



Interim report January 1 – September 30, 2008

Continued growth. Net sales increased by 15% to SEK 360 M (312). Order bookings rose by 17% to SEK 374 M (320).

Profit after financial items for remaining operations amounted to SEK 26.0 M (25.6).

Cash flow from operating activities increased to SEK 38.3 M (12.4).

Summary January - September 2008

- Net sales for remaining operations increased by 15% and amounted to SEK 360 M (312). Order bookings for the period rose to SEK 374 M (320).
- Operating profit for remaining operations improved and amounted to SEK 35.5 M (34.8). Profit after financial items was SEK 26.0 M (25.6). Profit after tax for remaining operations totaled SEK 18.6 M (18.3), corresponding to SEK 3.08 per share (3.01).
- Cash flow for remaining operations from operating activities amounted to SEK 38.3 M (12.4). Cash flow after investments and sales of fixed assets totaled SEK 25.1 M (negative: 7.1).
- The name of the company was changed to Elos AB to emphasize the Group's new business direction.
- Since February 2008, the Elos B share has been sector classified as a Health Care company by NASDAQ OMX Stockholm AB.

	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
	2008	2007	2008	2007	2007/2008	2007
Remaining operations	2008	2007	2008	2007	8	2007
Net sales, SEK M	122.1	99.5	360.1	312.0	480.9	432.8
Growth, %	22.7	6.0	15.4	6.9	14.3	8.1
Operating profit, SEK M	10.5	14.3	35.5	34.8	50.8	50.1
Operating margin, %	8.7	14.4	9.9	11.2	10.6	11.6
Profit after financial items	7.1	10.8	26.0	25.6	37.7	37.3
Profit after tax	5.0	7.7	18.6	18.3	28.2	27.9
Earnings per share, SEK	0.84	1.27	3.08	3.01	4.66	4.61

Operations in General

In recent years, the Group has been restructured from having been a diversified industrial group to a company with high technology and expertise 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 via 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 the Group's business affinity, the company's name was changed to Elos AB on May 15, 2008, following the approval of the Annual General Meeting.

Invoicing and earnings, third quarter 2008

The Group's net sales for remaining operations increased during the third quarter by 23%, totaling SEK 122 M (100). The improvement in sales was primarily attributable to the Precision Technology business area. Market conditions remained generally satisfactory. Order bookings amounted to SEK 124 M (2007: 103). Operating profit declined to SEK 10.5 M (14.3). Profit after financial items amounted to SEK 7.1 M (10.8). The decrease in profit was caused by increase in costs for the introduction of new products and costs connected with extraordinary maintenance activities. The volume increase during the period was primarily attributable to market segments with lower margins.

Invoicing and earnings, January – September 2008

The Group's net sales for remaining operations increased during the period by 15%, totaling SEK 360 M (312). Market conditions remained generally satisfactory. Order bookings during the period totaled SEK 374 M (320). Operating profit for remaining operations increased to SEK 35.5 M (34.8), with an operating margin of 9.9% (11.2). Profit after financial items for remaining operations amounted to SEK 26.0 M (25.6). The higher earnings were attributable to the Precision Technology business area.

Profit after tax for remaining operations amounted to SEK 18.6 M (18.3), corresponding to SEK 3.08 per share (3.01).

Medical Technology

The business area comprises the Elos Pinol and Elos Medical units. Combined, these units represent one 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.

	July-Sep	July-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
SEK M	2008	2007	2008	2007	2007/2008	2007
Net sales	72.8	63.4	221.6	196.4	294.8	269.6
Growth, %	14.8	1.3	12.8	6.9	11.8	7.4
Operating profit	7.3	9.9	26.2	29.7	36.4	39.9
Operating margin, %	10.0	15.6	11.8	15.1	12.3	14.8

Medical Technology, which is a priority growth area in the Group, continues to report positive development in 2008. Delivery volumes increased by 13% (7), amounting to SEK 222 M (196). Demand in the market segments served was partly varied. In the orthopedics segment, Trauma and Spine secured several new customers. During the year, Elos Medical commenced production of a large number of new products, leading to start-up costs. Demand in the dental segment varied sharply, with major players now reporting weakening growth, which had a negative impact on Elos Pinol's delivery and earnings trend for the third quarter. Measures implemented to improve production flow during the summer vacation were charged against earnings. Order bookings increased by 21%, totaling SEK 228 M (189) for the period.

