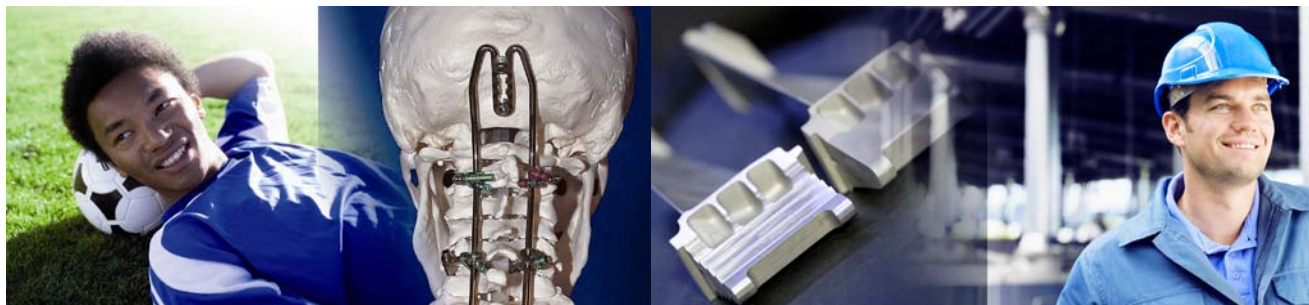


Year-end report

1 January – 31 December 2009



- Net sales declined 17%* to SEK 422 M (499). Order bookings declined about 15%* to SEK 431 M (507). During the fourth quarter, order bookings improved compared with prior quarters during the year.
- Establishment is ongoing for a medical technology operation in China. Agreement with Novo Nordisk ensures initially good capacity utilisation up to 2012.
- Operating profit amounted to SEK 9.6 M (50.3). The profit deterioration was due to the lower volume, and to capacity-adjustment costs. In total during the year, actions were taken that will reduce costs by the equivalent of approximately SEK 30 M on an annual basis.
- Stable cash flow. Cash flow from operating activities amounted to SEK 43.5 M (69.7).
- Profit after financial items amounted to SEK 0.5 M (37.0).
- Earnings per share amounted to SEK 1.6 M (27.9), corresponding to SEK 0.26 (4.62) per share.
- The Board of Directors proposes that no dividend (1.50) be paid for the financial year.

President Göran Brorsson comments:

“The trend in the market for medical technology operation was disappointing in 2009. The volume trend was adversely impacted by uncertainty concerning the way the market would move and by our customers’ inventory positions. Recovery in the market has progressed more slowly than we previously anticipated. We now see the end to this adjustment process and we are favourably positioned to capitalise on the opportunities that may arise. Because we maintained our market position, combined with the launch of a number of new projects in 2009, we envisage favourable growth opportunities during 2010.”

	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Net sales, SEK M	112.5	139.3	422,0	499.4
Growth, %	-20.3	11.8	-16.8	11.3
Operating profit, SEK M	3.8	14.8	9.6	50.3
Operating margin, %	3.4	10.6	2.3	10.1
Profit after financial items	1.7	11.0	0.5	37,0
Profit after tax	1.3	9.3	1.6	27.9
Earnings per share before dilution, SEK	0.21	1.54	0.26	4.62

* 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 during 2008 from AB Westergyllen to Elos AB following a resolution by the Annual General Meeting.

Invoicing and earnings, fourth quarter 2009

The Group's net sales declined during the fourth quarter to SEK 113 M (139). Adjusted for exchange-rate fluctuations, sales were SEK 29 M lower than in the year-earlier period. The demand scenario among the Group's different segments was varied. The market scenario continued to be characterized by uncertainty concerning the demand status, which led to customers delaying their orders and reducing the size of orders placed to adjust and balance their inventory status. Order bookings increased, compared with prior quarters during 2009, to SEK 124 M (133).

Operating profit amounted to SEK 3.8 M (14.8). During the quarter, development initiatives were increased. New products and services were introduced. The scope of work on new customer projects continued to increase. Net financial items improved and amounted to an expense of SEK 2.1 M (expense: 3.8). Profit after financial items amounted to SEK 1.7 M (11.0). Cash flow from operating activities amounted to SEK 25.7 M (31.3).

Earnings per share amounted to SEK 1.3 M (9.3), corresponding to SEK 0.21 (1.54) per share before dilution.

Important events during the fourth quarter

Decision has been taken to establish an operation in China. The establishment is a feature of the Group's strategy to develop its medical technology operations geographically and will serve as a base for deliveries to the Group's medical technology customers that are currently establishing a presence in Chinese market. The agreement with Novo Nordisk ensures a good capacity utilisation until end of 2012. The plant will be put into operation during the third quarter of 2010.

