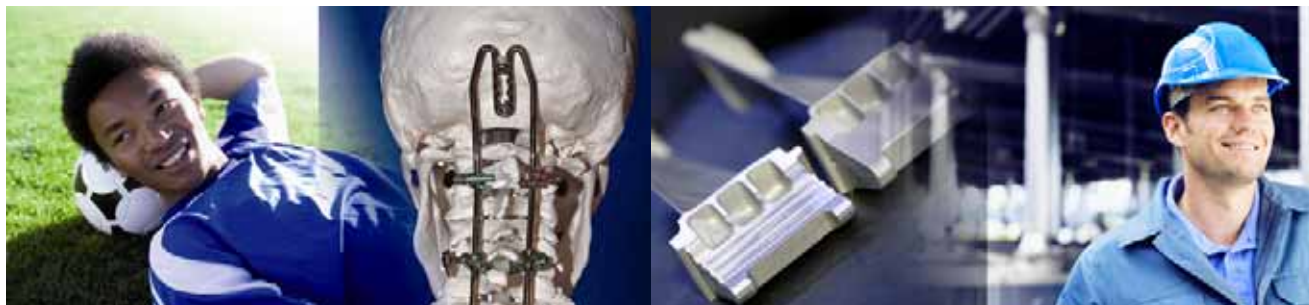


Interim Report

1 January – 30 June 2010



- Net sales increased about 15%* and amounted to SEK 248 M (222). Order bookings improved, rising about 34%* to SEK 260 M (195).
- Operating profit improved to SEK 18.0 M (3.0). The improvement was primarily attributable to increased volumes and capacity adaptations implemented during 2009.
- Cash flow from operating activities amounted to SEK 21.4 M (7.9).
- Profit after financial items amounted to SEK 14.3 M (loss: 2.0).
- Profit after tax amounted to SEK 11.1 M (0.2), corresponding to SEK 1.83 per share (0.03).
- The establishment of medical technology operations in Tianjin, China, is proceeding according to expectations, although with some delays. Commercial deliveries are scheduled to occur at the end of the year.

President Göran Brorsson comments:

“The trend during the second quarter largely reflected our expectations. In Medical Technology, we noted a gradual increase in demand. The recovery pace in the Dental segment remained relatively weak. Despite this, activities increased in the form of growth in the number of product launches. The demand situation and deliveries in Precision Technology continued to develop positively during the quarter.”

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jul-Jun 2009/10	Jan-Dec 2009
Net sales, SEK M	128,7	110,0	247,8	221,7	448,1	422,0
Growth, %*	20,0	-15,2	14,9	-12,0	-5,3	-16,8
Operating profit, SEK M	9,1	3,8	18,0	3,0	24,6	9,6
Operating margin, %	7,1	3,0	7,3	1,0	5,5	2,3
Profit/loss after financial items	7,3	1,5	14,3	-2,0	16,8	0,5
Profit after tax	5,7	1,0	11,1	0,2	12,5	1,6
Earnings per share before dilution, SEK	0:94	0:17	1:83	0:03	2:07	0:26

* Adjusted for exchange-rate fluctuations for the year.

The Group is active in two business areas – Medical Technology and Precision Technology. The emphasis is on Medical Technology.

The Elos B share is classified among companies in the Health Care sector on Nasdaq OMX Stockholm AB. The company's name was changed in 2008 from AB Westergyllen to Elos AB following a resolution by the Annual General Meeting.

Invoicing and earnings during the second quarter of 2010

The Group's net sales continued to increase during the second quarter and amounted to SEK 129 M (110), up SEK 10 M (9%) compared with the first quarter of 2010. Adjusted for exchange-rate fluctuations, the outcome was approximately SEK 21 M higher (20%) compared with the year-earlier period. Adjusted for exchange-rate fluctuations, order bookings increased 62% to SEK 133 M (85) during the quarter. The market situation during the quarter continued to stabilise and develop positively.