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 requirements. Fixturlaser manufactures and markets laser-based alignment and positioning systems.

	July-Sep	July-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
SEK M	2008	2007	2008	2007	2007/2008	2007
Net sales	49.4	36.7	139.5	117.8	188.3	166.6
Growth, %	34.6	18.0	18.4	8.9	17.5	10.3
Operating profit	5.0	5.9	14.6	9.2	21.0	15.6
Operating margin, %	10.1	16.1	10.5	7.8	11.2	9.4

The business area's shipping volumes increased strongly during the third quarter, due primarily to the turbine segment, which is Elos Precision's largest customer segment. Order bookings amounted to SEK 146 M (131) during the period. The trend within other segments remained satisfactory, although competition is intensifying. The increased delivery volume consisting of several new products resulted in start-up costs, which were charged against earnings in the third quarter.

Elos Fixturlaser's very positive trend continues. Demand remains stable. During September, a new alignment instrument, Fixurlaser GO, was introduced. The costs for launching the new system impacted earnings for the third quarter.

Investments

The Group's investments in buildings, land, machinery and inventories totaled SEK 32.0 M (37.4). SEK 23.5 M of this amount is attributable to the Group's medical technology operations at Elos Medical and Elos Pinol. In addition, SEK 2.2 M (2.2) was invested in capitalized development costs.

Financial position and liquidity

The Group's total assets increased by slightly less than SEK 30 M since year-end, amounting to SEK 549 M (519). Increased cash balance accounts for SEK 12 M of the rise in total assets.

Group shareholders' equity rose by SEK 10 M and amounted to SEK 184 M (174). Shareholders' equity per share was SEK 30.45 (28.82). Risk-bearing shareholders' equity amounted to SEK 207 M (197) at the end of the quarter, corresponding to 37.7% (37.9) of total capital. The Group's equity/assets ratio was 33.6% (33.6).

The Group's cash flow from operating activities improved and amounted to SEK 38.3 M (12.4) for remaining operations. During the period, cash flow was negatively impacted by an increase in working capital. Cash flow after investments and sales of fixed assets totaled SEK 25.1 M (negative: 7.1).

The Group's net borrowing rose by slightly less than SEK 2 M during the quarter and amounted to SEK 235 M (228) at the end of the period. The Group's cash and cash equivalents, including unutilized overdraft facilities, totaled SEK 93 M (73).

Personal

The Group had 382 (369) employees at the end of the period.

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 May 1 through till June 15, 2011, each convertible may be converted to one Series B share in Elos AB. Transactions in conjunction with the convertibles were conducted in July and are included in the interim figures. The share of shareholders' equity was calculated according to IAS 32 and amounted to SEK 0.2 M.

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 2.9 M (3.2). Profit after financial items amounted to SEK 1.7 M (loss: 1.1). Profit includes intra-Group dividends in a net amount of SEK 7.5 M (5.0).

The share of risk-bearing capital was 68.6% (76.4). The equity/assets ratio was 68.6% (75.8). The Parent Company's cash and cash equivalents, including unutilized overdraft facilities, amounted to SEK 77.5 M (54.6).

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 associated with the prices of input goods. In addition, there are financial risks associated with changes in currency 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 interim report for the Group was prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. The accounting principles and basis of calculation are unchanged compared with the 2007 Annual Report.

Forecast 2008

The strategy is to continue developing the Group's operations in Medical Technology and Precision Technology.

Market conditions are deemed as continued favorable. Uncertainty has increased due to the trend in the business environment.

