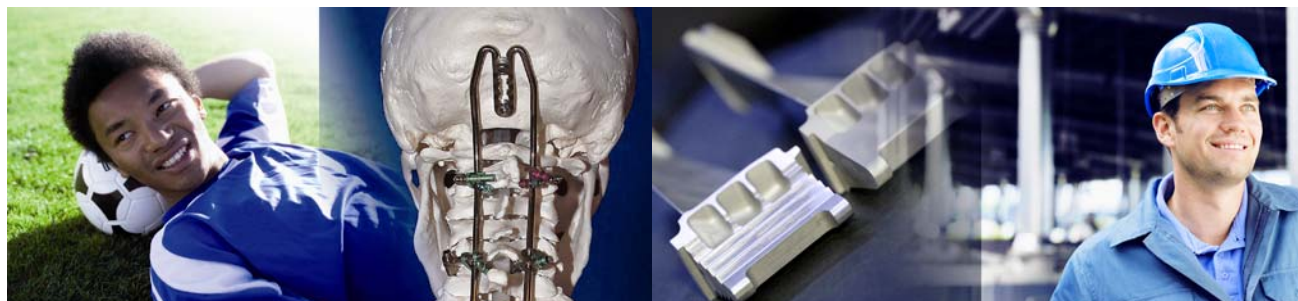


Interim Report

1 January – 31 March 2010



- Net sales increased about 9%* to SEK 119 M (112). Order bookings improved, rising about 17%* to SEK 127 M (111).
- Operating profit improved to SEK 8.9 M (loss: 0.8). The improvement derived from higher volumes and cost-adjustment measures implemented during 2009.
- Cash flow from operating activities amounted to SEK 3.5 M (neg: 2.0).
- Profit after financial items amounted to SEK 7.0 M (loss: 3.5).
- Profit after tax amounted to SEK 5.4 M (loss: 0.8), corresponding to SEK 0.89 (loss: 0.13) per share.
- The establishment of medical technology operations in Tianjin, China, is proceeding as planned.

President Göran Brorsson comments:

“Precision Technology’s operations exceeded our expectations during Q1 2010. We also see a gradual recovery in Medical Technology. The activities of Group customers are increasing now, and we are becoming increasingly involved in projects to support future product launches. We believe that volume trends are stabilizing in a positive direction.”

	Jan-Mar 2010	Jan-Mar 2009	Apr-Mar 2009/10	Jan-Dec 2009
Net sales, SEK M	119.1	111.7	429.4	422.0
Growth, %*	8.9	-8.4	-14.0	-16.8
Operating profit/loss, SEK M	8.9	-0.8	19.3	9.6
Operating margin, %	7.5	-0.7	4.5	2.3
Profit/loss after financial items	7.0	-3.5	11.0	0.5
Profit/loss after tax	5.4	-0.8	7.8	1.6
Earnings per share before dilution, SEK	0:89	-0:13	1:29	0:26

* Adjusted for exchange-rate fluctuations.

Operations in general

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, January – March 2010

Adjusted for exchange-rate fluctuations, the Group's net sales during the period increased 9% to SEK 119 M (112). Exchange-rate fluctuations during the period, particularly SEK in relation to DKK, had a negative impact of approximately SEK 3 M. Adjusted for exchange-rate fluctuations, order bookings improved during the first quarter of 2010 by about 17% to SEK 127 M (111).

Operating profit amounted to SEK 8.9 M (loss: 0.8). Profit after financial items was SEK 7.0 M (loss: 3.5). The improvement derived from increased activity in the Group's business areas, combined with the effects of cost-adjustment measures implemented during 2009. Net financial items improved and amounted to an expense of SEK 1.9 M (expense: 2.7).

Profit after tax amounted to SEK 5.4 M (loss: 0.8), corresponding to SEK 0.89 (loss: 0.13) per share before dilution.

Medical Technology

The Medical Technology business area is one of Europe's leading development and production partner 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 is now being established for the Group's medical technology operations. As a result of the new organisation, the operations of Elos Medical and Elos Pinol, 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	Jan-Mar 2010	Jan-Mar 2009	Apr-Mar 2009/10	Jan-Dec 2009
Net sales	63.0	67.6	247.2	251.8
Growth, %*	-1.9	-11.9	-20.7	-20.0
Operating profit	4.0	0.2	6.4	2.6
Operating margin, %	6.3	0.3	2.6	1.0

Demand for products marketed by the Medical Technology business area, which is a prioritized business area in the Group, has improved gradually in recent months. Demand has stabilised during the past two quarters in market segments that are financed in full or in part by the consumer, such as dental implants and hearing aids. For areas in which public healthcare services carry the costs, demand improved somewhat in early 2010.