Operating profit amounted to SEK 9.1 M (3.8). Profit after financial items was SEK 7.3 M (1.5). The earnings improvement was primarily attributable to increased activity in the Group's business areas. The Group's net financial items improved and amounted to an expense of SEK 1.8 M (expense: 2.4). Cash flow from operating activities amounted to SEK 17.9 M (9.8). Cash flow after investments was SEK 10.3 M (7.1).

Profit after tax totalled SEK 5.7 M (1.0), corresponding to SEK 0.94 (0.17) per share before dilution.

Invoicing and earnings, January – June 2010

Adjusted for the year's exchange-rate fluctuations, the Group's net sales increased 15% to SEK 248 M (222) during the period. Exchange-rate fluctuations during the period, particularly SEK in relation to DKK, had a negative impact of approximately SEK 7 M on net sales, compared with 2009. Adjusted for the year's exchange-rate fluctuations, order bookings improved and increased approximately 34% to SEK 260 M (195) during the period.

Operating profit amounted to SEK 18.0 M (3.0). Profit after financial items was SEK 14.3 M (loss: 2.0). The improvement was attributable to increased activity in the Group's business areas, combined with the effects from capacity adaptations implemented during 2009. The Group's net financial items improved and amounted to an expense of SEK 3.7 M (expense: 5.0). Cash flow from operating activities developed positively and amounted to SEK 21.4 M (7.9). Cash flow after investments totalled SEK 5.5 M (deficit: 1.8).

Profit after tax amounted to SEK 11.1 M (0.2), corresponding to SEK 1.83 (0.03) per share before dilution.

Medical Technology

The business area is one of Europe's leading development and production partners for mechanical medical technology products and components, such as dental and orthopaedic implants and instruments. To further strengthen the customer focus, a new customer-oriented organisation was established for the Group's medical technology operations. As a result of the new organisation, the Elos Medical and Elos Pinol operations, as well as the operations in China, have been coordinated in Elos Medtech. The organisation is divided into three business areas: Dental, Orthopaedic and Medical Devices.

SEK M	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jul-Jun 2009/10	Jan-Dec 2009
Net sales	69,9	66,6	132,9	134,2	250,5	251,8
Growth, %*	10,8	-22,4	4,8	-17,5	-12,2	-20,0
Operating profit	4,7	4,1	8,7	4,3	7,0	2,6
Operating margin, %	6,7	6,2	6,5	3,2	2,8	1,0

* Adjusted for exchange-rate fluctuations for the year.

The demand situation for the Medical Technology business area, which is a prioritised growth area in the Group, has improved gradually during the year. In the dental implant market, demand in North America and Asia is increasing, while demand in Europe remains unchanged. For areas in which public healthcare

services carry the costs, demand improved during 2010. This resulted in 4-5% growth in the Orthopaedic segment.

The inventory adaptations implemented in 2009 by our customers signify that demand now matches market requirements. We noted an increase in activities and we are becoming more involved in projects to support future product launches. We have also noted increased focus from our customers pertaining to the regulatory rules and regulations following the coming into force of the new medical technology directive, combined with the further sharpening of requirements by the FDA on process documentation in the supplier stage.

The establishment of operations in Tianjin, China, is proceeding as planned. Some delays in the establishment occurred during the second quarter in connection with the import of equipment and expanded validation work. Machinery and other equipment corresponding to about one third of the planned capacity were installed during the quarter. In parallel, employee training programmes have been started, as well as the validation of production processes.

Net sales totalled SEK 133 M (134), up 5% after adjustments for exchange-rate fluctuations. Order bookings increased 22% to SEK 141 M (115), adjusted for exchange-rate fluctuations. As a result of cost-adaptation measures implemented during 2009, operating profit improved to SEK 8.7 M (4.3), yielding an operating margin of 6.5% (3.2).

Precision Technology

The business area comprises two units: Elos Precision and Elos Fixturlaser. Elos Precision specialises in the production of complex components subject to stringent precision and quality requirements. Elos Fixturlaser manufactures and markets laser-based alignment and positioning systems.

