

# Interim Report

## 1 January – 30 September 2011



- Net sales for continuing operations rose to SEK 299.4 M (258.2), corresponding to an increase of about 19.5%\*. Order bookings amounted to SEK 324.5 M (281.3), up approximately 20%\*.
- Operating profit for continuing operations declined to SEK 14.8 M (18.3). The decline was due to production and delivery disruptions at the Medical Technology unit in Timmersdala. The Metrology business area continued to report robust growth. The Group's operating profit improved during the third quarter.
- The Group's profit after tax for continuing operations totalled SEK 8.4 M (9.8), corresponding to SEK 1.39 per share (1.62).
- Effective 1 July 2011, Elos acquired Microplast AB, which is active in injection moulding of medical technology products.

**President Göran Brorsson comments:**

*“As anticipated, we are able to report improved third-quarter profit. We were not yet return to normal production in the medical technology facility in Timmersdala. The operation in Tianjin has during the third quarter contributed a positive outcome. Our order backlog for the last part of the year indicates that the year will end on a strong note in the Medical Technology business area.”*

*The Metrology business area has reported a very positive trend to date for 2011, as a result of successful product launches.”*

	<b>Jul-Sep 2011</b>	Jul-Sep 2010	<b>Jan-Sep 2011</b>	Jan-Sep 2010	<b>Oct-Sep 2010/11</b>	Jan-Dec 2010
Net sales, SEK M	<b>102.9</b>	78.5	<b>299.4</b>	258.2	<b>399.4</b>	358.2
Growth, %*	<b>35.5</b>	19.8	<b>19.5</b>	10.6	<b>23.9</b>	17.2
Operating profit, SEK M	<b>7.2</b>	6.4	<b>14.8</b>	18.3	<b>19.4</b>	22.9
Operating margin, %	<b>7.0</b>	8.1	<b>4.9</b>	7.1	<b>4.9</b>	6.4
Profit after financial items, SEK M	<b>6.4</b>	4.8	<b>10.8</b>	13.2	<b>13.8</b>	16.2
Profit after tax, SEK M	<b>5.1</b>	3.1	<b>8.4</b>	9.8	<b>10.2</b>	11.6

\* Adjusted for exchange-rate fluctuations.

## Operations in general

The Group is active in two business areas – Medical Technology and Metrology, with an emphasis on Medical Technology. A Medical Technology operation is currently being established in Tianjin, China. Microplast AB, which is active in injection moulding of medical technology products, was acquired on 1 July 2011 (Note 1).

Market conditions for the Group continued to develop positively during 2011. Strong demand has resulted in improvements in the Group's order bookings and net sales.

The Elos Precision subsidiary, which was part of the former Precision Technology business area, was divested in December 2010 (Note 2).

## Invoicing and earnings for July – September 2011

The Group's net sales for continuing operations rose to SEK 102.9 M (78.5) during the quarter. Adjusted for exchange-rate fluctuations, the increase was approximately 35.5%. Order bookings for continuing operations increased to SEK 95.0 M (100.5). Adjusted for exchange-rate fluctuations, the increase was about 18%.

Operating profit for continuing operations improved during the quarter to SEK 7.2 M (6.4). The improvement was attributable to continued strong earnings in the Metrology business area. Earnings in the Medical Technology business area improved compared with the second quarter.

The Group's net financial items were impacted positively by translation differences and amounted to an expense of SEK 0.8 M (expense: 1.6). Profit after financial items for continuing operations totalled SEK 6.4 M (4.8).

Profit after tax for continuing operations was SEK 5.1 M (3.1), corresponding to SEK 0.84 (0.51) per share before dilution.

The Group's comprehensive income was SEK 9.9 M (1.5). Comprehensive income per share before dilution was SEK 1.64 (0.25).

## Invoicing and earnings for January – September 2011

The Group's net sales for continuing operations rose to SEK 299.4 M (258.2) during the quarter. Adjusted for exchange-rate fluctuations, the increase was approximately 19.5%. Order bookings for continuing operations increased to SEK 324.5 M (281.3). Adjusted for exchange-rate fluctuations, the increase was about 20%.

