

Year-end report

January 1 – December 31, 2008



Net sales increased 11%* to SEK 499 M (433). Order bookings rose 10%* to SEK 507 M (444).

Profit after financial items for remaining operations was SEK 37.0 M (37.3).

Sharply improved cash flow. Cash flow from operating activities improved to SEK 69.7 M (26.8).

Continued stable operating profits during the fourth quarter, SEK 14.8 M (15.3).

The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share.

Summary January - December 2008

- Net sales for remaining operations increased 11%* to SEK 499 M (433). Order bookings rose 10%* to SEK 507 M (444).
- Operating profit for remaining operations amounted to SEK 50.3 M (50.1). Profit after financial items was SEK 37.0 M (37.3).
- Profit after tax for remaining operations totaled SEK 27.9 M (27.9), corresponding to SEK 4.62 (4.61) per share before dilution.
- Cash flow from operating activities for remaining operations improved to SEK 69.7 M (26.8). Cash flow after investments and sales of fixed assets amounted to SEK 53.9 M (9.3).
- Since February 2008, the Elos B share has been classified as a Health Care company by NASDAQ OMX Stockholm AB.
- The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share.

	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Remaining operations				
Net sales, SEK M	139.3	120.8	499.4	432.8
Growth, %	11.8*	11.2	11.3*	8.1
Operating profit, SEK M	14.8	15.3	50.3	50.1
Operating margin, %	10.6	12.7	10.1	11.6
Profit after financial items	11.0	11.7	37.0	37.3
Profit after tax	9.3	9.6	27.9	27.9
Earnings per share before dilution, SEK	1.54	1.59	4.62	4.61

* Adjusted for the year's exchange-rate fluctuations.

In recent years, the Group has been restructured from having been a diversified industrial group to a company with high technology and expertise content in medical technology and precision technology. This was accomplished through the spin-off in 2006 of private-home construction operations – the Forshem Group – to shareholders, and through the sale of electronics operations in 2007. The overall business direction is to focus operations on market segments in which the Group can develop leading positions. The company's core activities are in medical technology.

As part of efforts to highlight the company's new business direction and create a uniform image of Group affiliation, the company's name was changed on May 15, 2008, from AB Westergyllen to Elos AB, following the approval of the Annual General Meeting.

Invoicing and earnings, fourth quarter 2008

The Group's net sales for remaining operations increased during the fourth quarter by 15% to SEK 139 M (121). Sales were affected positively by SEK 4 M as an effect of exchange-rate fluctuations during the quarter. Overall, market conditions remained generally satisfactory. The demand scenario, however, varied sharply between the Group's different subsegments. Order bookings amounted to SEK 133 M (124). Operating profit declined to SEK 14.8 M (15.3). Profit after financial items amounted to SEK 11.0 M (11.7). The somewhat weaker earnings were primarily attributable to a changed product mix, in which market segments with lower margins account for an increased proportion and, to a lesser extent, to start-up costs associated with new products.

Invoicing and earnings, January - December 2008

The Group's net sales for remaining operations increased during the year to SEK 499.4 M (432.8). Exchange-rate fluctuations during the year, particularly the weakening of the Swedish krona with respect to the Danish krone, had a favorable effect amounting to SEK 17.5 M on net sales. Order bookings during the year increased to SEK 507 M (444), corresponding, after adjustment for currency effects, an increase of 10%.

Operating profit amounted to SEK 50.3 M (50.1). Profit after financial items amounted to SEK 37.0 M (37.3). The trend of earnings was adversely affected by growth being largely attributable to market segments with somewhat lower margins, as well as by costs associated with the launching of new products and increasing production overhead. Earnings were charged with SEK 0.4 M for costs related to staff reduction. The Group's net financial items was an expense of SEK 13.3 M (expense: 12.8).

Profit after tax for remaining operations amounted to SEK 27.9 M (27.9), corresponding to SEK 4.62 (4.61) per share before dilution. Exchange-rate fluctuations had a favorable effect of SEK 1.0 M on earnings after tax.

Net profit for the year from operations discontinued in 2007 refers to profit in the Electronics business area for the period from January 1 to November 30, 2007, combined with the revaluation of the development company Hemapure AB.

The Group's total profit after tax amounted to SEK 27.9 M (25.4). Total earnings per share before dilution amounted to SEK 4.62 (4.20).