It has been noted that activity among customers is now increasing gradually. As a result of adaptations in inventory levels during 2009, demand will gradually start to match market needs. The increased activity results in that we are becoming increasingly involved in projects to support future product launches.

The establishment of operations in Tianjin, China, is proceeding as planned. Installations of machinery and other equipment will commence during the second quarter. In parallel, employee training programmes have been started, as well as the validation of production processes.

Net sales totalled SEK 63.0 M (67.6), down 2% after adjustments for exchange-rate fluctuations. Order bookings during the quarter increased 3%, adjusted for exchange-rate fluctuations, to SEK 69.4 M (70.6). As a result of cost-adaptation measures implemented during 2009, operating profit improved to SEK 4.0 M (0.2), yielding an operating margin of 6.3% (0.3).

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	Jan-Mar 2010	Jan-Mar 2009	Apr-Mar 2009/10	Jan-Dec 2009
Net sales	56.3	44.5	185.2	173.4
Growth, %	24.3	-2.2	-4.1	-10.7
Operating profit	6.9	1.0	20.0	14.1
Operating margin, %	12.3	2.2	10.8	8.1

Supported by continued strong demand in the energy sector (turbines, offshore and wind power), the Precision Technology business area continued to show positive development during Q1 2010.

For Elos Precision, demand remained favourable in the turbine and offshore segments. Other market segments continued to show a weak trend, although there are signs of slow recovery from low levels. Elos Fixturlaser's order bookings and deliveries continued to improve. New products launched during 2009 have received favourable market reception and contributed to the growing volumes.

Net sales for the business area amounted to SEK 56.3 M (44.5), up 24%. Order bookings increased 39% during the quarter to SEK 57 M (41). The business area's operating profit improved to SEK 6.9 M (1.0). The operating margin was 12.3% (2.2).

Investments

The Group's investments in buildings, land, machinery and equipment totalled SEK 8.0 M (17.1). A substantial portion of these investments, about SEK 5.6, was attributable to the continued build-up of medical technology operations in China. In addition, SEK 0.3 M (2.1) was invested in capitalized development expenditures.

Financial position and liquidity

Total consolidated assets increased SEK 7 M during the quarter to SEK 533 M (526).

Consolidated shareholders' equity amounted to SEK 191 M (188). Shareholders' equity per share amounted to SEK 31.52 (31.15).

Risk-bearing shareholders' equity at the close of the first quarter of 2010 amounted to SEK 218 M (216), corresponding to 40.8% (41.1) of total capital. The Group's equity/assets ratio was 35.7% (35.8).

The Group's cash flow from operating activities amounted to SEK 3.5 M (neg: 2.0). Cash flow after investments and sales of fixed assets amounted to a deficit of SEK 4.8 M (neg: 8.9).

The Group's net borrowing decreased marginally during the quarter and amounted to SEK 228 M (229) at year-end.

The Group's cash and cash equivalents, including unutilized overdraft facilities, totalled SEK 76.3 M (87.4) at the close of the first quarter of 2010.

Human resources

At year-end, the Group had 337 (336) full-time employees.

Convertibles programme

The Annual General Meeting of Elos AB on April 28, 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 July 1, 2008 through June 30, 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 May 1 to June 15, 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 1.5 M (1.2). After financial items a loss was reported of SEK 2.1 M (loss: 9.0). Earnings during the first quarter of 2009 included a currency exchange loss of SEK 6.7 attributed to hedging of net investments in business activities outside Sweden. There was no corresponding entry during the first quarter of 2010.

The share of risk-bearing equity was 78.0% (78.5). The equity/assets ratio amounted to 77.9% (78.5). Parent Company cash and cash equivalents, including unutilized overdraft facilities, totalled SEK 58.0 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 uncertainty factors, and how they are managed, is presented in the Board of Directors' Report in the 2009 Annual Report.

Accounting principles

The interim report for the first quarter 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 principles as those described in the 2009 annual report. New or revised recommendations effective from January 1, 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 are expected to improve steadily during 2010.

Outlook for 2010 from 2009 year-end report, dated February 25, 2010:

It remains difficult to assess the future market trend. Demand for the Group's products and services are expected to improve steadily during 2010.

Financial information in 2010

The interim report for the second quarter will be published on 19 August 2010.