Operating profit for continuing operations amounted to SEK 14.8 M (18.3). The decline was due to production and delivery disruptions in connection with the introduction of new products at the Medical Technology unit in Timmersdala. The Metrology business area has reported strong growth throughout 2011.

The Group's net financial items amounted to an expense of SEK 4.0 M (expense: 5.1). Profit after financial items for continuing operations totalled SEK 10.8 M (13.2).

Profit after tax for continuing operations amounted to SEK 8.4 M (9.8), corresponding to SEK 1.39 (1.62) per share before dilution.

The Group's comprehensive income amounted to SEK 10.6 M (8.2). Comprehensive income per share before dilution was SEK 1.75 (1.35).

## Medical Technology

The business area is one of Europe's leading partners in the development and production of mechanical medical technology products and components, such as dental and orthopaedic implants and instruments. The organisation is divided into three business units: Dental, Orthopaedics and Medical Devices. The business is collectively marketed as Elos Medtech.

SEK M	<b>Jul-Sep 2011</b>	Jul-Sep 2010	<b>Jan-Sep 2011</b>	Jan-Sep 2010	<b>Oct-Sep 2010/11</b>	Jan-Dec 2010
Net sales	<b>72.4</b>	58.3	<b>211.1</b>	191.2	<b>278.3</b>	258.4
Growth, %*	<b>30.2</b>	24.2	<b>15.1</b>	9.3	<b>11.9</b>	9.3
Operating profit/loss	<b>-0.6</b>	4.9	<b>-1.6</b>	13.6	<b>-1.9</b>	13.3
Operating margin, %	<b>-0.8</b>	8.4	<b>-0.8</b>	7.1	<b>-0.7</b>	5.1

2011 started with a high level of activity in most segments in which Elos Medtech is active. The growth rate slowed slightly during the second and third quarters. The demand trend in the dental implant market remained

sluggish in Europe, while other global regions showed distinct growth, resulting in inquiries from new, non-European customers. The Trauma and Spine orthopaedics segment continued to show growth of about 5%. A number of new products offering significant growth potential have been introduced to customers. The diabetes segment continues to report a stable and positive trend.

The establishment of operations in Tianjin, China, is progressing as planned. This venture, which represents part of the Group's strategy to achieve geographic growth, will serve as a base for deliveries to the Group's Medical Technology customers who are now establishing a presence in the Chinese market. During the second and third quarters, new production equipment was validated, entailing a further expansion of production capacity. Serial deliveries from this equipment commenced at the end of the third quarter. The delivery rate will now be increased successively.

Microplast AB, which is active in injection moulding of medical technology products, was acquired on 1 July 2011. The performance of the Microplast operation has matched anticipations.

The Group's strategy for this business area is to develop an increasing range of proprietary products designed to complement the Group's contracting operations. During the first quarter, Elos Accurate started up a range of scanning abutments used in conjunction with 3D scanning prior to production of customised dental bridges. The target group is OEM companies and dental laboratories. The products were well received in the market.

Net sales, which were adversely impacted by production disruptions, totalled SEK 211.1 M (191.2), corresponding to an increase of 15% adjusted for exchange-rate fluctuations. The increase in volume was primarily attributable to the dental implants segment. Order bookings rose to SEK 238.4 M (201.1), corresponding to an increase of 24%, adjusted for exchange-rate fluctuations. Operating profit was affected by delivery and production disruptions in connection with the introduction of a number of new products. An operating loss of SEK 1.6 M (profit: 13.6) was reported, resulting in a negative operating margin of 0.8 (pos: 7.1).

### **Metrology**

The business area comprises the Elos Fixturlaser unit, which develops, manufactures and markets laser-based alignment and positioning systems. The company is considered a market leader in its segment with a global market share of approximately 30%. Products are primarily sold through a worldwide network of distributors.

