's functionality must be proven before expenditures for their development to begin to be reported as assets. The transition rules for this recommendation mean that no retroactive adjustment is made.

Consolidated accounting

Elekta's financial statements include all companies in which the Parent company directly or indirectly holds more than 50 percent of the shares' voting rights and companies that are controlled by the Group. The Group accounts have been prepared applying the purchase method.

The foreign subsidiaries are classified as independent. Sales, purchases and other expenses are paid in local currencies. The income statements of foreign subsidiaries are translated at average exchange rates during the fiscal year, balance sheets are translated at the fiscal year-end rate. Translation differences have been credited/debited to Group shareholders' equity.

Long-term financing of subsidiaries is considered to represent an increase in the Parent Company's net investment in a subsidiary. In the consolidated accounts, taking the tax effect into account, exchange gains and losses in the Parent Company have been credited/debited to translation differences in shareholders' equity.

Accounting for associated companies

Associated company accounting is applied for share investments in companies in which the Group owns more than 20 percent and less than 50 percent of the voting rights, or otherwise has a significant interest. Associated company accounting is applied in accordance with the equity method.

Income recognition

Income from all Elekta products is recognized upon delivery of the products.

Research and development

Research costs are expensed as incurred. For cases in which there is difficulty in distinguishing the research phase from the development phase in a project, the entire project is considered as research and is expensed on an ongoing basis. Identifiable costs for the development of new products are capitalized to the extent that these are considered to provide future financial benefits. In other cases, development expenditures are expensed as incurred and the development is expensed on

an ongoing basis. Costs for development reported for a period in the income statement are never capitalized during the next period. Capitalized expenditures are depreciated straight-line from the time when the asset begins to be used or is produced commercially and during the estimated useful life of the asset.

Depreciation/amortization

Intangible rights, machinery and equipment in the Group are amortized/depreciated straight-line over their economic life of 3 to 10 years. Goodwill is amortized over five years, except for goodwill attributable to the acquisition in January 1997 of Philips Radiation Therapy, which is being amortized over 20 years. This acquisition is strategically important for the further development of Elekta's business in the areas of cancer treatment and neurosurgery. As a result of the acquisition, Elekta is the only company that can offer a complete range of advanced clinical solutions for both radiosurgery and radiation therapy.

Taxes

Deferred tax is calculated and reported in accordance with what is referred to as the balance sheet method. In accordance with this method, deferred tax is calculated as the difference between the taxable value and the reported value of assets and liabilities. Loss carryforwards are treated as deferred tax assets in cases in which it is probable that these will be utilized. Valuation is made using the expected tax rate for the following year in each country.

Reported tax expense includes actual tax, change in deferred tax receivables/liabilities and tax on income from shares in associated companies.

Inventories

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

Receivables

Receivables are shown in the amounts expected to be received.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency have been valued at the fiscal year-end 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		Closing rate April 30	
		2002/03	2001/02	2003	2002
Switzerland	100 CHF	624.604	623.759	602.850	630.100
Euro	1 EUR	9.169	9.294	9.115	9.228
Great Britain	1 GBP	14.145	15.062	13.050	14.893
Hong Kong	1 HKD	1.166	1.348	1.050	1.310
Japan	100 JPY	7.517	8.387	6.860	7.985
United States	1 USD	9.096	10.516	8.195	10.220

Notes

NOTE 1 NET SALES

SEK M	GROUP	
	2002/03	2001/02
<i>By product area</i>		
Neurosurgery	844	890
Oncology	1,937	1,848
<i>By geographical market</i>		
Europe, Middle East, Africa	1,019	1,195
North and South America	1,160	877
Japan	224	303
Asia, excl. Japan	378	363
Total net sales	2,781	2,738

NOTE 2 INCOME FROM PARTICIPATIONS IN GROUP COMPANIES

SEK M	PARENT COMPANY	
	2002/03	2001/02
Dividends from subsidiaries	53	80
Income from liquidation of subsidiary	—	20
Result from participations in Group companies	53	100

NOTE 3 INCOME FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

SEK M	GROUP	
	2002/03	2001/02
Income from participations in associated companies	12	14
Internal profit eliminations for products sold	-1	-2
Result from participations in associated companies	11	12

NOTE 4 INTEREST INCOME, INTEREST EXPENSE AND SIMILAR PROFIT/LOSS ITEMS

SEK 23 M (24) of the Parent Company's interest income of SEK 31 M (26) was received from Group companies.
Parent Company's interest expense and similar profit/loss items amounted to SEK 9 M (12), of which SEK 2 M (5) pertained to Group companies.

NOTE 5 TAXES

SEK M	GROUP		PARENT COMPANY	
	2002/03	2001/02	2002/03	2001/02
Current taxes	-22	-13	—	—
Deferred taxes	-65	-65	13	2
Participations in taxes of associated companies	-1	0	—	—
Total taxes	-88	-78	13	2
Tax expenses:	28%	35%		
Swedish tax	28%	28%		
Effect of other tax rates for foreign companies	7%	3%		
Non-deductible amortization of goodwill	1%	1%		
Changes in tax legislation	-6%	—		
Tax related to prior years	-1%	—		
Other	-1%	3%		

The actual tax for the Parent Company is primarily a result of tax-free dividends from subsidiaries and changes in tax legislation in Sweden.