Financial information 2008

The year-end report for the 2008 fiscal year will be published on February 20, 2009.

Lidköping, October 24, 2008

Göran Brorsson
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The information in this interim 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 October 24, 2008, at 1:00 p.m. (CET).

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	Jul-Sep 2008	Jul-Sep 2007	Jan-Sep 2008	Jan-Sep 2007	Oct-Sep 2007/2008	Jan-Dec 2007
Net sales	122,1	99,5	360,1	312,0	480,9	432,8
Cost of goods sold	-91,1	-68,1	-259,6	-219,2	-342,1	-301,7
Gross profit	31,0	31,4	100,5	92,8	138,8	131,1
Selling expenses	-6,0	-5,4	-19,8	-18,3	-27,2	-25,7
Administration expenses	-10,0	-9,5	-32,8	-30,5	-43,8	-41,5
Development expenses	-4,6	-3,8	-13,7	-12,2	-18,8	-17,3
Other operating income/expenses	0,1	1,6	1,3	3,0	1,8	3,5
Operating profit	10,5	14,3	35,5	34,8	50,8	50,1
Financial income	0,3	0,0	1,0	0,3	1,1	0,4
Financial expenses	-3,7	-3,5	-10,5	-9,5	-14,2	-13,2
Result after financial items	7,1	10,8	26,0	25,6	37,7	37,3
Taxes	-2,1	-3,1	-7,4	-7,3	-9,5	-9,4
Result for the year from remaining operations	5,0	7,7	18,6	18,3	28,2	27,9
Result from discontinued operations	-	1,3	-	1,7	-4,2	-2,5
Result for the year	5,0	9,0	18,6	20,0	24,0	25,4
EBITDA	15,3%	21,7%	16,7%	18,4%	17,4%	18,8%
EBIT	8,7%	14,4%	9,9%	11,2%	10,6%	11,6%
Depreciation charged against earnings for remaining operations	8,1	7,3	24,5	22,7	32,9	31,1
Earnings per share (SEK) remaining operations	0:84	1:27	3:08	3:01	4:66	4:61
Earnings per share (SEK) remaining operations after dilution	0:83	-	3:07	-	4:66	-
Earnings per share (SEK) discontinued operations	-	0:23	-	0:30	-	-0:41
Number of share (SEK)	6 051	6 051	6 051	6 051	6 051	6 051
Number of shares after exercise (thousands)	6 051	6 051	6 051	6 051	6 051	6 051

NET SALES AND OPERATING PROFIT/LOSS PER BUSINESS AREA

Net sales SEK M	Jul-Sep 2008	Jul-Sep 2007	Jan-Sep 2008	Jan-Sep 2007	Oct-Sep 2007/2008	Jan-Dec 2007
Medical Technology	72,8	63,4	221,6	196,4	294,8	269,6
Precision Technology	49,4	36,7	139,5	117,8	188,3	166,6
Other	-0,1	-0,6	-1,0	-2,2	-2,2	-3,4
Total remaining operations	122,1	99,5	360,1	312,0	480,9	432,8
Operating profit/loss SEK M	Jul-Sep 2008	Jul-Sep 2007	Jan-Sep 2008	Jan-Sep 2007	Oct-Sep 2007/2008	Jan-Dec 2007
Medical Technology	7,3	9,9	26,2	29,7	36,4	39,9
Precision Technology	5,0	5,9	14,6	9,2	21,0	15,6
Other	-1,8	-1,5	-5,3	-4,1	-6,6	-5,4
Total remaining operations	10,5	14,3	35,5	34,8	50,8	50,1