SEK M	<b>Jul-Sep 2011</b>	Jul-Sep 2010	<b>Jan-Sep 2011</b>	Jan-Sep 2010	<b>Oct-Sep 2010/11</b>	Jan-Dec 2010
Net sales	<b>30.5</b>	20.3	<b>88.3</b>	67.1	<b>121.0</b>	99.8
Growth, %	<b>50.2</b>	23.8	<b>31.6</b>	33.7	<b>37.5</b>	40.4
Operating profit	<b>9.8</b>	3.4	<b>23.5</b>	10.7	<b>30.5</b>	17.7
Operating margin, %	<b>32.1</b>	16.7	<b>26.6</b>	15.9	<b>25.2</b>	17.8

The positive trend from 2010 continued throughout 2011. Demand in Asia has risen substantially during the year. Europe and North America are showing satisfactory growth. The product launches in recent years have contributed greatly to the success of the business area. During 2011, delivery capacity was expanded, which contributed to shortening delivery times. A sales company was established in Hungary.

Net sales for the business area totalled SEK 88.3 M (67.1), corresponding to an increase of 32%. Order bookings amounted to SEK 86.1 M (80.3). Operating profit rose to SEK 23.5 M (10.7). The operating margin was 26.6% (16.0).

### **Investments**

The Group's investments in buildings, land, machinery and equipment totalled SEK 67.0 M (36.1). Of these investments, SEK 18.1 M was attributable to the acquisition of Microplast, distributed as goodwill SEK 6.9 M, surplus value in buildings SEK 4.8 M and opening value of fixed assets SEK 6.3 M. In addition, SEK 2.4 M (1.2) was invested in capitalised development costs.

### **Financial position and liquidity**

Total consolidated assets rose SEK 38 M to SEK 525 M (487) during the period.

Consolidated shareholders' equity amounted to SEK 212 M (210). Shareholders' equity per share was SEK 35.02 (34.75).

Risk-bearing shareholders' equity at period end was SEK 237 M (230), corresponding to 45.1% (47.3) of the total capital. The Group's equity/assets ratio was 40.4% (43.2).

The Group's cash flow from the operating activities of continuing operations totalled SEK 15.0 M (36.2). Cash flow after investments and sales of fixed assets amounted to a negative SEK 28.3 M (positive: 12.8). The acquisition of Microplast AB had a negative impact of SEK 2.7 M on cash flow from operating activities and of SEK 18.6 M on cash flow from investing activities.

The Group's net borrowing increased during the period to SEK 204 M (138) at the end of the quarter. The Group's cash and cash equivalents, including unutilised overdraft facilities, amounted to SEK 63.9 M (113.4).

### **Personnel**

At the end of the period, the Group had 400 (314) full-time employees.

### **Convertible programme**

On 3 May 2011, Elos AB's Annual General Meeting approved the Board's motion to issue a new convertible debenture loan in a maximum nominal amount of SEK 13,500,000, which may be converted to Series B shares. The conversion price has been set at SEK 85 and the issue amounted to a maximum of SEK 13,498,000, corresponding to 158,800 convertibles with a maturity extending from 1 July 2011 through 30 June 2014. Disapplying the preferential rights of shareholders, those entitled to subscribe for the convertibles are those who at the end of the subscription period at 3 June 2011 were permanent employees of Elos AB or its subsidiaries and who on the aforementioned date have not presented notice of termination or been served with notice of termination of their employment. Those who no later than during the subscription period have signed a permanent employment agreement with Elos AB or its subsidiaries are also entitled to subscribe. Applications for subscription were made during the period 23 May to 3 June 2011.

Employees of the Elos Group subscribed for Elos 2011/2014 Convertibles in a total amount of SEK 10,999 000, corresponding to 129,400 convertibles at a conversion price of SEK 85. Allocation was undertaken in line with the subscription applications. If all convertibles are converted to shares, the dilution factor will be 2.1% of the share capital and 0.8% of the number of votes based on the current number of registered shares. The rate of interest on the convertibles has been set at STIBOR 360 + 1.60 percentage points, corresponding to 4.61% based on the STIBOR interest rate as of 12 May 2011. Each convertible may be converted to one Series B share in Elos AB during the period 1 May to 13 June 2014. Transactions attributable to the convertibles were undertaken in July 2011 and have been included in the consolidated accounting since then. The portion of shareholders' equity has been calculated in line with IAS 32. Since the interest rate on the convertibles essentially corresponds to the market interest rate, consolidated shareholders' equity is not affected.