SEK M	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jul-Jun 2009/10	Jan-Dec 2009
Net sales	58,8	43,7	115,1	88,2	200,3	173,4
Growth, %	34,6	-2,0	30,5	-2,1	4,2	-10,7
Operating profit	6,6	1,7	13,5	2,7	24,9	14,1
Operating margin, %	11,2	3,9	11,7	3,0	12,4	8,1

Supported by continued stable demand in the energy sector (turbines, offshore and wind power), the Precision Technology business area reported a positive trend during the first six months of the year.

For Elos Precision, the positive demand trend in the turbines and offshore segments continued. Other market segments improved gradually from low levels. Order bookings and deliveries for Elos Fixturlaser have continued to steadily improve. Product launches implemented during 2009 were well received in the market and contributed to the increase in volumes.

Net sales for the business area amounted to SEK 115 M (88), up 30%. Order bookings increased 50% to SEK 119 M (79). Operating profit for the business area improved and totalled SEK 13.5 M (2.7). The operating margin was 11.7% (3.0).

Investments

The Group's investments in buildings, land, machinery and equipment totalled SEK 27.3 M (26.4). A substantial portion of these investments, about SEK 17 M, was attributable to the build-up of medical technology operations in China. In addition, SEK 0.7 M (2.8) was invested in capitalised development expenditures.

Financial position and liquidity

Total consolidated assets increased SEK 21 M to SEK 548 M (526), primarily attributable to accounts receivable and investments in the Chinese operations.

Consolidated shareholders' equity amounted to SEK 195 M (188). Shareholders' equity per share amounted to SEK 32.26 (31.15).

Risk-bearing shareholders' equity amounted to SEK 222 M (216), corresponding to 40.5% (41.1) of the total capital. The Group's equity/assets ratio was 35.6% (35.8).

The Group's cash flow from operating activities amounted to SEK 21.4 M (7.9). Cash flow after investments and sales of fixed assets amounted to SEK 5.5 M (deficit: 1.8).

The Group's net borrowing decreased marginally and amounted to SEK 228 M (229) at the end of the first six months of the year.

The Group's cash and cash equivalents, including unutilised overdraft facilities, totalled SEK 79.7 M (87.4).

Human Resources

At the end of the period, the Group had 362 (336) full-time employees. The increase was primarily attributable to the Chinese operations, which are under development.

Convertibles programme

The Annual General Meeting of Elos AB on 28 April 2008 approved the Board's motion to issue a maximum of 200,000 convertibles in a nominal maximum amount of SEK 16,000,000, with a lifetime extending from 1 July 2008 through 30 June 2011. Disapplying the preferential rights of shareholders, the right to subscribe for the convertibles accrued to persons who at the expiration of the subscription period were permanently employed in the Group. Employees in the Elos Group have subscribed for convertibles in a total amount of SEK 13,920,000, corresponding to 185,600 convertibles at a conversion price of SEK 75. If all convertibles are converted to shares, the dilution effect will be 3.1% of the share capital and 1.2% of the voting rights, based on the current number of registered shares. The interest rate on the convertibles is set at 4.45%. During the period from 1 May to 15 June 2011, each convertible may be converted to one Series B share in Elos. Transactions in conjunction with the convertibles were conducted in July 2008 and are included in the Group's subsequent reporting. The equity share was calculated according to IAS 32. Since the interest rate on the convertibles essentially matches the market interest rate, it will not have any significant impact on consolidated shareholders' equity.

Parent Company

In addition to central management issues, the Parent Company provides Group-wide support, such as technical support, finance and financial control.

The Parent Company's net sales amounted to SEK 3.1 M (2.3). Loss after financial items amounted to SEK 2.2 M (profit: 12.2). Earnings included Group-wide dividends of SEK 0 M (23.3) and SEK 2.5 M (loss: 6.7) from hedging of net investments in activities outside Sweden.

The share of risk-bearing equity was 75.2% (78.5). The equity/assets ratio amounted to 75.1% (78.5). Parent Company cash and cash equivalents, including unutilised overdraft facilities, totalled SEK 63.4 M (69.4).

Significant risks and uncertainties

The Group's significant risks and uncertainties include business risks associated with customers and suppliers and other external factors, such as risks related to prices of input goods. In addition, there are financial risks associated with changes in exchange and interest rates. A detailed description of the Group's risks and uncertainties and how they are managed is presented in the Board of Directors' Report in the 2009 Annual Report.