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2008-09-30	2007-09-30	2007-12-31
Assets			
Intangible fixed assets	50,6	49,8	49,7
Tangible fixed assets	240,3	264,1	228,4
Financial fixed assets	0,0	10,1	0,0
Other current assets	223,6	314,6	218,9
Cash and bank balances	33,1	1,4	20,8
Asset for sale	1,5	-	1,5
Total assets	549,1	640,0	519,3
Shareholders' equity and liabilities			
Shareholders' equity	184,2	167,4	174,4
Long-term liabilities	232,7	252,7	220,2
Current liabilities	132,2	219,9	124,7
Total shareholders' equity and liabilities	549,1	640,0	519,3

CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Jan-Sep 2008	Jan-Sep 2007	Jan-Dec 2007
Profit after net financial items	26,0	25,6	37,3
Adjustment items	24,1	25,2	34,6
Income tax paid	-4,5	-4,2	-1,3
Change in working capital	-7,3	-34,2	-43,8
Cash flow from remaining operations	38,3	12,4	26,8
Investments in other fixed assets	-14,8	-24,9	-27,3
Long-term claims	0,0	0,0	1,6
Sales of other fixed assets	1,6	5,4	8,2
Balance after investments in fixed assets	25,1	-7,1	9,3
Change in interest-bearing loans	-3,7	-7,6	-37,9
Dividends	-9,1	-3,0	-3,0
Cash flow for the year from remaining operations	12,3	-17,7	-31,6
Net cash flow from discontinued operations	-	-0,6	33,0
Cash flow for the year	12,3	-18,3	1,4
Liquid funds at beginning of the year	20,8	19,7	19,7
Liquid funds from discontinued operations	-	-	-0,3
Exchange-rate differences in liquid funds	0,0	0,0	0,0
Liquid funds at end of the period	33,1	1,4	20,8

KEY FIGURES

SEK M		Jan-Sep 2008	Jan-Sep 2007 *	Jan-Dec 2007
Return on capital employed	%	11,1	11,1	11,4
Return on shareholders' equity	%	13,9	16,9	17,3
Share of risk-bearing capital	%	37,7	28,8	37,9
Equity/assets ratio	%	33,6	26,2	33,6
Net debt	SEK M	235,3	328,6	228,0
Investments excluding shares remaining operations	SEK M	34,2	39,6	46,3
Number of employees from remaining operations		374	364	358
Shareholders' equity per share	SEK	30:45	27:66	28:82

* The numbers are unchanged, except the investments och number of employees.

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	2008	2008	2008	2007	2007	2007	2007	2006	2006	2006	2006
Net sales	122,1	122,7	115,3	120,8	99,5	110,9	101,6	108,6	93,9	97,6	100,3
Cost of goods sold	-91,1	-87,7	-80,8	-82,5	-68,1	-79,9	-71,2	-76,8	-68,0	-73,8	-74,0
Gross profit	31,0	35,0	34,5	38,3	31,4	31,0	30,4	31,8	25,9	23,8	26,3
Selling, admin. and developm.expens.	-20,6	-23,7	-22,0	-23,5	-18,6	-20,9	-21,5	-22,2	-17,8	-20,8	-20,9
Other operating items	0,1	0,9	0,3	0,5	1,5	1,3	0,2	1,4	-0,1	0,7	1,3
Operating profit/loss	10,5	12,2	12,8	15,3	14,3	11,4	9,1	11,0	8,0	3,7	6,7
Net financial items	-3,4	-3,1	-3,0	-3,6	-3,5	-3,2	-2,5	-2,8	-2,2	-1,7	-2,6
Profit/loss after financial items	7,1	9,1	9,8	11,7	10,8	8,2	6,6	8,2	5,8	2,0	4,1
Taxes	-2,1	-2,5	-2,8	-2,1	-3,1	-2,3	-1,9	-0,6	-0,4	-0,2	-0,3
Profit/loss after taxes for remaining operations	5,0	6,6	7,0	9,6	7,7	5,9	4,7	7,6	5,4	1,8	3,8