### **Parent Company**

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

The Parent Company's net sales totalled SEK 4.2 M (4.1). The loss after financial items was SEK 6.0 M (loss: 4.2).

The share of risk-bearing equity was 79.4% (80.2). The equity/assets ratio was 77.7% (79.6). The Parent Company's cash and cash equivalents, including unutilized overdraft facilities, totalled SEK 45.6 M (99.4).

### **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 the 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 uncertainty factors, and of how they are managed, is presented in the Board of Directors' Report in the 2010 Annual Report.

### **Transactions with closely related parties**

The company has not had any current transactions with closely related parties. However, the dormant company, AB Westergyllen, was sold to one of the major shareholders at assessed market value.

### **Accounting policies**

The consolidated accounts for 2011, similar to the year-end accounts for 2010, have been 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 Reporting of Legal Entities issued by the Swedish Financial Reporting Board.

This interim report has been prepared in accordance with IAS 34. The term IFRS in this document includes application of 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 principles as those described in the 2010 Annual Report. New or revised recommendations with application from 2011 are not considered to have any significant impact on the financial statements.

### **Forecast for 2011**

In current market conditions, it is considered that the result for the fourth quarter continues to improve.

Earlier forecast: Market conditions for the Group are expected to be positive during 2011. Earnings are expected to improve during the second half of the year.

### **Financial information**

Year-end report for 2011 will be published on 24 February 2012.

The interim report for January-March 2012 will be published on 23 April 2012.

The interim report for January-June 2012 will be published on 22 August 2012.

The interim report for January-September 2012 will be published on 26 October 2012.

Lidköping, 26 October 2011

Elos AB (publ)

Göran Brorsson  
President and CEO

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The information in this interim report is of the kind that Elos has to disclose pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act.

The information was made public on October 26, 2011 at 08.00 a.m. (CET).

## **Review Report**

### **Introduction**

We have reviewed the interim report for Elos AB for the period from January 1, 2011 to September 30, 2011. It is the Board of Directors and the Managing Director who are responsible for the presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **The Scope of the Review**

We conducted our review in accordance with the Standard on review Engagements, SÖG 2410, *Review of the Interim Financial Information performed by the Independent Auditor of the Entity*, issued by the Federation of Authorized Public Accountants. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope compared to an audit conducted according to Standards on Auditing in Sweden (RS) and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Swedish Annual Accounts Act.