Invoicing and earnings, January – December 2009

The Group's net sales declined 17% during the year to SEK 422 M (499). Exchange-rate fluctuations during the year, particularly changes in SEK in relation to DKK, had a favourable impact of approximately SEK 8 M on net sales. Adjusted for exchange-rate fluctuations during the year, order bookings declined approximately 15% to SEK 431 M (507).

Operating profit amounted to SEK 9.6 M (50.3). Profit after financial items amounted to SEK 0.5 M (37.0). The profit deterioration was due to the lower volume. In order to offset the adverse volume trend, actions were taken to reduce the Group's cost level. On the whole, this resulted in such consequences as the number of employees being reduced by 37 during the year. Implemented cost adjustments correspond to annual cost reductions of about SEK 30 M on an annual basis. The Group's net financial items improved to an expense of SEK 9.1 M (expense: 13.3).

Earnings after tax amounted to SEK 1.6 M (27.9), corresponding to SEK 0.26 (4.62) per share before dilution. Exchange-rate fluctuations had a negative impact of SEK 0.2 M on earnings after tax.

Medical Technology

This business area is one of Europe's leading development and production partners in precision products used in medical technology and components, such as dental and orthopaedic implants and instruments. To further enhance the customer focus, a new customer-oriented organisation was established for the Group's medical technology operations. The new organisation resulted in the integration of operations within Elos Medical and Elos Pinol. The organisation is divided into three business segments: Dental, Orthopaedic and Medical Devices.

SEK M	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Net sales	68.0	85.5	251.8	307.1
Growth, %	-22.2	11.1	-20.0	7.4
Operating profit/loss	-0.6	10.2	2.6	36.4
Operating margin, %	-0.9	11.9	1.0	11.9

Medical Technology, which is a prioritized growth area in the Group, was adversely affected during the year by reduced demand combined with the fact that customers prioritized adapting their inventory volumes to a more sluggish demand scenario. The underlying demand situation differed among the various prioritized market segments. Growth in market segments that are financed in full or in part by the consumer, such as dental

implants and hearing aids, was affected by the general business trend. However, areas in which public healthcare services carry the costs were affected to a lesser extent.

The orthopaedic segment, Trauma and Spine, demonstrated stable underlying demand. Efforts to develop business relations with several new customers that have significant growth potential in the orthopaedics area resulted in a significant number of new product introductions during the year. The diabetes segment continued to show a stable trend. The dental segment show sharp variations in demand, which had a negative impact on delivery and earnings trends. Due to the reduced demand, actions were taken to adapt costs to a more sluggish volume trend.

The Group's strategy within the business area is to increasingly develop proprietary products as a complement to the Group's contract manufacturing. The market's reactions to this have been favourable and the contracts signed with customers during 2009 will result in deliveries during the year ahead.

Net sales amounted to SEK 252 M (307), down 20%, adjusted for exchange-rate fluctuations. The decline in volume was primarily due to Dental and Sound & Vibration. Order bookings during the year declined 19%, adjusted for exchange-rate fluctuations, to SEK 253 M (306). Operating profit deteriorated significantly to SEK 2.6 M (36.4), resulting in an operating margin of 1.0% (11.9).

Precision Technology

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

SEK M	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Net sales	46.5	54.7	173.4	194.2
Growth, %	-15.0	12.1	-10.7	16.6
Operating profit	5.9	6.4	14.1	21.0
Operating margin, %	12.7	11.7	8.1	10.8

The Precision Technology business area presented a fragmented picture during 2009. The segment of operations related to the energy sector (turbines, offshore and wind power) continued to experience satisfactory demand. Other market segments (process and engineering industries) were affected considerably by the general market trend.

For Elos Precision, have the turbine and offshore segments developed favourably. Other market segments showed a very weak trend. To develop the operations to the current volume trend, actions were taken to reduce costs, mainly in the shape of staffing cutbacks. The actions taken to achieved their intended effects. Elos Fixturlaser's order bookings and deliveries were also negatively affected by the general market trend. The demand scenario improved gradually during the second half of the year. Two new products, UPAD XA and XA Geo, were launched during the fourth quarter.

Net sales for the business area amounted to SEK 173 M (194), corresponding to an 11% decline. Order bookings dropped 11% during the year to SEK 178 M (201). On the whole, operating profit declined to SEK 14.1 M (21.0). The operating margin amounted to 8.1% (10.8).

Investments

The Group's investments in buildings, land, machinery and equipment totalled SEK 37.4 M (39.5). A considerable portion of these investments, about SEK 22 M (5.6), was attributable to Elos Precision. In addition, SEK 4.6 M (3.0) was invested in capitalized development expenditures and SEK 0.3 M (2.2) in intangible fixed assets.

Financial position and liquidity

The Group's total assets declined SEK 45 M during the year to SEK 526 M (571). The decrease in total assets was due to the lower business volume and a reduction in current assets.