Notes

NOTE 5 CONT. TAXES

Deferred tax receivables (assets) and tax liabilities in the balance sheet are attributable to the following:

GROUP, SEK M	Apr. 30, 2003	Assets	Liabilities	Net
Loss carryforwards		96	—	96
Untaxed reserves		—	-10	-10
Intangible fixed assets		7	-53	-46
Tangible fixed assets		23	—	23
Financial fixed assets		3	-9	-6
Other assets		21	—	21
Operating liabilities/Provisions		35	-37	-2
Deferred tax assets/tax liabilities		185	-109	76
Offsetting		-97	97	0
Net deferred tax assets/tax liabilities		88	-12	76
Deferred tax asset				
SEK M		Group net	Parent company net	
Opening balance May 1, 2002		144	20	
Deferred tax in acquired subsidiary		8	—	
Changes in tax legislation		—	15	
Adjustment for prior years		8	—	
Deferred taxes for the year		-73	-2	
Deferred taxes charged against shareholders' equity		5	-17	
Translation differences		-16	—	
Closing balance April 30, 2003		76	16	

NOTE 6 INTANGIBLE FIXED ASSETS

SEK M	Capitalized development	Patents & licenses	Goodwill	Total
Acquisition value May 1, 2002	—	36	530	566
Company acquisition	2	1	29	32
Purchases	41	1	4	46
Translation differences	-2	-2	-28	-32
Acquisition value April 30, 2003	41	36	535	612
Accumulated amortization, May 1, 2002	—	-33	-145	-178
Amortization for the year	-4	-2	-30	-36
Translation differences	—	2	8	10
Accumulated amortization April 30, 2003	-4	-33	-167	-204
Residual value according to plan April 30, 2003	37	3	368	408

NOTE 7 TANGIBLE FIXED ASSETS

SEK M	Machinery etc. for production	Equipment, tools and installations	Finance lease equipment	Total
Acquisition value May 1, 2002	41	307	55	403
Company acquisition	3	1	—	4
Purchases	7	22	3	32
Sales/disposals	0	-13	—	-13
Translation differences	-6	-35	-5	-46
Acquisition value April 30, 2003	45	282	53	380
Accumulated depreciation, May 1, 2002	-38	-247	-31	-316
Sales/disposals	0	13	—	13
Depreciation for the year	-2	-23	-7	-32
Translation differences	5	29	4	38
Accumulated depreciation April 30, 2003	-35	-228	-34	-297
Residual value according to plan April 30, 2003	10	54	19	83

NOTE 8 FINANCIAL FIXED ASSETS

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2003	Apr. 30, 2002	Apr. 30, 2003	Apr. 30, 2002
Participations in Group companies	—	—	710	666
Receivables from Group companies	—	—	251	304
Participations in associated companies	12	17	13	11
Other long-term receivables	4	5	—	—
Total financial fixed assets	16	22	974	981

PARTICIPATIONS IN GROUP AND ASSOCIATED COMPANIES

SEK M	GROUP		PARENT COMPANY	
	Associated companies	Associated companies	Group company	
Opening balance May 1, 2002	17	11	666	
Write down	-4	—	—	
Investments	2	2	44	
Sales/repayments	-8	—	—	
Participations in income of associated companies	10	—	—	
Translation differences	-5	—	—	
Closing balance April 30, 2003	12	13	710	

PARTICIPATIONS IN GROUP COMPANIES

Company	Corp. reg. no.	Domicile	No. of shares & participations	Proportion of shares & votes, %	Book value, SEK M
Elekta Instrument AB	556492-0949	Stockholm, Sweden	1,000,000	100.0	50
Elekta Instrument SA	3033/1984	Geneva, Switzerland	500	100.0	57
Elekta KK	65 820	Kobe, Japan	2,000	100.0	0
Elekta Ltd	2699176	Crawley, UK	22,810,695	100.0	276
Elekta Holdings US Inc.	58-1876545	Norcross, US	6,020	100.0	220
Elekta Canada Inc.	R889657862	Toronto, Canada	1	100.0	0
Elekta Asia Ltd	502 493	Hong Kong, China	81,022,160	100.0	13
Elekta SA	B414 404 913	Paris, France	2,500	100.0	4
Elekta Medical SA	A-818 867 31	Madrid, Spain	2,500	100.0	3
Elekta GmbH	HRB 63500	Hamburg, Germany	—	100.0	5
Elekta Oncology Systems GmbH	166018w	Innsbruck, Austria	1	100.0	3
Elekta S.A./N.V.	HRB 613 484	Zaventem, Belgium	250	100.0	1
Elekta BV	17 097 384	Best, Netherlands	40	100.0	0
Elekta Holding BV	33 292 546	Best, Netherlands	40	100.0	0
Elekta S.p.A.	02723670960	Monza, Italy	500,000	100.0	34
Elekta (Pty) Ltd	—	Pretoria, South Africa	—	100.0	0
Elekta Neuromag Oy	0756256-7	Helsinki, Finland	1,832	100.0	44
Total participations in Group companies					710

PARTICIPATIONS IN ASSOCIATED COMPANIES

Company	Corp. reg. no.	Domicile	No. of shares & participations	Proportion of shares & votes, %	Book value, SEK M
AB Motala Verkstad*	556031-3503	Motala, Sweden	29,960	49.9	7
ONCOlog Medical AB*	556572-6915	Uppsala, Sweden	100,000	33.3	3
Miscellaneous participations					2
Total participations in associated companies.					12

* The book value in the Parent Company of AB Motala Verkstad and ONCOlog Medical AB is SEK 8 M and SEK 5 M respectively.

NOTE 9 INVENTORIES

SEK M	GROUP	
	Apr. 30, 2003	Apr. 30, 2002
Components	43	51
Work in progress	69	65
Finished goods	146	153
Total inventories	258	269

Notes

NOTE 10 RECEIVABLES

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2003	Apr. 30, 2002	Apr. 30, 2003	Apr. 30, 2002
Accounts receivable	556	647	—	—
Receivables from Group companies	—	—	245	367
Receivables from associated companies	1	1	1	1
Other receivables	103	54	49	2
Prepaid expenses and accrued income	325	373	7	4
Maturities of less than 1 year	985	1,075	302	374
Accounts receivable	34	2	—	—
Receivables from associated companies	3	4	3	4
Accrued income	—	9	—	—
Deferred tax assets (see note 5)	88	144	16	20
Maturity of more than 1 year	125	159	19	24
Total receivables	1,110	1,234	321	398

The Prepaid expenses and accrued income item in the consolidated balance sheet includes accrued income of SEK 258 M (313) for projects.

Elekta purchases forward rate contracts to hedge contracted and part of expected net flows. The forward rate is used to translate hedged receivables and liabilities. The following forward contracts regarding the sale of USD, JPY and EUR are not revaluated in the balance sheet. The unrealized exchange rate difference compared with rates at April 30, 2003 is a profit of SEK 51 M (profit 12).