Göteborg, October 26, 2011

Ernst & Young AB  
Sven-Arne Gårdh  
Certified Public Accountant

## CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK M	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Oct-Sep 2010/11	Jan-Dec 2010
Net sales	102,9	78,5	299,4	258,2	399,4	358,2
Cost of goods sold	-72,9	-54,7	-209,3	-178,3	-277,9	-246,9
<b>Gross profit</b>	<b>30,0</b>	23,8	<b>90,1</b>	79,9	<b>121,5</b>	111,3
Selling expenses	-8,2	-6,7	-26,5	-22,6	-36,6	-32,7
Administration expenses	-12,4	-7,6	-34,6	-25,6	-44,0	-35,0
Development expenses	-3,6	-4,3	-17,0	-15,7	-23,7	-22,4
Other operating income/expenses	1,4	1,2	2,8	2,3	2,2	1,7
<b>Operating profit</b>	<b>7,2</b>	6,4	<b>14,8</b>	18,3	<b>19,4</b>	22,9
Financial income	1,9	0,0	3,1	0,0	3,3	0,2
Financial expenses	-2,7	-1,6	-7,1	-5,1	-8,9	-6,9
<b>Profit before taxes</b>	<b>6,4</b>	4,8	<b>10,8</b>	13,2	<b>13,8</b>	16,2
Income tax	-1,3	-1,7	-2,4	-3,4	-3,6	-4,6
<b>Net profit for the year from remaining operations</b>	<b>5,1</b>	3,1	<b>8,4</b>	9,8	<b>10,2</b>	11,6
<b>Profit from discontinued operations</b>	<b>0,0</b>	0,5	<b>0,3</b>	4,9	<b>12,5</b>	17,1
<b>Net profit for the year</b>	<b>5,1</b>	3,6	<b>8,7</b>	14,7	<b>22,7</b>	28,7
<b>Profit attributable to:</b>						
Parent company shareholders	5,1	3,6	8,7	14,7	22,7	28,7
<b>Statements of comprehensive income</b>						
<b>Result for the period</b>	<b>5,1</b>	3,6	<b>8,7</b>	14,7	<b>22,7</b>	28,7
<b>Other comprehensive income</b>						
Translation difference	5,8	-5,6	6,3	-13,4	5,2	-14,5
Remeasurement IAS	0,0	0,0	-1,3	0,0	-1,3	0,0
Hedging of net investment	-1,0	3,5	-3,1	6,9	-2,4	7,6
<b>Total comprehensive income</b>	<b>9,9</b>	1,5	<b>10,6</b>	8,2	<b>24,2</b>	21,8
<b>Result attributable to:</b>						
Equity holders of the parent	9,9	1,5	10,6	8,2	24,2	21,8
EBITDA	15,2%	15,9%	13,0%	14,9%	12,8%	14,1%
EBIT	7,0%	8,2%	4,9%	7,1%	4,9%	6,4%
Depreciation charged against earnings, remain. operations	8,4	6,1	24,2	20,3	31,6	27,7
Earnings per share, remaining operations, before dilution	0:84	0:51	1:39	1:62	1:69	1:92
Earnings per share, discontinued operations, before dilution	0:00	0:08	0:05	0:81	2:07	2:83
Earnings per share, total, before dilution	0:84	0:59	1:44	2:43	3:75	4:75
Earnings per share, remaining operations, after dilution*	0:83	0:50	1:35	1:57	1:61	1:86
Earnings per share, discontinued operations, after dilution*	0:00	0:08	0:04	0:79	1:97	2:74
Earnings per share, total, after dilution*	0:83	0:58	1:39	2:36	3:58	4:60
Number of shares (thousands) before dilution	6 051	6 051	6 051	6 051	6 051	6 051
Number of shares (thousands) after dilution*	6 180	6 237	6 335	6 237	6 345	6 237
Number of shares end of period (thousands)	6 051	6 051	6 051	6 051	6 051	6 051

\* Considerations to convertibles issued 2008-07-01 and 2011-07-01

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2011-09-30	2010-09-30	2010-12-31
<b>Assets</b>			
Intangible fixed assets	57,3	46,8	49,6
Tangible fixed assets	243,4	252,3	202,1
Other current assets	205,2	209,1	171,9
Cash and bank balances	19,0	20,0	62,7
Asset for sale	0,0	1,5	0,6
<b>Total assets</b>	<b>524,9</b>	<b>529,7</b>	<b>486,9</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	211,9	196,7	210,3
Long-term liabilities	198,3	195,1	161,8
Current liabilities	114,7	137,9	114,8
<b>Total shareholders' equity and liabilities</b>	<b>524,9</b>	<b>529,7</b>	<b>486,9</b>

## KEY FIGURES

SEK M		Jan-Sep 2011	Jan-Sep 2010 *	Jan-Dec 2010
Return on capital employed	%	5,7	7,3	7,8
Return on shareholders' equity	%	5,5	10,2	19,2
Share of risk-bearing capital	%	45,1	42,1	47,3
Equity/assets ratio	%	40,4	37,1	43,2
Net debt	SEK M	203,9	217,2	137,6
Investments excluding shares remaining operations	SEK M	69,4	37,3	57,7
Number of employees remaining operations		360	286	298
Shareholders' equity per share	SEK M	35:02	32:50	34:75
Dividends	SEK M	1:50	-	-

\* Comparative figures are unchanged from previous reports where otherwise indicated.