Medical Technology

The business area comprises the Elos Medical and Elos Pinol units. Combined, these units represent some of Europe's leading development and production partners in precision products used in medical technology and components such as dental and orthopedic implants and instruments.

SEK M	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Net sales	85.5	73.2	307.1	269.6
Growth, %	11.1*	8.6	7.4*	7.4
Operating profit	10.2	10.2	36.4	39.9
Operating margin, %	11.9	13.9	11.9	14.8

Medical Technology, which is a priority growth area in the Group, continued to report a favorable volume trend in 2008. The demand situation in the different market segments varied during the year. In the orthopedics segment, Trauma and Spine secured many new customers. During the year, Elos Medical commenced production of a large number of new products in the orthopedics segment, leading to start-up costs. Demand in the dental segment varied sharply during the year, falling steadily throughout the second half of the year, which had a negative impact on Elos Pinol's delivery and earnings trend. To counter this trend, measures were taken to adapt costs to a weaker volume trend. As a result, staffing at Elos Pinol was reduced in the fourth quarter.

Net sales amounted to SEK 307.1 M (269.6), corresponding to an increase of 7%, adjusting for exchange-rate movements. Order bookings rose to SEK 306 M (261), corresponding to an increase of 10%, adjusted for exchange-rate fluctuations. Operating profit declined to SEK 36.4 M (39.9), resulting in an operating margin of 11.9% (14.8).

Precision Technology

The business area comprises the Elos Precision and Elos Fixturlaser units. Elos Precision specializes in the manufacture of small complex components with stringent precision and quality requirements. Elos Fixturlaser manufactures and markets laser-based alignment and positioning systems.

SEK M	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Net sales	54.7	48.8	194.2	166.6
Growth, %	12.1	14.8	16.6	10.3
Operating profit	6.4	6.4	21.0	15.6
Operating margin, %	11.7	13.1	10.8	9.4

The business area's delivery volumes increased steadily during the year. A significant portion of the increase is attributable to the turbine segment, which is Elos Precision's largest customer segment. The increased delivery volumes involve several new products that were initially charged against earnings during the year. Toward year-end, demand in the other market segments was impacted by the worsening business conditions. In the fourth quarter, measures were taken to counter reduced demand in the form of staff reductions.

Elos Fixturlaser's extremely favorable trend continued during the year. The trend was particularly strong in the wind power segment. In the autumn, a new alignment instrument, Fixturlaser GO, was introduced. The response of the market was favorable.

Net sales for the business area amounted to SEK 194.2 M (166.6), up 17%. Order bookings rose 10% during the year to SEK 201 M (183). Total operating profit improved, amounting to SEK 21.0 M (15.6), and the operating margin was 10.8% (9.4).

Investments

The Group's investments in buildings, land, machinery and equipment totaled SEK 39.5 M (43.7), of which SEK 0 M (2.1) was funded with localization grants. Most of these investments, SEK 30.1 M (36.4), is attributable to the Group's Medical Technology operations, Elos Medical and Elos Pinol. In addition, SEK 3.0 M (2.6) was invested in capitalized development expenditures and SEK 2.2 M (0.6) in intangible fixed assets.

Financial position and liquidity

The Group's total assets rose SEK 52 M, amounting to SEK 571 M (519). The increase is partly attributable to higher cash and bank balances as well as increased fixed assets and the effects of exchange-rate fluctuations.

Consolidated shareholders' equity during the year increased SEK 25 M and amounted to SEK 199 M (174). Shareholders' equity per share amounted to SEK 32.91 (28.82).

During the year, the financial position improved. At year-end, risk-bearing shareholders' equity amounted to SEK 229 M (197), corresponding to 40.0% (37.9) of total capital. The Group's equity/assets ratio was 34.9% (33.6).

The Group's cash flow from operating activities for remaining operations improved to SEK 69.7 M (26.8). Cash flow after investments and sales of fixed assets amounted to SEK 53.9 M (9.3). The Group's net borrowing declined during the year and amounted to SEK 226 M (228) at the end of the year. The Group's cash and cash equivalents, including unutilized overdraft facilities, totaled SEK 109.8 M (73.5) at the end of the year.

Human resources

The Group had 373 (369) full-time employees at the end of the year.