Accounting policies

The interim report for the first six months of 2010, in common with the year-end report for 2009, was prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The Parent Company's accounts were prepared in accordance with the Annual Accounts Act and recommendation RFR 2.3, Accounting for Legal Entities, issued by the Swedish Financial Reporting Board.

This quarterly report was prepared in accordance with IAS 34. The term IFRS in this document includes both IAS and IFRS, as well as interpretations of these standards as published by the IASB's Standards Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The Group applies the same accounting policies as those described in the 2009 Annual Report. New or revised recommendations effective from 1 January 2010 are not expected to have any significant effect on the Group's financial reports.

Outlook for 2010

Demand for the Group's products and services is expected to improve gradually during 2010.

Financial information in 2010

The interim report for the third quarter will be published on 27 October 2010.

The year-end report for 2010 will be published on 25 February 2011.

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This interim report has not been reviewed by the company's auditors.

The Board of Directors and President affirm that the interim report provides a true and fair view of the company's and the Group's operations, position and earnings, and describes the significant risks and uncertainties facing the company and companies included in the Group.

Elos AB (publ)
Lidköping, 19 August 2010

Stig-Arne Blom
Chairman of the Board

Agneta Bengtsson Runmarker
Board member

Erik Löwenadler
Board member

Lars Spongberg
Board member

Thomas Öster
Board member

Göran Brorsson
President and CEO

The information in this interim report is such that Elos AB (publ) must publish in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information will be published on 19 August 2010 at 8:30 a.m. (CET).

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK M	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jul-Jun 2009/2010	Jan-Jec 2009
Net sales	128,7	110,0	247,8	221,7	448,1	422,0
Cost of goods sold	-93,8	-83,0	-179,4	-172,0	-331,2	-323,8
Gross profit	34,9	27,0	68,4	49,7	116,9	98,2
Selling expenses	-9,4	-6,9	-18,3	-13,7	-30,7	-26,1
Administration expenses	-11,2	-11,6	-21,8	-23,6	-42,4	-44,2
Development expenses	-5,4	-5,5	-11,4	-10,3	-20,9	-19,8
Other operating income/expenses	0,2	0,8	1,1	0,9	1,7	1,5
Operating profit	9,1	3,8	18,0	3,0	24,6	9,6
Financial income	0,0	0,1	0,0	0,3	0,1	0,4
Financial expenses	-1,8	-2,4	-3,7	-5,3	-7,9	-9,5
Result after financial items	7,3	1,5	14,3	-2,0	16,8	0,5
Taxes	-1,6	-0,5	-3,2	2,2	-4,3	1,1
Result for the period	5,7	1,0	11,1	0,2	12,5	1,6
Statements of comprehensive income						
Result for the period	5,7	1,0	11,1	0,2	12,5	1,6
Other comprehensive income						
Translation difference	-1,8	-0,7	-7,8	-0,7	-12,8	-5,7
Hedging of net investment	0,6	0,4	3,4	-0,2	6,1	2,5
Total comprehensive income	4,5	0,7	6,7	-0,7	5,8	-1,6
Result attributable to:						
Equity holders of the parent	4,5	0,7	6,7	-0,7	5,8	-1,6
EBITDA	14,5%	13,5%	15,0%	9,9%	13,9%	11,2%
EBIT	7,1%	3,4%	7,3%	1,4%	5,5%	2,3%
Depreciation charged against earnings	9,6	9,7	19,1	19,0	37,7	37,6
Earnings per share (SEK) before dilution	0:94	0:17	1:83	0:03	2:07	0:26
Earnings per share (SEK) after dilution**	0:91	0:16	1:78	0:03	2:00	0:25
Number of shares (thousands) before dilution	6 051	6 051	6 051	6 051	6 051	6 051
Number of shares (thousands) after dilution**	6 237	6 237	6 237	6 237	6 237	6 237
Number of shares end of period (thousands)	6 051	6 051	6 051	6 051	6 051	6 051