## CHANGES IN SHAREHOLDERS' EQUITY

SEK M	30 Sep 2011	31 Dec 2010
Opening balance	210,3	188,5
Dividends	-9,1	0,0
Total earnings	10,6	21,8
<b>Closing balance, shareholders' equity</b>	<b>211,9</b>	<b>210,3</b>

## CONSOLIDATED CASH FLOW STATEMENT

SEK M	<b>Jul-Sep 2011</b>	Jul-Sep 2010	<b>Jan-Sep 2011</b>	Jan-Sep 2010	<b>Oct-Sep 2010/2011</b>	Jan-Dec 2010
Profit after net financial items	6,4	4,8	10,8	13,3	13,7	16,2
Adjustment items	11,5	4,8	26,5	19,2	35,6	28,3
Income tax paid	-1,3	-0,6	-2,4	-2,6	-4,4	-4,6
Change in working capital	-17,9	3,2	-19,9	6,3	-17,8	8,4
<b>Cash flow from remaining operations</b>	<b>-1,3</b>	12,2	<b>15,0</b>	36,2	<b>27,1</b>	48,3
Investments in other fixed assets	-25,4	-7,8	-44,1	-23,4	-64,4	-43,7
Sales of other fixed assets	0,0	0,0	0,8	0,0	1,6	0,8
<b>Balance after investments in fixed assets</b>	<b>-26,7</b>	4,4	<b>-28,3</b>	12,8	<b>-35,7</b>	5,4
Change in interest-bearing loans	7,4	-5,3	-6,3	-14,1	-13,4	-21,2
Dividends	0,0	0,0	-9,1	0,0	-9,1	0,0
<b>Cash flow for the year from remaining operations</b>	<b>-19,3</b>	-0,9	<b>-43,7</b>	-1,3	<b>-58,2</b>	-15,8
<b>Cash flow from discontinued operations</b>	<b>0,0</b>	0,0	<b>0,0</b>	0,0	<b>57,2</b>	57,2
<b>Cash flow for the year</b>	<b>-19,3</b>	-0,9	<b>-43,7</b>	-1,3	<b>-1,0</b>	41,4
Liquid funds at beginning of the year	38,3	20,9	62,7	21,4	20,0	21,4
Liquid funds in remaining operations	0,0	0,0	0,0	0,0	0,0	0,0
Exchanges-rate differences in liquid funds	0,0	0,0	0,0	-0,1	0,0	-0,1
<b>Liquid funds at end of the period</b>	<b>19,0</b>	20,0	<b>19,0</b>	20,0	<b>19,0</b>	62,7

## NET SALES AND OPERATING PROFIT/LOSS PER BUSINESS AREA

Net sales SEK M	<b>Jul-Sep 2011</b>	Jul-Sep 2010	<b>Jan-Sep 2011</b>	Jan-Sep 2010	<b>Oct-Sep 2010/2011</b>	Jan-Dec 2010
Medical Technology	72,4	58,3	211,1	191,2	278,3	258,4
Metrology	30,5	20,3	88,3	67,1	121,0	99,8
Other	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total net sales remaining operations</b>	<b>102,9</b>	78,6	<b>299,4</b>	258,3	<b>399,3</b>	358,2

Operating profit/loss SEK M	<b>Jul-Sep 2011</b>	Jul-Sep 2010	<b>Jan-Sep 2011</b>	Jan-Sep 2010	<b>Oct-Sep 2010/2011</b>	Jan-Dec 2010
Medical Technology	-0,6	4,9	-1,6	13,6	-1,9	13,3
Metrology	9,8	3,4	23,5	10,7	30,5	17,7
Other	-2,0	-1,9	-7,1	-6,0	-9,2	-8,1
<b>Total operating profit/loss remaining operations</b>	<b>7,2</b>	6,4	<b>14,8</b>	18,3	<b>19,4</b>	22,9