Discontinued operations

The subsidiary Elektromekan i Årjäng AB was divested at the end of November 2007, thus discontinuing the Electronics business area. Earnings deriving from the Electronics business area for the period January 1 through November 30, 2007, are included in "Earnings from divested operations," as well as the impairment of the Hemapure project, which affected earnings for the fourth quarter of 2007.

Miscellaneous

Effective February 4, the Elos Series B share has been sector-classified as a Health Care company in NASDAQ OMX Stockholm AB. The complete designation is **35101010 - Health Care Equipment**.

Convertibles program

The Annual General Meeting of Elos AB of April 28, 2008, approved the Board's proposal of the issuance of a maximum of 200,000 convertibles in a nominal maximum amount of SEK 16,000,000, with a lifetime extending from July 1, 2008, through June 30, 2011. Notwithstanding the preferential rights of shareholders, the right to subscribe for the convertibles accrues 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 May 1 to June 15, 2011, each convertible may be converted to one Series B share in Elos B. Transactions in conjunction with the convertibles were conducted in July and are included in the Group's subsequent reporting. The share of shareholders' equity was calculated according to IAS 32. Since the interest on the convertibles is essentially the same as the market interest rate, the Group's shareholders' equity is not significantly affected.

Parent Company

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

The Parent Company's net sales amounted to SEK 4.0 M (4.1). Earnings after financial items amounted to a loss of SEK 0.1 M (loss: 2.9). This includes intra-Group dividends in a net amount of SEK 7.5 M (12.7).

The share of risk-bearing equity was 70.0% (76.4). The equity/assets ratio amounted to 70.1% (75.8). The Parent Company's cash and cash equivalents including unutilized overdraft facilities amounted to SEK 89.1 M (54.6).

Dividend

The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 1.50 (1.50) per share. According to the proposal, the total dividend would amount to SEK 9.1M (9.1).

Significant risks and uncertainty factors

The Group's significant risks and uncertainty factors 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 2007 Annual Report.

Accounting principles

This report for the Group was prepared in accordance with IAS 34, Interim Financial Reporting, and the Annual Accounts Act, and for the Parent Company's operations, in accordance with the Annual Accounts Act. The accounting principles and basis of calculation are unchanged compared with the 2007 Annual Report. The 2008 Annual Report also explains how forthcoming changes to IFRS are expected to affect the financial reporting beginning in 2009.

Forecast 2009

Elos' major focus is within Medical Technology business area, the operations of which assessed to be less cyclical. The Precision Technology business area includes areas of operation that are more dependent on trends in the business environment.

Annual General Meeting

The Annual General Meeting will be held in Lidköping on April 29, 2009.

Nomination Committee

At the 2008 Annual General Meeting, it was resolved that the Nomination Committee shall comprise the Board Chairman, a representative of each of the three shareholders with the largest number of voting rights at September 30 each year, and a person to represent the smaller shareholders. The task of the Committee prior to the 2009 Annual General Meeting is to present proposals for Board membership and the fees to be paid to the Board and the Auditors.

The Nomination Committee prior to the 2009 Annual General Meeting comprises Bo Nilsson, Lars Runmarker and Sture Öster, representing the three largest shareholders, and Ingemar Johansson representing the smaller shareholders.

Annual Report

Elos' Annual Report is expected to be completed by the end of March, 2009, and will be available at the company and on the Elos website, www.elos.se. The printed version will be mailed to the shareholders simultaneously.

Financial information 2009

The interim report for the first quarter will be published on April 29, 2009.

The interim report for the second quarter will be published on August 20, 2009.

The interim report for the third quarter will be published on October 23, 2009.