Currency	Amount	Maturity	Rate
MJPY/SEK	652	10–15 months	7.53619
MUSD/SEK	40	1–15 months	9.35410
MEUR/SEK	4	6–12 months	9.48255
MEUR/GBP	9	8–15 months	0.67350
MUSD/GBP	10	6–12 months	1.55393

NOTE 11 CURRENT INVESTMENTS

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2003	Apr. 30, 2002	Apr. 30, 2003	Apr. 30, 2002
Commercial paper	224	—	224	—
Total current investments	224	—	224	—

NOTE 12 SHAREHOLDERS' EQUITY

Group, SEK M	Share capital	Restricted reserves	Unrestricted reserves	Total
Opening balance May 1, 2002	159	1 282	–169	1,272
Exercise of warrants	2	20	—	22
Translation difference	—	—	–83	–83
Transfer between restricted and unrestricted equity	—	–1,102	1,102	0
Profit for the year	—	—	234	234
Closing balance April 30, 2003	161	200	1,084	1,445

The accumulated translation differences amount to SEK 5 M (88).

Parent company, SEK M	Share capital	Premium reserve	Unrestricted reserve	Retained earnings	Total
Opening balance May 1, 2002	159	956	—	198	1,313
Transfer from restricted to unrestricted equity*	—	–900	900	—	0
Exercise of warrants	2	20	—	—	22
Group contribution received after tax	—	—	—	44	44
Profit for the year	—	—	—	24	24
Closing balance April 30, 2003	161	76	900	266	1,403

*Approval January 15, 2003 from the district court to carry out a decision made at the Annual General Meeting of September 30, 2002 to reduce the premium reserve by SEK 900 M through transfer to unrestricted reserve.

The total number of shares in Elekta AB (publ) is 32,255,842, of which 1,187,500 Series A shares and 31,068,342 Series B shares. The par value of the share is SEK 5. One Series A share entitles the holder to 10 votes and one Series B share to one vote.

NOTE 13 PROVISIONS

SEK M	GROUP	
	Apr. 30, 2003	Apr. 30, 2002
Provision for pensions	9	10
Deferred tax liabilities (see note 5)	12	—
Warranty provisions	59	42
Restructuring reserves	—	1
Other provisions	30	37
Total provisions	110	90

SEK M	Warranty provisions	Restructuring reserves	Other provisions
Opening balance May 1, 2002	42	1	37
Company acquisition	2	—	—
Provisions/reversals during the year	55	—	17
Provisions released during the year	–36	–1	–22
Translation differences	–4	—	–2
Closing balance April 30, 2003	59	—	30

NOTE 14 INTEREST-BEARING LIABILITIES

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2003	Apr. 30, 2002	Apr. 30, 2003	Apr. 30, 2002
Liabilities to credit institutions	229	10	221	—
Liabilities to Group companies	—	—	74	73
Finance lease liabilities	18	25	—	—
Other interest-bearing liabilities	5	—	—	—
Total interest-bearing liabilities	252	35	295	73

Maturity term structure				
SEK M	Apr. 30, 2003	Apr. 30, 2002	Apr. 30, 2003	Apr. 30, 2002
Within 1 year	14	18	74	73
1–5 years	16	14	—	—
After 5 years	222	3	221	—
Total	252	35	295	73

Specification per currency				
Currency	Apr. 30, 2003 Amount	Apr. 30, 2003 SEK M	Apr. 30, 2002 Amount	Apr. 30, 2002 SEK M
Pounds sterling, GBP M	0	4	1	10
Euro, EUR M	1	13	1	9
US dollars, USD M	28	228	1	8
Japanese yen, JPY M	100	7	100	8
Total		252		35

Notes

NOTE 15 INTEREST-FREE LIABILITIES

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2003	Apr. 30, 2002	Apr. 30, 2003	Apr. 30, 2002
Advance payments by customers	331	277	—	—
Accounts payable	338	343	31	12
Liabilities to Group companies	—	—	29	32
Tax liabilities	9	7	—	—
Accrued expenses and prepaid income	440	468	12	7
Other interest-free liabilities	37	38	1	1
Total interest-free liabilities	1,155	1,133	73	52
Accrued expenses and prepaid income				
Reserve for additional project costs	140	130	—	—
Accrued commission costs	24	17	—	—
Accrued vacation pay liability	25	18	1	1
Accrued social costs	20	11	0	0
Other items	231	292	11	6
Total	440	468	12	7

NOTE 16 ASSETS PLEDGED

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2003	Apr. 30, 2002	Apr. 30, 2003	Apr. 30, 2002
<i>Collateral pledged for contingent liabilities:</i>				
Bank balances	78	63	46	26
Receivables	47	—	47	—
Total assets pledged	125	63	93	26

NOTE 17 CONTINGENT LIABILITIES

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2003	Apr. 30, 2002	Apr. 30, 2003	Apr. 30, 2002
Guarantees	92	14	47	3
Guarantees for subsidiaries	—	—	195	172
Other	—	10	—	—
Total contingent liabilities	92	24	242	175

NOTE 18 NUMBER OF EMPLOYEES

	AVERAGE NUMBER OF EMPLOYEES		OF WHOM WOMEN	
	2002/03	2001/02	2002/03	2001/02
Parent company	15	13	8	7
Subsidiaries:				
Sweden	137	118	43	39
Belgium	7	7	1	1
England	357	331	61	56
Finland	4	—	1	—
France	26	21	4	2
Hong Kong	14	11	4	3
Italy	30	28	5	4
Japan	44	41	7	7
Canada	6	6	—	—
China	75	60	20	18
Netherlands	14	14	1	2
Switzerland	3	4	1	1
Spain	19	20	4	5
South Africa	7	6	2	2
Germany	52	53	4	4
US	190	179	54	51
Austria	11	10	3	3
Total average number of employees	1,011	922	223	205

NOTE 19 WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

SEK M	Salaries and remuneration to the Board and the President		Salaries and remuneration to other employees	
	2002/03	2001/02	2002/03	2001/02
Parent company	5	4	11	10
Subsidiaries :				
Sweden	1	1	66	51
Belgium	1	1	3	4
England	2	3	165	158
Finland	0	—	1	—
France	1	1	7	7
Hong Kong	5	5	12	15
Italy	1	1	11	11
Japan	2	2	32	33
Canada	2	—	1	4
China	1	2	8	9
Netherlands	1	1	4	5
Switzerland	—	—	2	2
Spain	1	1	8	7
South Africa	0	1	2	1
Germany	1	1	28	28
US	15	14	132	142
Austria	1	1	4	4
Total wages, salaries and other remunerations	40	39	497	491
Pension costs, Parent Company	3	1	1	2
Pension costs, subsidiaries	2	1	36	34
Other social security costs, Parent Company	2	1	4	3
Other social security costs, subsidiaries	4	3	86	63
Total wages, salaries, other remuneration and social security costs	51	45	624	593

Bonus payments included in the above Wages, salaries and other remunerations paid to the Boards and the Presidents of subsidiaries amounted to SEK 8 M (8), and SEK 2 M (1) in the Parent Company.