## QUARTERLY FIGURES - GROUP

	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2011	2011	2011	2010	2010	2010	2010	2009	2009	2009	2009
Net sales	102,9	99,8	96,7	99,9	78,6	94,3	85,4	87,3	65,6	83,1	84,9
Cost of goods sold	-72,9	-72,4	-64,0	-68,6	-54,7	-65,1	-58,5	-65,4	-49,5	-59,1	-63,8
<b>Gross profit</b>	<b>30,0</b>	27,4	32,7	31,3	23,9	29,2	26,9	21,9	16,1	24,0	21,1
Selling adm. and developm.expens.	-24,2	-27,5	-26,4	-26,2	-18,6	-22,9	-22,4	-21,3	-16,0	-21,2	-20,9
Other operating items	1,4	0,8	0,6	-0,5	1,1	0,1	1,0	0,4	0,2	0,9	0,1
<b>Operating profit/loss</b>	<b>7,2</b>	0,7	6,9	4,6	6,4	6,4	5,5	1,0	0,3	3,7	0,3
Net financial items	-0,8	-1,5	-1,7	-1,6	-1,6	-1,7	-1,8	-1,9	-1,8	-2,1	-2,5
<b>Profit/loss after financial items</b>	<b>6,4</b>	-0,8	5,2	3,0	4,8	4,7	3,7	-0,9	-1,5	1,6	-2,2
<b>Taxes</b>	<b>-1,3</b>	0,3	-1,3	-1,2	-1,7	-0,9	-0,8	0,2	-0,1	-0,5	2,3
<b>Profit/loss after taxes remaining operations</b>	<b>5,1</b>	-0,5	3,9	1,8	3,1	3,8	2,9	-0,7	-1,6	1,1	0,1

## QUARTERLY FIGURES - BUSINESS AREAS

	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2011	2011	2011	2010	2010	2010	2010	2009	2009	2009	2009
<b>Net sales</b>	<b>102,9</b>	99,8	96,7	99,9	78,6	94,3	85,4	87,3	65,6	83,1	84,9
Medical Technology	72,4	70,3	68,4	67,2	58,3	69,9	63,0	68,0	49,6	66,6	67,6
Metrology	30,5	29,5	28,3	32,7	20,3	24,4	22,4	20,9	16,4	16,5	17,3
Other	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-1,6	-0,4	0,0	0,0
<b>Total remaining operations</b>	<b>102,9</b>	99,8	96,7	99,9	78,6	94,3	85,4	87,3	65,6	83,1	84,9
<b>Operating profit/loss</b>	<b>7,2</b>	0,7	6,9	4,6	6,4	6,4	5,5	1,0	0,3	3,7	0,3
Medical Technology	-0,6	-3,5	2,5	-0,3	4,9	4,7	4,0	-0,6	-1,1	4,1	0,2
Metrology	9,8	7,6	6,5	7,0	3,4	3,8	3,5	3,0	3,1	1,6	2,1
Other	-2,0	-3,4	-2,1	-2,1	-1,9	-2,1	-2,0	-1,4	-1,7	-2,0	-2,0
<b>Total remaining operations</b>	<b>7,2</b>	0,7	6,9	4,6	6,4	6,4	5,5	1,0	0,3	3,7	0,3

**PARENT COMPANY INCOME STATEMENT**

SEK	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Oct-Sep 2010/11	Jan-Dec 2010
Net sales	1,5	1,0	4,2	4,1	5,7	5,6
Cost of goods sold	0,0	0,0	0,0	0,0	0,0	0,0
<b>Gross profit</b>	<b>1,5</b>	<b>1,0</b>	<b>4,2</b>	<b>4,1</b>	<b>5,7</b>	<b>5,6</b>
Administration expenses	-3,1	-2,7	-12,1	-9,9	-15,9	-13,7
Other operating income/expenses	0,0	0,0	0,0	0,0	0,0	0,0
<b>Operating profit</b>	<b>-1,6</b>	<b>-1,7</b>	<b>-7,9</b>	<b>-5,8</b>	<b>-10,2</b>	<b>-8,1</b>
Result fr. participations in group comp.	0,0	0,0	0,0	0,0	35,4	35,4
Result fr. participations in associated comp.	0,0	0,0	0,3	0,0	-0,6	-0,9
Financial income	0,3	0,1	2,9	2,6	7,6	7,3
Financial expenses	-0,5	-0,4	-1,3	-1,0	-1,6	-1,3
<b>Result after financial items</b>	<b>-1,8</b>	<b>-2,0</b>	<b>-6,0</b>	<b>-4,2</b>	<b>30,6</b>	<b>32,4</b>
Appropriations	0,0	0,0	0,0	0,0	-0,1	-0,1
Taxes	0,5	0,5	1,6	1,1	1,0	0,5
<b>Result for the year*</b>	<b>-1,3</b>	<b>-1,5</b>	<b>-4,4</b>	<b>-3,1</b>	<b>31,5</b>	<b>32,8</b>

\* Corresponds with parent company's total result.