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

Lidköping, 28 April 2010

Göran Brorsson
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CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK M	Jan-Mar 2010	Jan-Mar 2009	Apr-Mar 2009/2010	Jan-Dec 2009
Net sales	119,1	111,7	429,4	422,0
Cost of goods sold	-85,6	-89,0	-320,4	-323,8
Gross profit	33,5	22,7	109,0	98,2
Selling expenses	-8,9	-6,8	-28,2	-26,1
Administration expenses	-10,6	-12,0	-42,8	-44,2
Development expenses	-6,0	-4,8	-21,0	-19,8
Other operating income/expenses	0,9	0,1	2,3	1,5
Operating profit	8,9	-0,8	19,3	9,6
Financial income	0,0	0,2	0,2	0,4
Financial expenses	-1,9	-2,9	-8,5	-9,5
Result after financial items	7,0	-3,5	11,0	0,5
Taxes	-1,6	2,7	-3,2	1,1
Result for the period	5,4	-0,8	7,8	1,6
Statements of comprehensive income				
Result for the period	5,4	-0,8	7,8	1,6
Other comprehensive income				
Translation difference	-6,0	0,0	-11,7	-5,7
Hedging of net investment	2,8	-0,6	5,9	2,5
Total comprehensive income	2,2	-1,4	2,0	-1,6
Result attributable to:				
Equity holders of the parent	2,2	-1,4	2,0	-1,6
EBITDA	15,5%	7,6%	13,3%	11,2%
EBIT	7,5%	-0,7%	4,5%	2,3%
Depreciation charged against earnings	9,5	9,3	37,8	37,6
Earnings per share (SEK) before dilution	0:89	-0:13	1:29	0:26
Earnings per share (SEK) after dilution**	0:87	-0:13	1:25	0:25
Number of shares (thousands) before dilution	6 051	6 051	6 051	6 051
Number of shares (thousands) after dilution**	6 237	6 237	6 237	6 237
Number of shares end of period (thousands)	6 051	6 051	6 051	6 051

** Coniderations to convertibles issued 2008-07-01

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2010-03-31	2009-03-31	2009-12-31
Assets			
Intangible fixed assets	51,0	58,5	54,7
Tangible fixed assets	243,2	260,6	249,7
Other current assets	220,3	231,3	199,0
Cash and bank balances	17,6	37,5	21,4
Asset for sale	1,5	1,5	1,5
Total assets	533,6	589,4	526,3
Shareholders' equity and liabilities			
Shareholders' equity	190,7	197,7	188,5
Long-term liabilities	214,4	253,4	223,1
Current liabilities	128,5	138,3	114,7
Total shareholders' equity and liabilities	533,6	589,4	526,3

KEY FIGURES

SEK M		Jan-Mar 2010	Jan-Mar 2009	Jan-Dec 2009
Return on capital employed	%	8,9	-0,5	2,9
Return on shareholders' equity	%	11,4	-1,6	1,1
Share of risk-bearing capital	%	40,8	38,6	41,1
Equity/assets ratio	%	35,7	33,5	35,8
Net debt	SEK M	228,2	247,2	228,9
Investments excluding shares	SEK M	8,3	19,2	42,3
Number of employees		337	370	343
Shareholders' equity per share	SEK	31:52	32:66	31:15
Dividends	SEK			1:50

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	31 Mar 2010	31 Dec 2009
Opening balance	188,5	199,1
Dividends	0,0	-9,1
Total earnings	2,2	-1,5
Closing balance, shareholders' equity	190,7	188,5

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Jan-Mar 2010	Jan-Mar 2009	Jan-Dec 2009
Profit after net financial items	7,0	-3,5	0,5
Adjustment items	9,2	9,0	38,1
Income tax paid	-0,7	-0,6	-3,7
Change in working capital	-12,0	-6,9	8,6
Cash flow from remaining operations	3,5	-2,0	43,5
Investments in other fixed assets	-8,3	-7,0	-17,2
Sales of other fixed assets	0,0	0,1	0,1
Balance after investments in fixed assets	-4,8	-8,9	26,4
Change in interest-bearing loans	1,0	5,2	-37,0
Dividends	0,0	0,0	-9,1
Cash flow for the period	-3,8	-3,7	-19,7
Liquid funds at beginning of the year	21,4	41,2	41,2
Exchanges-rate differences in liquid funds	0,0	0,0	-0,1
Liquid funds at end of the period	17,6	37,5	21,4

NET SALES AND OPERATING PROFIT/LOSS PER BUSINESS AREA

Net sales	Jan-Mar 2010	Jan-Mar 2009	Apr-Mar 2009/10	Jan-Dec 2009
SEK M				
Medical Technology	63,0	67,6	247,2	251,8
Precision Technology	56,3	44,5	185,2	173,4
Other	-0,2	-0,4	-3,0	-3,2
Total	119,1	111,7	429,4	422,0