NOTE 19 CONT. WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS**Option programs**

During the period 1999-2001, senior executives and key personnel within the Elekta Group were annually offered participation in option programs. With the exception of the President, the Board of Directors was not included in these programs. The options programs are designed in such a manner that options for subscription of B shares (warrants) in Elekta AB (publ) have been issued to a subsidiary. Subsequently, employees in Sweden have been offered to acquire these warrants against payment of a market-priced premium based on a valuation in accordance with the Black & Scholes model. The warrants are freely transferable and not conditional upon continued employment. Employees outside Sweden have been allocated employee options free of charge, which provide entitlement to acquire the aforementioned warrants at an exercise price of SEK 0.25 per warrant. The employee options may not be transferred and cannot be used to acquire warrants until after a certain qualification period. Termination of employment during the qualification period means that employee options lapse. No options were allotted during the year.

Option programs	1999/2002	2000/2003	2001/2004
Issued warrants	500,000	1,100,000	900,000
Expiration date	Dec. 1, 2002	Sept. 30, 2003	Sept. 30, 2004
Subscription price	SEK 50	SEK 49/37 *	SEK 189/147 *
Outstanding, May 1, 2002			
Warrants held by employees	148,300	243,900	80,000
Warrants held by subsidiary	259,000	846,000	820,000
Employee options	213,500	619,100	764,800
Outstanding, April 30, 2003			
Warrants held by employees	—	270,675	125,600
Warrants held by subsidiary	—	671,450	774,400
Employee options	—	430,050	692,800
Exercised during the year warrants held by employees	343,400	147,775	—
Exercised during the year employee options	195,100	174,550	45,600
Employee options expired during the year	18,400	14,500	26,400

* Increased subscription price during the initial term for program 2000/2003 applies through September 30, 2002 for the 2001/2004 program through September 30, 2003. The dilution effect and the impact on earnings per share as a result of the option program are shown in the table "Data per share" on page 54.

REMUNERATION TO SENIOR EXECUTIVES**Principles**

Fees to the Chairman and members of the Board of Directors in accordance with the decision at the Annual General Meeting amount to SEK 800,000. As decided by the Board, SEK 320,000 is distributed to the Chairman and SEK 160,000 each to the other external members. The Board has decided that a portion of the fee shall be used to purchase shares in Elekta. No separate fee is paid for committee work.

Remuneration to the President and other senior executives is a basic salary, any bonus (variable remuneration), other benefits and pensions. Other senior executives includes six persons in executive management, see page 51. Executive management comprises seven persons, of which four are Swedish citizens and three are foreigners.

The distribution between basic salary and variable salary shall be in proportion to the executive's responsibility and authority. The goal-specified remuneration for the President is 60 percent of the basic salary. If goals are exceeded, the bonus is maximized to 150 percent of the goal-specified bonus.

The goal-specified bonus for the other senior executives is between 25-110 percent of basic salary and is similarly maximized to 150 percent of the goal-specified bonus. The variable remuneration is based on the outcome in relation to financial and individually specified goals. Bonus paid to senior executives is not pensionable income.

Remunerations and other benefits during the year SEK 000's					Total
	Basic salary	Variable remuneration	Other benefits	Pension costs	
President	2,791	2,043	70	612	5,516
Other senior executives	10,139	7,064	688	1,330	19,221
Total	12,930	9,107	758	1,942	24,737

Comments to the table

Variable remuneration pertains to the bonus attributable to the 2002/03 fiscal year, which partly was paid out quarterly during the fiscal year and partly will be paid during 2003/04. Other benefits relate to company cars. During part of the year, one senior executive received a housing benefit in conjunction with a foreign assignment.

In addition to the pension costs in the above table, a provision of SEK 2,476,000 was made for the company's contractual pension commitment to the President.

No allotment of financial instruments was made during the year.

NOTE 19 CONT. WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

Bonus and options system

Elekta's annual (one-year) bonus system covers executives at Group and operational level. The executives are measured against the annual earnings of the Group and their own areas of responsibility in relation to the budget and individually specified functional goals. If bonus goals are exceeded, the bonus is maximized to 150 percent of the bonus goal. With the aim of securing the Group's long-term financial goals in terms of growth and operating margin, Elekta as of the 2001/02 fiscal year also initiated a long-term (three-year) bonus system for a limited number of senior executives. A comparable bonus system was initiated for the President during 2002/03. The bonus system is based on fulfillment of accumulated operating goals in accordance with the Company's strategic plan during a period of three years. The remuneration after fulfillment of the operating goals during three years corresponds to about 18 months of basic salary for the executives involved. The Company reserves the right to wholly or partly pay the remuneration in the form of options, B shares based on availability in the Company or in the form of cash. In addition, the President and other senior executives in the Company hold warrants as shown below:

Number of warrants from prior years

Program	2000/2003	2001/2004
President	28,000	31,800
Other senior executives	118,000	110,400
Total	146,000	142,200

Pensions and severance pay

Defined benefit pensions

The President is entitled to request retirement at age 60, with remuneration corresponding to 70 percent of basic salary.

The pension benefit is secured through insurance.

Defined contribution pensions

The other senior executives who are entitled to pensions have defined contribution pension agreements. Retirement for the senior executives who are Swedish citizens is at age 65 and in other instances in accordance with each country's statutory retirement age.