QUARTERLY FIGURES - BUSINESS AREAS

Net sales	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2008	2008	2008	2007	2007	2007	2007	2006	2006	2006	2006
Medical Technology	72,8	78,8	70,0	73,2	63,4	71,2	61,8	67,4	62,6	63,6	57,5
Precision Technology	49,4	44,6	45,5	48,8	36,7	40,3	40,8	42,5	31,1	34,4	43,0
Other	-0,1	-0,7	-0,2	-1,2	-0,6	-0,6	-1,0	-1,3	0,2	-0,4	-0,2
Total remaining operations	122,1	122,7	115,3	120,8	99,5	110,9	101,6	108,6	93,9	97,6	100,3

Operating profit/loss	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2008	2008	2008	2007	2007	2007	2007	2006	2006	2006	2006
Medical Technology	7,3	9,6	9,3	10,2	9,9	11,7	8,1	11,8	7,4	4,5	2,6
Precision Technology	5,0	4,6	5,0	6,4	5,9	1,1	2,2	-0,1	2,3	0,7	5,0
Other	-1,8	-2,0	-1,5	-1,3	-1,5	-1,4	-1,2	-0,7	-1,7	-1,5	-0,9
Total remaining operations	10,5	12,2	12,8	15,3	14,3	11,4	9,1	11,0	8,0	3,7	6,7

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	Jan-Sep	Jan-Sep	Jan-Dec
	2008	2007	2007
Opening balance	174,4	148,9	148,9
Translation difference	2,7	1,9	3,8
Net loss/gain on hedge of net investment	-2,4	-0,4	-0,7
Dividends	-9,1	-3,0	-3,0
Profit for the period	18,6	20,0	25,4
Closing balance, shareholders' equity	184,2	167,4	174,4

PARENT COMPANY INCOME STATEMENT

SEK M	Jul-Sep 2008	Jul-Sep 2007	Jan-Sep 2008	Jan-Sep 2007	Oct/Sep 2007/2008	Jan-Dec 2007
Net sales	0,7	0,8	2,9	3,2	3,8	4,1
Cost of goods sold	0,0	0,0	0,0	0,0	0,0	0,0
Gross profit	0,7	0,8	2,9	3,2	3,8	4,1
Administration expenses	-2,4	-2,3	-8,0	-7,5	-10,3	-9,8
Other operating income/expenses	0,0	0,0	0,0	0,0	0,0	0,0
Operating profit	-1,7	-1,5	-5,1	-4,3	-6,5	-5,7
Result fr. participations in group comp.	0,0	0,0	7,5	5,0	15,2	12,7
Result fr. participations in ass.comp.	0,0	0,0	0,0	0,0	-7,0	-7,0
Financial income	0,5	0,2	1,6	0,6	1,5	0,5
Financial expenses	-0,9	-0,8	-2,3	-2,4	-3,3	-3,4
Result after financial items	-2,1	-2,1	1,7	-1,1	-0,1	-2,9
Appropriations	0,0	0,0	0,0	0,0	-0,1	-0,1
Taxes	0,6	0,6	1,6	1,7	2,4	2,5
Result for the year	-1,5	-1,5	3,3	0,6	2,2	-0,5

PARENT COMPANY BALANCE SHEET

SEK M	2008-09-30	2007-09-30	2007-12-31
Assets			
Tangible fixed assets	0,4	0,5	0,5
Financial fixed assets	139,9	176,9	139,9
Other current assets	29,9	20,0	25,0
Cash and bank balances	27,5	0,2	19,6
Total assets	197,7	197,6	185,0
Shareholders' equity and liabilities			
Shareholders' equity	134,5	135,0	140,3
Untaxed reserves	1,4	1,3	1,4
Provision	5,7	6,0	5,7
Long-term liabilities	34,9	26,7	25,0
Current liabilities	21,2	28,6	12,6
Total shareholders' equity and liabilities	197,7	197,6	185,0

Review Report

Introduction

We have reviewed the interim report for Elos AB for the period from January 1, 2008 to September 30, 2008. 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 24, 2008

Ernst & Young AB
Björn Grundvall
Certified Public Accountant