**PARENT COMPANY BALANCE SHEET**

SEK	2011-09-30	2010-09-30	2010-12-31
<b>Assets</b>			
Tangible fixed assets	2,4	0,3	1,7
Financial fixed assets	181,1	172,3	160,5
Other current assets	51,6	18,0	15,7
Cash and bank balances	5,6	14,1	59,4
<b>Total assets</b>	<b>240,7</b>	<b>204,7</b>	<b>237,3</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	175,4	150,0	188,9
Untaxed reserves	1,5	1,4	1,5
Provisions	5,4	5,0	5,0
Long-term liabilities	16,9	7,7	7,2
Current liabilities	41,5	40,6	34,7
<b>Total shareholders' equity and liabilities</b>	<b>240,7</b>	<b>204,7</b>	<b>237,3</b>

**Note 1 – Description of acquisition**

Microplast AB was acquired on 1 July 2011. The company has 13 employees and annual sales of approximately SEK 25 M. Microplast is active in injection moulding of thermoplastic medical technology products. Up to the end of the third quarter, the acquisition had an impact of about SEK 5.7 M on Group sales and about SEK 1.7 M on profit before tax. The purchase consideration for the acquired operation was SEK 19.5 M, plus a conditional purchase consideration based on the performance of the operation during 2011 and 2012, estimated at SEK 2 M. The transaction costs for the acquisition amounted to SEK 0.1 M and are included in operating expenses. The conditional purchase consideration has not yet been re-valued. The acquisition is expected to have a positive impact on earnings per share for 2011 and 2012.

**Preliminary acquisition calculation**

	Carrying amount in the company	Fair value adjustment	Fair value in the Group
Acquired company's net assets on the acquisition date			
Intangible fixed assets	-	-	-
Other fixed assets	6.2	4.8	11.0
Inventories	3.8	0.5	4.3
Other current assets	5.2	-	5.2
Other liabilities	4.0	-	4.0
Net identifiable assets/liabilities	19.2	5.3	24.5
Group goodwill	-	6.9	6.9
Purchase consideration			21.5

Through the acquisition, intangible fixed assets pertaining to goodwill increased by SEK 6.9 M. As a result of the acquisition, the Group receives expertise in injection moulding with close-fit tolerances for medical technology.

## Note 2 – Divested operations 2010

Discontinued operation (SEK thousand)

During December 2010, the Elos Precision AB subsidiary was divested. The value of the divested assets and liabilities in Elos Precision were as follows:

Assets	-	
Goodwill		568
Land and buildings		7 533
Machinery and other technical facilities		46 555
Equipment, tools, fixtures and fittings		1 686
Shares and participations		20
Inventories		27 813
Current receivables		22 072
Cash and cash equivalents	-	23
<b>Total assets</b>		<b>106 270</b>
Liabilities		
Pension provisions		1 434
Deferred tax		7 453
Interest-bearing liabilities		34 357
Current liabilities	-	35 475
<b>Total liabilities</b>		<b>78 719</b>
<b>Net assets divested</b>		<b>27 551</b>

The purchase consideration totalled SEK 40,584,000 and comprises a cash payment and a supplementary purchase consideration. SEK 30,584,000 of the purchase consideration was received in cash and the remaining SEK 10,000,000 was in the form of a promissory note.

Specification of the divested operations	-	
Purchase consideration received		40 584
Net assets divested		-27 551
Costs attributable to the divestment		-810
Current earnings in the divested company		5 834
Fair value valuation, Diashunt Intressenter AB		-900
<b>Earnings, divested operations</b>		<b>17 157</b>

Income and expenses from the divested operation for 2009 and 2010 were as follows:

	2010	2009
Income	110 466	101 081
Expenses	-102 548	-97 475
Profit before tax	7 918	3 606
Tax	-2 084	-912
<b>Earnings, divested operations</b>	<b>5 834</b>	<b>2 694</b>