Severance pay

In the event notice is served by the Company, the President is entitled to severance pay of three years' salary, including pension benefits, other remuneration during a 3-4 year period and four times the average annual bonus paid during three years. In addition, the President is entitled to severance pay in the event of own notice of termination of employment as the result of certain more comprehensive ownership changes. The severance pay is irrevocable. Other senior executives have notice periods of 6-12 months.

Committees and decision process

During the year, Elekta's Executive Compensation Committee has provided the Board with recommendations regarding principles for formulating the Group's compensation system and remunerations to senior executives and senior managers. The recommendations covered formulation of the bonus system, distribution between fixed and variable remuneration as well as the size of any salary increases. The Executive Compensation Committee also proposed criteria for assessing performance of senior executives and senior managers. The Board has discussed the proposal from the Executive Compensation Committee and made decisions based on the recommendation submitted. The entire Board, excluding the President decided remuneration to the President for the 2002/03 fiscal year. Elekta's Executive Compensation Committee comprises the Board Chairman and the President.

The Group Vice President Human Resources participates as presenter and reporter.

NOTE 20 OPERATING LEASING

The year's leasing costs amounted to SEK 43 M (39). Contracted leasing payments total SEK 42 M for the 2003/04 fiscal year, SEK 93 M for 2004/05-2007/08, and SEK 22 M for subsequent years.

NOTE 21 FEES AND REMUNERATIONS TO AUDITORS

SEK M	GROUP		PARENT COMPANY	
	2002/03	2001/02	2002/03	2001/02
Audit fees Deloitte & Touche	5	—	2	—
Audit fees Arthur Andersen	—	5	—	2
Other remunerations to Deloitte & Touche	1	—	—	—
Other remunerations to Arthur Andersen	—	2	—	1
Total fees and remunerations to auditors	6	7	2	3

Appropriation of profit

The Parent Company's appropriatable equity amounts to:

Unrestricted reserve	SEK	900,000,000
Retained earnings	SEK	241,443,430
Profit for the year	SEK	23,853,841
Total appropriatable equity	SEK	1,165,297,271

The Board of Directors and the President propose that the unappropriated earnings of SEK 1,165,297,271 be carried forward.

STOCKHOLM AUGUST 19, 2003

AKBAR SEDDIGH
Chairman of the Board

LAURENT LEKSELL
President

TOMMY H KARLSSON

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, 2002 to April 30, 2003.

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 decisions, 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 profit 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 19, 2003

Deloitte & Touche AB

LARS SVANTEMARK
Authorized Public Accountant

Board of Directors, Auditor and Executive Committee

BOARD OF DIRECTORS



Board member since 1998
 Holdings: 1,100 B shares
 Graduate Chemist,
 Marketing Specialist
Other board memberships:
Chairman of the board:
 Artimplant AB, Neovanta Medical
 AB, Ortivus AB, Formo Services AB
Board member:
 Affärstrategerna, Biolight, et al

AKBAR SEDDIGH
 Chairman of the Board,
 born 1943



Board member since 1974
 Holdings: 1,187,500 A shares,
 1,597,986 B shares and
 31,800 warrants
 (incl. via family and companies)
 PhD Economy

LAURENT LEKSELL
 President and CEO,
 born 1952



Board member since 2001
 Holdings: 350 B shares
 International Management
 Consultant
 Msc and B.A.
Other board memberships:
Chairman of the board:
 MGE S.A, Tally Computerdrucker AG,
 InterdeanInterconnex Inc
Board member:
 Intentia AB, Knurr AG.

TOMMY H KARLSSON
 born 1946



Board member since 1993
 Holdings: 81,617 B shares
 Managing Partner
 ABG Sundal Collier AB
 MBA
Other board memberships:
 CNS Systems AB,
 Acta AS, Qbrick AB,
 Preferred Global Health Inc.

CARL PALMSTIERNA
 born 1953



Board member since 1998
 Holdings: 2,000 B shares
 International Consultant
 MBA
Other board memberships:
 Upplands Motor Holding AB,
 TransFargo AB,
 Sydkraft Energi Trading AB

MAGNUS SCHMIDT
 born 1940

AUDITOR

Deloitte & Touche AB, Stockholm

LARS SVANTEMARK
 Authorized Public Accountant, born 1949
 Company auditor since 2000

EXECUTIVE COMMITTEE



President and CEO
 Employed since 1974

LAURENT LEKSELL
 born 1952



Chief Financial Officer
 Employed since 2001
 Holdings: 12,400 B shares

HÅKAN BERGSTRÖM
 born 1956



**Quality and
 Regulatory Affairs**
 Employed since 1993
 Holdings: 17,651 B shares

SVERKER GLANS
 born 1944



Market Europe
 Employed since 1997
 Holdings: 3,100 B shares,
 59,800 warrants

GERRY VAN OORTMARSSSEN
 born 1943



Sales, Marketing and Service
 Employed since 1988
 Holdings: 30,000 B shares,
 31,800 warrants

TOMAS PUUSEPP
 born 1955



**Technical Development
 and Operations**
 Employed since 1997
 Holdings: 31,700 B shares,
 31 800 warrants

VOLKER STIEBER
 born 1943



Information Technology
 Employed since 1997
 Holdings: 9,400 B shares,
 32,000 warrants

MANFRED STURM
 born 1946

Five year review, key figures and definitions

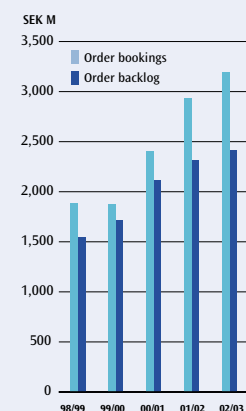
<i>Income statement</i> (SEK M)	1998/99	1999/2000	2000/01	2000/01*	2001/02	2002/03
Net sales	1,787	1,789	2,160	2,160	2,738	2,781
Operating expenses	-2,009	-1,845	-2,068	-2,068	-2,531	-2,458
Items affecting comparability	14	19	—	—	—	—
Operating result	-208	-37	92	92	207	323
Financial net	-42	-32	-23	-23	14	-6
Profit/loss after financial items	-250	-69	69	69	221	317
Taxes	-6	-8	-10	-29	-78	-88
Minority	—	—	2	2	2	5
Profit/loss for the year	-256	-77	61	42	145	234