** Coniderations to convertibles issued 2008-07-01

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2010-06-30	2009-06-30	2009-12-31
Assets			
Intangible fixed assets	49,2	57,8	54,7
Tangible fixed assets	251,7	260,4	249,7
Other current assets	224,5	229,4	199,0
Cash and bank balances	20,9	23,8	21,4
Asset for sale	1,5	1,5	1,5
Total assets	547,8	572,9	526,3
Shareholders' equity and liabilities			
Shareholders' equity	195,2	189,3	188,5
Long-term liabilities	217,7	244,0	223,1
Current liabilities	134,9	139,6	114,7
Total shareholders' equity and liabilities	547,8	572,9	526,3

KEY FIGURES

SEK M		Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Return on capital employed	%	7,8	1,4	2,9
Return on shareholders' equity	%	11,5	0,2	1,1
Share of risk-bearing capital	%	40,5	38,2	41,1
Equity/assets ratio	%	35,6	33,0	35,8
Net debt	SEK M	228,1	256,8	228,9
Investments excluding shares	SEK M	28,0	29,3	42,3
Number of employees		348	344	343
Shareholders' equity per share	SEK	32:26	31:28	31:15
Dividends	SEK		1:50	1:50

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	30 Jun 2010	31 Dec 2009
Opening balance	188,5	199,1
Dividends	0,0	-9,1
Total earnings	6,7	-1,5
Closing balance, shareholders' equity	195,2	188,5

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jul-Jun 2009/2010	Jan-Jec 2009
Profit after net financial items	7,3	1,5	14,3	-2,0	16,8	0,5
Adjustment items	9,6	10,9	18,8	20,0	36,9	38,1
Income tax paid	-1,0	-1,3	-1,7	-1,9	-3,5	-3,7
Change in working capital	2,0	-1,3	-10,0	-8,2	6,8	8,6
Cash flow from remaining operations	17,9	9,8	21,4	7,9	57,0	43,5
Investments in other fixed assets	-7,6	-2,8	-15,9	-9,8	-23,3	-17,2
Sales of other fixed assets	0,0	0,1	0,0	0,1	0,0	0,1
Balance after investments in fixed assets	10,3	7,1	5,5	-1,8	33,7	26,4
Change in interest-bearing loans	-7,0	-11,6	-6,0	-6,5	-36,5	-37,0
Dividends	0,0	-9,1	0,0	-9,1	0,0	-9,1
Cash flow for the period	3,3	-13,6	-0,5	-17,4	-2,8	-19,7
Liquid funds at beginning of the year	17,6	37,4	21,4	41,2	23,8	41,2
Exchanges-rate differences in liquid funds	0,0	0,0	0,0	0,0	-0,1	-0,1
Liquid funds at end of the period	20,9	23,8	20,9	23,8	20,9	21,4

NET SALES AND OPERATING PROFIT/LOSS PER BUSINESS AREA

Net sales SEK M	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jul-Jun 2009/2010	Jan-Jec 2009
Medical Technology	69,9	66,6	133,2	134,2	250,8	251,8
Precision Technology	58,8	43,7	115,1	88,2	200,3	173,4
Other	0,0	-0,3	-0,5	-0,7	-3,0	-3,2
Total	128,7	110,0	247,8	221,7	448,1	422,0

Operatin profit/loss SEK M	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jul-Jun 2009/2010	Jan-Jec 2009
Medical Technology	4,7	4,1	8,7	4,3	7,0	2,6
Precision Technology	6,6	1,7	13,5	2,7	24,9	14,1
Other	-2,2	-2,0	-4,2	-4,0	-7,3	-7,1
Total	9,1	3,8	18,0	3,0	24,6	9,6