Consolidated shareholders' equity amounted to SEK 188 M (199). Shareholders' equity per share amounted to SEK 31.15 (32.91).

The Group's financial position improved somewhat during the year. At year-end, risk-bearing shareholders' equity amounted to SEK 216 M (229), corresponding to 41.1% (40.0) of total capital. The Group's equity/assets ratio was 35.8% (34.9).

The Group's cash flow from operating activities amounted to SEK 43.5 M (69.7). Cash flow after investments and sales of fixed assets amounted to SEK 26.4 M (53.9).

The Group's net borrowing increased marginally during the year and amounted to SEK 229 M (226) at year-end.

The Group's cash and cash equivalents, including unutilized overdraft facilities, totalled SEK 87.4 M (109.8) at year-end.

Human resources

At year-end, the Group had 336 (373) full-time employees.

Convertibles program

The Annual General Meeting of Elos AB of 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 also provides Group-wide support activities, such as technical support, finance and financial control.

The Parent Company's net sales amounted to SEK 4.2 M (4.0). Profit after financial items amounted to SEK 10.0 M (loss: 0.1). Earnings include an intra-Group dividend of SEK 23.3 M (7.5).

The share of risk-bearing equity was 78.5% (70.0). The equity/assets ratio amounted to 78.5% (70.1). Parent Company's cash and cash equivalents including unutilized overdraft facilities amounted to SEK 69.4 M (89.1).

Dividend

The Board of Directors proposes that no dividend (1.50) be paid for the financial year.

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 2008 Annual Report.

Accounting policies

Elos applies International Financial Reporting Standards (IFRS). This year-end report was prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act for the Group and in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.2 Reporting of Legal Entities for the Parent Company.

New accounting policies 2009

A number of amendments of existing standards, new interpretations and a new standard (IFRS 8) became effective on 1 January 2009. From the viewpoint of Elos, the following standards and interpretations, which became effective on 1 January 2009, have been considered to be of relevance to the presentation of the financial statements and the related accounting policies.

IAS1, Presentation of Financial Statements

In this Year-end Report, the consolidated income statement has been expanded with other items in comprehensive income. These items were previously recognised directly in equity. As a consequence of this, these items have been removed from changes in the Group's shareholders' equity. The amendment does not entail that any new information is being reported or any changes in key figures. Another change is that new designations for the financial statements may be used.

IFRS 8, Operating Segments

This standard is based on the viewpoint that segment disclosures must be presented from a management perspective. Elos' segment information was already based on the Group's internal reporting. Accordingly, Elos' division into segments has not changed compared with the former mode of presentation in accordance with IAS 14.

Outlook for 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.

Annual General Meeting

The Annual General Meeting will be held in Lidköping on April 28, 2010.

Nomination Committee

At the 2009 Annual General Meeting, it was resolved that the Nomination Committee shall comprise the Chairman of the Board, 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 minor shareholders. The task of the Committee prior to the 2010 Annual General Meeting is to present proposals concerning Board membership and the fees to be paid to the Board and the Auditors.

The Nomination Committee prior to the 2010 Annual General Meeting comprises Lars Runmarker, Sture Öster and Bo Nilsson, representing the three largest shareholders, and Ingemar Johansson representing the minor shareholders.

Annual Report

Elos' Annual Report is expected to be completed by the end of March 2010, 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 2010

The interim report for the first quarter will be published on 28 April 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, 25 February 2010

Elos AB (publ)
Board of Directors

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CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK M	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Net sales	112,5	139,3	422,0	499,4
Cost of goods sold	-85,1	-100,6	-323,8	-360,2
Gross profit	27,4	38,7	98,2	139,2
Selling expenses	-6,9	-7,1	-26,1	-26,9
Administration expenses	-11,6	-13,1	-44,2	-45,9
Development expenses	-5,6	-5,2	-19,8	-18,9
Other operating income/expenses	0,5	1,5	1,5	2,8
Operating profit	3,8	14,8	9,6	50,3
Financial income	0,1	0,4	0,4	1,4
Financial expenses	-2,2	-4,2	-9,5	-14,7
Result after financial items	1,7	11,0	0,5	37,0
Taxes	-0,4	-1,7	1,1	-9,1
Result for the period	1,3	9,3	1,6	27,9
Statements of comprehensive income				
Result for the period	1,3	9,3	1,6	27,9
Other comprehensive income				
Translation difference	1,4	11,2	-5,7	13,9
Hedging of net investment	-0,3	-5,6	2,5	-8,0
Total comprehensive income	2,4	14,9	-1,6	33,8
Result attributable to:				
Equity holders of the parent	2,4	14,9	-1,6	33,8
EBITDA	13,1%	17,7%	11,2%	17,0%
EBIT	3,4%	10,6%	2,3%	10,1%
Depreciation charged against earnings	10,9	9,9	37,6	34,4
Earnings per share (SEK) before dilution	0:21	1:54	0:26	4:62
Earnings per share (SEK) after dilution**	0:21	1:51	0:25	4:58
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	6 144
Number of shares end of period (thousands)	6 051	6 051	6 051	6 051