<i>Cash flow</i> (SEK M)	1998/99	1999/2000	2000/01	2000/01	2001/02	2002/03
Operating flows	-158	-7	140	140	265	315
Changes in working capital	41	18	128	128	-128	46
Cash flow before investments and divestments	-117	11	268	268	137	361
Investments and divestments	360	31	-42	-42	-24	-73
Cash flow after investments and divestments	243	42	226	226	113	288

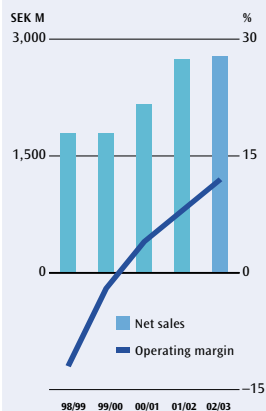
<i>Balance sheet</i> (SEK M)	Apr. 30, 1999	Apr. 30, 2000	Apr. 30, 2001	Apr. 30, 2001*	Apr. 30, 2002	Apr. 30, 2003
Intangible fixed assets	465	437	415	415	388	408
Tangible fixed assets	88	81	94	94	87	83
Financial fixed assets	15	17	12	18	22	16
Inventories	265	255	224	224	269	258
Receivables	879	797	883	1,086	1,234	1,110
Liquid assets	159	249	434	434	536	1,087
Total assets	1,871	1,836	2,062	2,271	2,536	2,962
Shareholders' equity	313	576	678	887	1,272	1,445
Minority	—	—	8	8	6	0
Provisions	100	79	76	76	90	110
Convertible debenture loan	412	216	226	226	—	—
Other interest-bearing liabilities	189	113	47	47	35	252
Interest-free liabilities	857	852	1,027	1,027	1,133	1,155
Total shareholders' equity, provisions and liabilities	1,871	1,836	2,062	2,271	2,536	2,962

* Restated for new accounting principle for taxes.

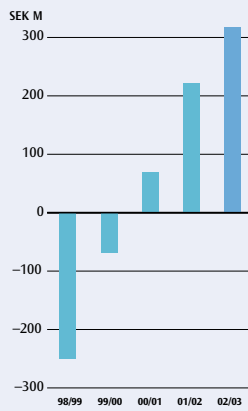
Order bookings and order backlog



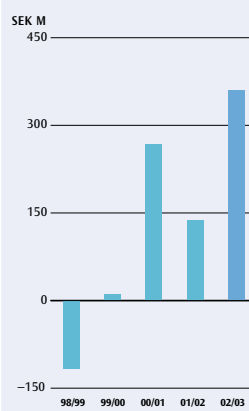
Net sales and operating margin



Result after financial items



Cash flow before investments and divestments



Key figures

	1998/99	1999/2000	2000/01	2000/01*	2001/02	2002/03
Order bookings, SEK M	1,884	1,877	2,402	2,402	2,927	3,186
Order backlog, SEK M	1,539	1,714	2,112	2,112	2,317	2,411
Operating margin, %	-12	-2	4	4	8	12
Profit margin, %	-14	-4	3	3	8	11
Shareholders' equity, SEK M	313	576	678	887	1,272	1,445
Capital employed, SEK M	914	905	959	1,168	1,313	1,697
Net debt, SEK M	442	80	-161	-161	-501	-835
Equity/assets ratio, %	17	31	33	39	50	49
Net debt/equity ratio, multiple	1.41	0.14	-0.23	-0.18	-0.39	-0.58
Interest cover ratio, multiple	-2.9	-0.1	2.6	2.6	12.7	22.8
Return on shareholders' equity, %	-56	-22	10	5	13	17
Return on capital employed, %	-17	-3	12	10	19	22
Capital turnover ratio, multiple	0.9	1.0	1.2	1.0	1.2	1.0
Investments in tangible and intangible fixed assets, SEK M	35	57	50	50	32	78
Depreciation, SEK M	-90	-78	-74	-74	-62	-68
Average number of employees	866	794	807	807	922	1,011

* Restated for new accounting principle for taxes.

Definitions

Operating margin Operating profit in relation to net sales.

Profit margin Profit after financial items in relation to net sales.

Capital employed Total assets less provisions and interest-free liabilities.

Equity/assets ratio Shareholders' equity including minority 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.

Interest cover ratio Profit after financial items plus financial expenses in relation to financial expenses.

Return on shareholders' equity Net profit for the year in relation to average shareholders' equity.

Return on capital employed Profit after financial items plus financial expenses in relation to average capital employed.

Capital turnover ratio Net sales divided by average total assets.

Average number of employees Average number of employees based on normal working hours per year.

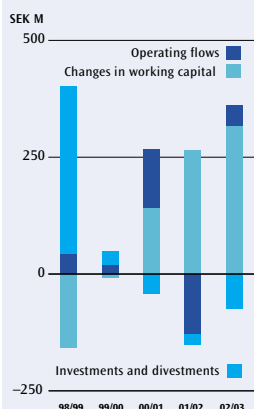
Earning per share Net profit for the year in relation to the average number of shares.

Cash flow per share Cash flow after investments and divestments in relation to the average number of shares.

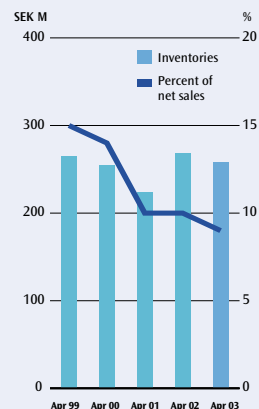
Shareholders' equity per share Shareholders' equity in relation to the number of shares at year-end.

Value added per employee Operating profit plus salaries, wages and payroll expenses divided by average number of employees.