Lidköping, February 20, 2009

Elos AB (publ)
Board of Directors

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CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Net sales	139,3	120,8	499,4	432,8
Cost of goods sold	-100,6	-82,5	-360,2	-301,7
Gross profit	38,7	38,3	139,2	131,1
Selling expenses	-7,1	-7,4	-26,9	-25,7
Administration expenses	-13,1	-11,0	-45,9	-41,5
Development expenses	-5,2	-5,1	-18,9	-17,3
Other operating income/expenses	1,5	0,5	2,8	3,5
Operating profit	14,8	15,3	50,3	50,1
Financial income	0,4	0,1	1,4	0,4
Financial expenses	-4,2	-3,7	-14,7	-13,2
Result after financial items	11,0	11,7	37,0	37,3
Taxes	-1,7	-2,1	-9,1	-9,4
Result for the year from remaining operations	9,3	9,6	27,9	27,9
Result from discontinued operations	-	-4,2	-	-2,5
Result for the year	9,3	5,4	27,9	25,4
EBITDA	17,7%	19,6%	17,0%	18,8%
EBIT	10,6%	12,7%	10,1%	11,6%
Depreciation charged against earnings for remaining operations	9,9	8,4	34,4	31,1
Earnings/share (SEK) rem. operations before dilution	1:54	1:59	4:62	4:61
Earnings/share (SEK) rem. operations aft. dilution **	1:51	-	4:58	-
Earnings per share (SEK) total before dilution	1:54	0:89	4:62	4:20
Earnings per share (SEK) total after dilution **	1:51	-	4:58	-
Number of share (SEK)	6 051	6 051	6 051	6 051
Number of shares (SEK) after dilution **	6 237	-	6 144	-
Number of shares after exercise (SEK)	6 051	6 051	6 051	6 051

** Considerations to convertibles issued 2008-07-01

NET SALES AND OPERATING PROFIT/LOSS PER BUSINESS AREA

Net sales SEK M	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Medical Technology	85,5	73,2	307,1	269,6
Precision Technology	54,7	48,8	194,2	166,6
Other	-0,9	-1,2	-1,9	-3,4
Total remaining operations	139,3	120,8	499,4	432,8
Operating profit/loss SEK M	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Medical Technology	10,2	10,2	36,4	39,9
Precision Technology	6,4	6,4	21,0	15,6
Other	-1,8	-1,3	-7,1	-5,4
Total remaining operations	14,8	15,3	50,3	50,1

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	081231	071231
Assets		
Intangible fixed assets	57,3	49,7
Tangible fixed assets	251,9	228,4
Financial fixed assets	0,0	0,0
Other current assets	219,5	218,9
Cash and bank balances	41,2	20,8
Asset for sale	1,5	1,5
Total assets	571,4	519,3
Shareholders' equity and liabilities		
Shareholders' equity	199,1	174,4
Long-term liabilities	238,9	220,2
Current liabilities	133,4	124,7
Total shareholders' equity and liabilities	571,4	519,3

CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Profit after net financial items	11,0	11,7	37,0	37,3
Adjustment items	9,7	9,4	33,8	34,6
Income tax paid	3,7	2,9	-0,8	-1,3
Change in working capital	6,9	-9,6	-0,3	-43,8
Cash flow from remaining operations	31,3	14,4	69,7	26,8
Investments in other fixed assets	-4,1	-2,4	-18,9	-27,3
Long-term claims	0,0	1,6	0,0	1,6
Sales of other fixed assets	1,5	2,8	3,1	8,2
Balance after investments in fixed assets	28,7	16,4	53,9	9,3
Change in interest-bearing loans	-20,7	-30,3	-24,4	-37,9
Dividends	0,0	0,0	-9,1	-3,0
Cash flow for the year fr. remaining operations	8,0	-13,9	20,4	-31,6
Net cash flow from discontinued operations	-	33,6	-	33,0
Cash flow for the year	8,0	19,7	20,4	1,4
Liquid funds at beginning of the year	33,1	1,4	20,8	19,7
Liquid funds from discontinued operations	-	-0,3	-	-0,3
Exchange-rate differences in liquid funds	0,1	0,0	0,0	0,0
Liquid funds at end of the period	41,2	20,8	41,2	20,8

KEY FIGURES

SEK M		Jan-Dec 2008	Jan-Dec 2007
Return on capital employed	%	11,6	11,4
Return on shareholders' equity	%	15,0	17,3
Share of risk-bearing capital	%	40,0	37,9
Equity/assets ratio	%	34,9	33,6
Net debt	SEK M	225,8	228,0
Investments excluding shares remaining operations	SEK M	44,7	46,3
Number of employees from remaining operations		368	358
Shareholders' equity per share	SEK	32:91	28:82