QUARTERLY FIGURES - GROUP

	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2010	2010	2009	2009	2009	2009	2008	2008	2008	2008
Net sales	128,7	119,1	112,5	87,8	110,0	111,7	139,3	122,1	122,7	115,3
Cost of goods sold	-93,8	-85,6	-85,1	-66,7	-83,0	-89,0	-100,6	-91,1	-87,7	-80,8
Gross profit	34,9	33,5	27,4	21,1	27,0	22,7	38,7	31,0	35,0	34,5
Selling adm. and developm.expens.	-26,0	-25,5	-24,1	-18,4	-24,0	-23,6	-25,4	-20,6	-23,7	-22,0
Other operating items	0,2	0,9	0,5	0,1	0,8	0,1	1,5	0,1	0,9	0,3
Operating profit/loss	9,1	8,9	3,8	2,8	3,8	-0,8	14,8	10,5	12,2	12,8
Net financial items	-1,8	-1,9	-2,1	-2,0	-2,3	-2,7	-3,8	-3,4	-3,1	-3,0
Profit/loss after financial items	7,3	7,0	1,7	0,8	1,5	-3,5	11,0	7,1	9,1	9,8
Taxes	-1,6	-1,6	-0,4	-0,7	-0,5	2,7	-1,7	-2,1	-2,5	-2,8
Profit/loss after taxes	5,7	5,4	1,3	0,1	1,0	-0,8	9,3	5,0	6,6	7,0

QUARTELY FIGURES - BUSINESS AREAS

Net sales	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2010	2010	2009	2009	2009	2009	2008	2008	2008	2008
Medical Technology	69,9	63,0	68,0	49,6	66,6	67,6	85,5	72,8	78,8	70,0
Precision Technology	58,8	56,3	46,5	38,7	43,7	44,5	54,7	49,4	44,6	45,5
Other	0,0	-0,2	-2,0	-0,5	-0,3	-0,4	-0,9	-0,1	-0,7	-0,2
Total	128,7	119,1	112,5	87,8	110,0	111,7	139,3	122,1	122,7	115,3
Operating profit/loss	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2010	2010	2009	2009	2009	2009	2008	2008	2008	2008
Medical Technology	4,7	4,0	-0,6	-1,1	4,1	0,2	10,2	7,3	9,6	9,3
Precision Technology	6,6	6,9	5,9	5,5	1,7	1,0	6,4	5,0	4,6	5,0
Other	-2,2	-2,0	-1,5	-1,6	-2,0	-2,0	-1,8	-1,8	-2,0	-1,5
Total	9,1	8,9	3,8	2,8	3,8	-0,8	14,8	10,5	12,2	12,8

PARENT COMPANY INCOME STATEMENT

SEK	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jul-Jun 2009/10	Jan-Dec 2009
Net sales	1,6	1,1	3,1	2,3	5,0	4,2
Cost of goods sold	0,0	0,0	0,0	0,0	0,0	0,0
Gross profit	1,6	1,1	3,1	2,3	5,0	4,2
Administration expenses	-3,9	-3,1	-7,2	-6,3	-12,1	-11,2
Other operating income/expenses	0,0	0,0	0,0	0,0	0,0	0,0
Operating profit	-2,3	-2,0	-4,1	-4,0	-7,1	-7,0
Result fr. participations in group comp.	0,0	23,3	0,0	23,3	0,0	23,3
Financial income	2,5	0,2	2,5	0,4	4,4	2,3
Financial expenses	-0,3	-0,3	-0,6	-7,5	-1,7	-8,6
Result after financial items	-0,1	21,2	-2,2	12,2	-4,4	10,0
Appropriations	0,0	0,0	0,0	0,0	0,0	0,0
Taxes	0,0	0,5	0,6	2,9	1,2	3,5
Result after tax	-0,1	21,7	-1,6	15,1	-3,2	13,5

PARENT COMPANY BALANCE SHEET

SEK	2010-06-30	2009-06-30	2009-12-31
Assets			
Tangible fixed assets	0,3	0,4	0,3
Financial fixed assets	170,3	139,8	147,2
Other current assets	19,1	33,8	29,6
Cash and bank balances	13,4	21,3	19,4
Total assets	203,1	195,3	196,5
Shareholders' equity and liabilities			
Shareholders' equity	151,5	144,7	153,1
Untaxed reserves	1,4	1,4	1,4
Provisions	5,1	5,5	5,4
Long-term liabilities	22,0	29,4	25,7
Current liabilities	23,1	14,3	10,9
Total shareholders' equity and liabilities	203,1	195,3	196,5