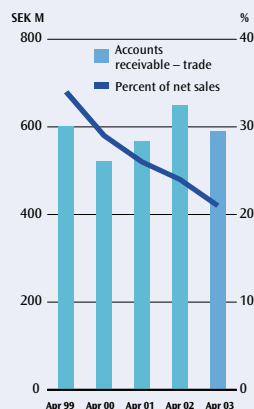
Cash flow



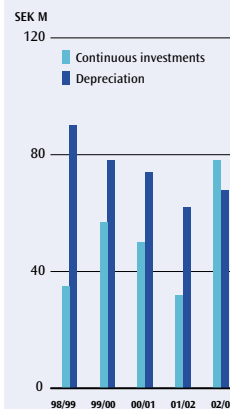
Inventories



Accounts receivable - trade



Continuous investments and depreciation



The Elekta share

As of June 30, 2003, Elekta's share capital amounts to SEK 161,875,210 distributed among 1,187,500 Series A shares and 31,187,542 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 shares have been listed on the A-List of Stockholmsbörsen (Stockholm Stock Exchange) since 1994. Total trading in Elekta shares on Stockholmsbörsen during the period May 1, 2002 – April 30, 2003 amounted to 19.0 million shares (47.6), corresponding to 59 percent (153) of the total number of shares. The average number of shares traded each day during the period amounted to 76,420 (189,774). The above 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, 2003 amounted to SEK 2,871 M (2,859).

Dividend policy

Elekta's goal is to provide shareholders with a favorable return and value growth. The goal is to distribute 20 percent or more of net profit in the form of dividends, share buy-back or comparable measures. The dividend decisions are based on Elekta's financial position, earnings trend, growth potential and investment requirements.

Given the Company's strong financial position and current capital structure, the Board of Directors decided to propose to the Annual General Meeting that no dividend be paid for the 2002/03 fiscal year but that redemption of shares shall take place for a total value of approximately SEK 320 M.

Warrants

Warrants to subscribe for Series B shares in Elekta AB (publ) have been granted to managers and key personnel at Elekta Group. Employees in Sweden have acquired warrants against payment of a market-priced premium based on a valuation in accordance with the Black & Scholes model. Employees outside Sweden have been allocated employee options free of charge, which provide entitlement to acquire warrants. The employee options may not be transferred and cannot be used to acquire warrants until after a certain qualification period. Termination of employment during the qualification period means that employee options lapse.

Data per share

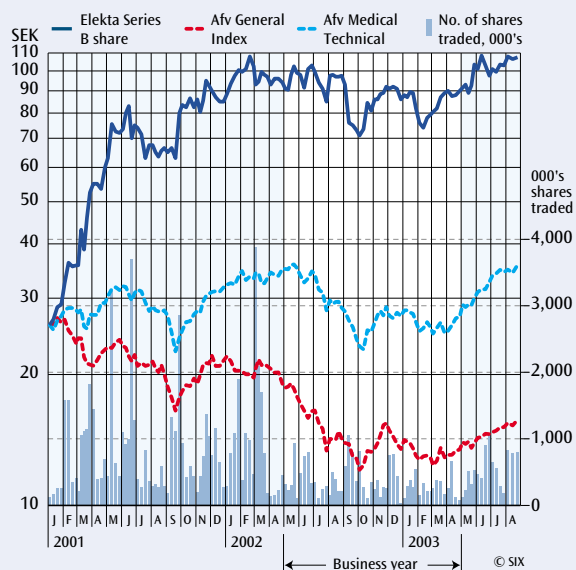
	1998/99	1999/2000	2000/01	2000/01*	2001/02	2002/03
Earnings before dilution, SEK	-17.09	-4.24	2.21	1.52	4.66	7.29
Earnings after dilution, SEK	-8.13	-1.17	2.70	1.89	4.56	7.14
Cash flow before dilution, SEK	16.25	2.30	8.11	8.11	3.64	8.99
Cash flow after dilution, SEK	11.33	3.13	7.90	7.90	3.63	8.81
Shareholders' equity before dilution, SEK	20.96	20.68	24.33	31.84	40.03	44.79
Shareholders' equity after dilution, SEK	28.19	24.90	28.43	35.03	39.89	44.58
Dividend, SEK	—	—	—	—	—	—
Share price, Elekta Series B, April 30, SEK	20.85	21.80	62.00	62.00	90.00	89.00
Market capitalization, April 30, SEK M	312	607	1,727	1,727	2,859	2,871
Lowest share price, SEK	17.55	18.67	15.50	15.50	57.00	65.00
Highest share price, SEK	71.59	36.70	63.00	63.00	109.50	105.50
Average number of shares						
before dilution, 000's	14,957	18,263	27,854	27,854	31,048	32,019
after dilution, 000's	25,624	27,787	31,662	31,662	32,504	32,694
Number of shares, April 30						
before dilution, 000's	14,957	27,854	27,854	27,854	31,765	32,256
after dilution, 000's	25,624	31,662	31,662	31,662	33,084	32,988

* Restated for new accounting principle for taxes.

Dilution 2001/02 and 2002/03 refers to warrants program 1999/2002 and 2000/2003.

The data for earlier years were not diluted by the warrants. The increase shown 1998/99-2000/01 is from debentures converted 2001.

Share price trend



Changes in share capital until June 30, 2003

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
2001	Conversion of debentures	31,661,867	158,309
2001	Exercise of warrants	31,678,867	158,394
2002	Exercise of warrants	32,175,142	160,876
2003	Exercise of warrants	32,375,042	161,875

Ownership structure June 30, 2003

Shareholding No. of shares	No. of shareholders	Percentage of shareholders	No. of shares	Percentage of share capital	Average number per shareholder
1–500	6,174	77.7	1,013,658	3.1	164
501–1,000	884	11.1	744,318	2.3	842
1,001–10,000	722	9.1	2,050,237	6.3	2,840
10,001–100,000	119	1.5	4,266,166	13.2	35,850
100,001–	50	0.6	24,300,663	75.1	486,013
Total	7,949	100.0	32,375,042	100.0	4,073

Distribution of shares June 30, 2003

Class of share	No. of shares	No. of votes	Percentage of capital	Percentage of votes
Series A	1,187,500	11,875,000	3.7	27.6
Series B	31,187,542	31,187,542	96.3	72.4
Total	32,375,042	43,062,542	100.0	100.0

Distribution of shares after full exercise of warrants

Class of share	No. of shares	No. of votes	Percentage of capital	Percentage of votes
Series A	1,187,500	11,875,000	3.5	26.5
Series B	32,910,467	32,910,467	96.5	73.5
Total	34,097,967	44,785,467	100.0	100.0

Including not distributed warrants.