Operatin profit/loss	Jan-Mar 2010	Jan-Mar 2009	Apr-Mar 2009/10	Jan-Dec 2009
SEK M				
Medical Technology	4,0	0,2	6,4	2,6
Precision Technology	6,9	1,0	20,0	14,1
Other	-2,0	-2,0	-7,1	-7,1
Total	8,9	-0,8	19,3	9,6

QUARTERLY FIGURES - GROUP

	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2010	2009	2009	2009	2009	2008	2008	2008	2008
Net sales	119,1	112,5	87,8	110,0	111,7	139,3	122,1	122,7	115,3
Cost of goods sold	-85,6	-85,1	-66,7	-83,0	-89,0	-100,6	-91,1	-87,7	-80,8
Gross profit	33,5	27,4	21,1	27,0	22,7	38,7	31,0	35,0	34,5
Selling adm. and developm.expen:	-25,5	-24,1	-18,4	-24,0	-23,6	-25,4	-20,6	-23,7	-22,0
Other operating items	0,9	0,5	0,1	0,8	0,1	1,5	0,1	0,9	0,3
Operating profit/loss	8,9	3,8	2,8	3,8	-0,8	14,8	10,5	12,2	12,8
Net financial items	-1,9	-2,1	-2,0	-2,3	-2,7	-3,8	-3,4	-3,1	-3,0
Profit/loss after financial items	7,0	1,7	0,8	1,5	-3,5	11,0	7,1	9,1	9,8
Taxes	-1,6	-0,4	-0,7	-0,5	2,7	-1,7	-2,1	-2,5	-2,8
Profit/loss after taxes	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 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2010	2009	2009	2009	2009	2008	2008	2008	2008
Medical Technology	63,0	68,0	49,6	66,6	67,6	85,5	72,8	78,8	70,0
Precision Technology	56,3	46,5	38,7	43,7	44,5	54,7	49,4	44,6	45,5
Other	-0,2	-2,0	-0,5	-0,3	-0,4	-0,9	-0,1	-0,7	-0,2
Total	119,1	112,5	87,8	110,0	111,7	139,3	122,1	122,7	115,3
Operating profit/loss	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2010	2009	2009	2009	2009	2008	2008	2008	2008
Medical Technology	4,0	-0,6	-1,1	4,1	0,2	10,2	7,3	9,6	9,3
Precision Technology	6,9	5,9	5,5	1,7	1,0	6,4	5,0	4,6	5,0
Other	-2,0	-1,5	-1,6	-2,0	-2,0	-1,8	-1,8	-2,0	-1,5
Total	8,9	3,8	2,8	3,8	-0,8	14,8	10,5	12,2	12,8

PARENT COMPANY INCOME STATEMENT

SEK	Jan-Mar 2010	Jan-Mar 2009	Apr-Mar 2009/10	Jan-Dec 2009
Net sales	1,5	1,2	4,5	4,2
Cost of goods sold	0,0	0,0	0,0	0,0
Gross profit	1,5	1,2	4,5	4,2
Administration expenses	-3,3	-3,2	-11,3	-11,2
Other operating income/expenses	0,0	0,0	0,0	0,0
Operating profit	-1,8	-2,0	-6,8	-7,0
Result fr. participations in group comp.	0,0	0,0	23,3	23,3
Financial income	0,0	0,2	2,1	2,3
Financial expenses	-0,3	-7,2	-1,7	-8,6
Result after financial items	-2,1	-9,0	16,9	10,0
Appropriations	0,0	0,0	0,0	0,0
Taxes	0,6	2,4	1,7	3,5
Result after tax	-1,5	-6,6	18,6	13,5

Result after tax corresponds with comprehensive income

PARENT COMPANY BALANCE SHEET

SEK	2010-03-31	2009-03-31	2009-12-31
Assets			
Tangible fixed assets	0,3	0,4	0,3
Financial fixed assets	164,9	139,8	147,2
Other current assets	22,7	20,6	29,6
Cash and bank balances	8,0	35,8	19,4
Total assets	195,9	196,6	196,5
Shareholders' equity and liabilities			
Shareholders' equity	151,6	132,1	153,1
Untaxed reserves	1,4	1,4	1,4
Provisions	5,1	5,5	5,4
Long-term liabilities	23,8	31,2	25,7
Current liabilities	14,0	26,4	10,9
Total shareholders' equity and liabilities	195,9	196,6	196,5

The information of this interim report is of the kind that Elos AB has to make public according to the Securities Market Act and/or the Financial Instruments Trading Act.
The information was made public on April 28, 2010 at 13:00 (CET).

The interim report has not been subject to review by the company's auditors.