QUARTERLY FIGURES - GROUP

	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2008	2008	2008	2008	2007	2007	2007	2007
Net sales	139,3	122,1	122,7	115,3	120,8	99,5	110,9	101,6
Cost of goods sold	-100,6	-91,1	-87,7	-80,8	-82,5	-68,1	-79,9	-71,2
Gross profit	38,7	31,0	35,0	34,5	38,3	31,4	31,0	30,4
Selling, admin. and developm.expens.	-25,4	-20,6	-23,7	-22,0	-23,5	-18,6	-20,9	-21,5
Other operating items	1,5	0,1	0,9	0,3	0,5	1,5	1,3	0,2
Operating profit/loss	14,8	10,5	12,2	12,8	15,3	14,3	11,4	9,1
Net financial items	-3,8	-3,4	-3,1	-3,0	-3,6	-3,5	-3,2	-2,5
Profit/loss after financial items	11,0	7,1	9,1	9,8	11,7	10,8	8,2	6,6
Taxes	-1,7	-2,1	-2,5	-2,8	-2,1	-3,1	-2,3	-1,9
Profit/loss after taxes for remaining operations	9,3	5,0	6,6	7,0	9,6	7,7	5,9	4,7

QUARTERLY FIGURES - BUSINESS AREAS

	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2008	2008	2008	2008	2007	2007	2007	2007
Net sales	85,5	72,8	78,8	70,0	73,2	63,4	71,2	61,8
Medical Technology	85,5	72,8	78,8	70,0	73,2	63,4	71,2	61,8
Precision Technology	54,7	49,4	44,6	45,5	48,8	36,7	40,3	40,8
Other	-0,9	-0,1	-0,7	-0,2	-1,2	-0,6	-0,6	-1,0
Total remaining operations	139,3	122,1	122,7	115,3	120,8	99,5	110,9	101,6

	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2008	2008	2008	2008	2007	2007	2007	2007
Operating profit/loss	10,2	7,3	9,6	9,3	10,2	9,9	11,7	8,1
Medical Technology	10,2	7,3	9,6	9,3	10,2	9,9	11,7	8,1
Precision Technology	6,4	5,0	4,6	5,0	6,4	5,9	1,1	2,2
Other	-1,8	-1,8	-2,0	-1,5	-1,3	-1,5	-1,4	-1,2
Total remaining operations	14,8	10,5	12,2	12,8	15,3	14,3	11,4	9,1

CHANGES IN SHAREHOLDERS' EQUITY

	Jan-Dec	Jan-Dec
SEK M	2008	2007
Opening balance	174,4	148,9
Translation difference	13,9	3,8
Net loss/gain on hedge of net investment	-8,0	-0,7
Dividends	-9,1	-3,0
Profit for the period	27,9	25,4
Closing balance, shareholders' equity	199,1	174,4

PARENT COMPANY INCOME STATEMENT

SEK	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Net sales	1,1	0,9	4,0	4,1
Cost of goods sold	0,0	0,0	0,0	0,0
Gross profit	1,1	0,9	4,0	4,1
Administration expenses	-2,7	-2,3	-10,7	-9,8
Other operating income/expenses	0,0	0,0	0,0	0,0
Operating profit	-1,6	-1,4	-6,7	-5,7
Result fr. participations in group comp.	0,0	7,7	7,5	12,7
Result fr. participations in associated comp.	0,0	-7,0	0,0	-7,0
Financial income	0,6	0,0	2,2	0,5
Financial expenses	-0,8	-1,0	-3,1	-3,4
Result after financial items	-1,8	-1,7	-0,1	-2,9
Appropriations	0,0	-0,1	0,0	-0,1
Taxes	0,5	0,7	2,1	2,5
Result for the year	-1,3	-1,1	2,0	-0,5

PARENT COMPANY BALANCE SHEET

SEK	2008-12-31	2007-12-31
Assets		
Tangible fixed assets	0,4	0,5
Financial fixed assets	139,8	139,9
Other current assets	20,2	25,0
Cash and bank balances	39,1	19,6
Total assets	199,5	185,0
Shareholders' equity and liabilities		
Shareholders' equity	138,7	140,3
Untaxed reserves	1,4	1,4
Provisions	5,4	5,7
Long-term liabilities	33,1	25,0
Current liabilities	20,9	12,6
Total shareholders' equity and liabilities	199,5	185,0

The information in this year-end report is that which Elos AB (publ) must publish pursuant to the Swedish Securities Market Act and/or the Trading in Financial Instruments Act. The information was published on February 20, 2009 at 1:00 p.m. (CET).

The year-end report has not been subject to review by the company's auditors.