Warrants program 2000/2003

Warrants	1,100,000
Outstanding warrants June 30, 2003	612,925
Subscription period	Jan. 1, 2001 – Sept. 30, 2003
Subscription price	until Sept. 30, 2002 = SEK 49, thereafter SEK 37

Warrants program 2001/2004

Warrants	900,000
Outstanding warrants June 30, 2003	850,800
Subscription period	Jan. 1, 2002 – Sept. 30, 2004
Subscription price	until Sept. 30, 2003 = SEK 189, thereafter SEK 147

Major shareholders June 30, 2003

Shareholder	No. of shares	Percentage of votes	Percentage of capital
Laurent Leksell with family and companies	2,757,486	31.2	8.5
SEB Aktiefonder	2,231,950	5.2	6.9
Banque Carnegie Lux fonder	1,869,320	4.3	5.8
Robur Aktiefonder	1,620,577	3.8	5.0
Alecta	1,350,843	3.1	4.2
Tredje AP-fonden	983,400	2.3	3.0
Skandia	863,684	2.0	2.7
Threadneedle Inv Fund	689,751	1.6	2.1
Fidelity funds	528,100	1.2	1.6
Northwestern funds	490,600	1.1	1.5
Other	18,989,331	44.2	58.7
Total	32,375,042	100.0	100.0

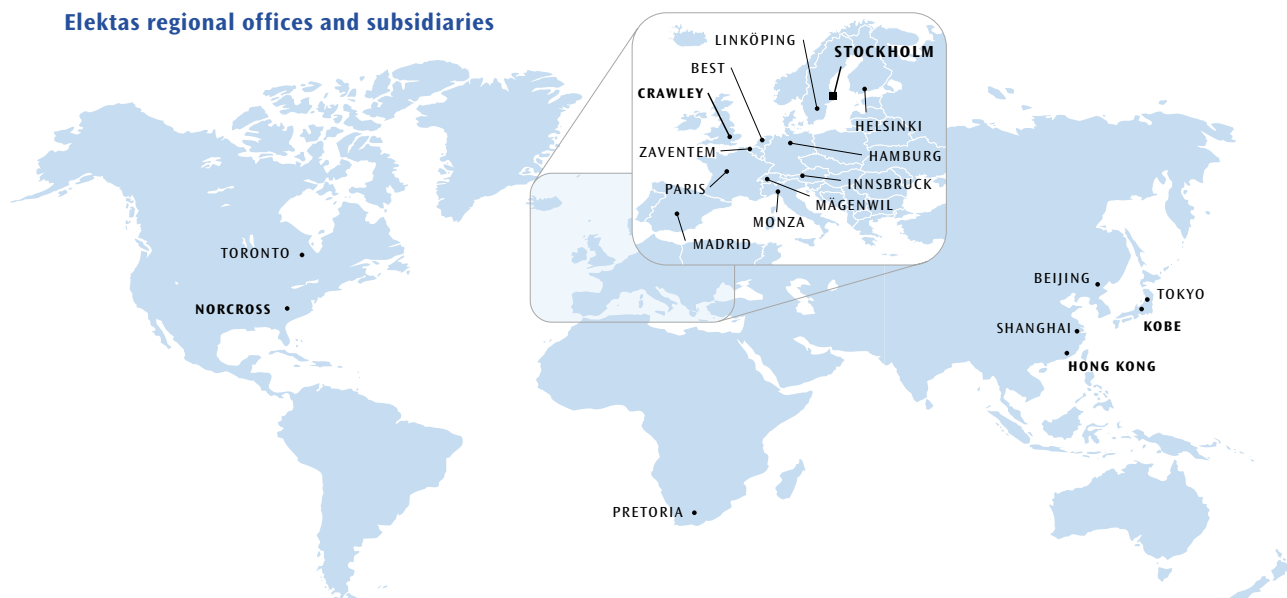
The proportion of Swedish institutional ownership was approximately 28 percent.

The proportion of foreign ownership was approximately 50 percent.

Source: VPC

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Glossary and reader's guide

Frequently used terms

APS	Automatic Positioning System™ used for positioning the patient's head in treatments with Leksell Gamma Knife® C.
Cancer	Uncontrolled, abnormal growth of cells.
Chemotherapy	Treatment of cancer diseases with the aid of chemicals that eliminate diseased cells.
CT/Computerized tomography	A radiological method of producing anatomical structures by means of layering, using computer technology.
Epilepsy	Disorder characterized by repeated, sudden disturbances of brain function.
IGRT	Image-Guided Radiation Therapy of cancer using high resolution three-dimensional X-ray images of the patient's soft tissues during treatment.
IMRT	Intensity Modulated Radiation Therapy of cancer.
Incidence	The number of new cases of a disease in a population during a given period.
Invasive	A technique that penetrates the skin, skull, etc. The opposite of non-invasive (bloodless).
MEG/Magneto-encephalograph	Measures and records magnet fields in the brain cells.
Metastases	Secondary malignant tumors originating from primary cancer tumors in other parts of the body.
MRI/Magnetic resonance imaging	Measures the difference in liquid resonance content in various parts of the body with the aid of magnetic fields.
Multileaf collimator	A part of the linear accelerator, the multileaf collimator works as an aperture aligning the radiation field to the size and shape of the tumor to be treated. It consists of 80 or more individually adjustable millimeter-sized metallic leaves.
Neurology	The study of the nervous system and its disorders.
Neurosurgery	Surgery of the brain or other parts of the central nervous system.
Oncology	The study of tumor diseases.
Parkinson's disease	Paralysis, with trembling and shaking as well as muscular rigidity, with a change in movements and posture by the patient.
PET/Positron emission tomography	A method of obtaining a layered image of organs in the body by means of emitting positrons.
Prevalence	The total number of cases of an illness in a population at a given time.
Radiation therapy	Fractionated ionizing radiation treatment of cancer.
Radiosurgery	Non-invasive surgery in which high, single doses of precise ionizing radiation replaces surgical instruments.
Stereotaxy	A technique in which a fixed-coordinate system can determine the location of a point by specifying the coordinates in terms of height, depth and laterally.
Trigeminal neuralgia	Chronic facial pain, emitting from the trigeminal facial nerve.

Reader's guide

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