** Conciderations to convertibles issued 2008-07-01

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2009-12-31	2008-12-31
Assets		
Intangible fixed assets	54,7	57,3
Tangible fixed assets	249,7	251,9
Other current assets	199,0	219,5
Cash and bank balances	21,4	41,2
Asset for sale	1,5	1,5
Total assets	526,3	571,4
Shareholders' equity and liabilities		
Shareholders' equity	188,5	199,1
Long-term liabilities	223,1	238,9
Current liabilities	114,7	133,4
Total shareholders' equity and liabilities	526,3	571,4

KEY FIGURES

SEK M		Jan-Dec 2009	Jan-Dec 2008
Return on capital employed	%	2,9	11,6
Return on shareholders' equity	%	1,1	15,0
Share of risk-bearing capital	%	41,1	40,0
Equity/assets ratio	%	35,8	34,9
Net debt	SEK M	228,9	225,8
Investments excluding shares	SEK M	42,3	44,7
Number of employees		343	368
Shareholders' equity per share	SEK	31:15	32:91
Dividends	SEK	1:50	1:50

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	31 Dec 2009	31 Dec 2008
Opening balance	199,1	174,4
Dividends	-9,1	-9,1
Total earnings	-1,5	33,8
Closing balance, shareholders' equity	188,5	199,1

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Profit after net financial items	1,7	11,0	0,5	37,0
Adjustment items	10,2	9,7	38,1	33,8
Income tax paid	0,1	3,7	-3,7	-0,8
Change in working capital	13,7	6,9	8,6	-0,3
Cash flow from remaining operations	25,7	31,3	43,5	69,7
Investments in other fixed assets	-5,2	-4,1	-17,2	-18,9
Sales of other fixed assets	0,0	1,5	0,1	3,1
Balance after investments in fixed assets	20,5	28,7	26,4	53,9
Change in interest-bearing loans	-23,8	-20,7	-37,0	-24,4
Dividends	0,0	0,0	-9,1	-9,1
Cash flow for the period	-3,3	8,0	-19,7	20,4
Liquid funds at beginning of the year	24,8	33,1	41,2	20,8
Exchanges-rate differences in liquid funds	-0,1	0,1	-0,1	0,0
Liquid funds at end of the period	21,4	41,2	21,4	41,2

NET SALES AND OPERATING PROFIT/LOSS PER BUSINESS AREA

Net sales SEK M	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Medical Technology	68,0	85,5	251,8	307,1
Precision Technology	46,5	54,7	173,4	194,2
Other	-2,0	-0,9	-3,2	-1,9
Total	112,5	139,3	422,0	499,4

Operatin profit/loss SEK M	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Medical Technology	-0,6	10,2	2,6	36,4
Precision Technology	5,9	6,4	14,1	21,0
Other	-1,5	-1,8	-7,1	-7,1
Total	3,8	14,8	9,6	50,3

QUARTERLY FIGURES - GROUP

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

QUARTELY FIGURES - BUSINESS AREAS

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

PARENT COMPANY INCOME STATEMENT

SEK	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Net sales	1,1	1,1	4,2	4,0
Cost of goods sold	0,0	0,0	0,0	0,0
Gross profit	1,1	1,1	4,2	4,0
Administration expenses	-2,6	-2,7	-11,2	-10,7
Other operating income/expenses	0,0	0,0	0,0	0,0
Operating profit	-1,5	-1,6	-7,0	-6,7
Result fr. participations in group comp.	0,0	0,0	23,3	7,5
Financial income	0,1	0,6	2,3	2,2
Financial expenses	-0,7	-0,8	-8,6	-3,1
Result after financial items	-2,1	-1,8	10,0	-0,1
Appropriations	0,0	0,0	0,0	0,0
Taxes	0,6	0,5	3,5	2,1
Result for the year	-1,5	-1,3	13,5	2,0

PARENT COMPANY BALANCE SHEET

SEK	2009-12-31	2008-12-31
Assets		
Tangible fixed assets	0,3	0,4
Financial fixed assets	147,2	139,8
Other current assets	29,6	20,2
Cash and bank balances	19,4	39,1
Total assets	196,5	199,5
Shareholders' equity and liabilities		
Shareholders' equity	153,1	138,7
Untaxed reserves	1,4	1,4
Provisions	5,4	5,4
Long-term liabilities	25,7	33,1
Current liabilities	10,9	20,9
Total shareholders' equity and liabilities	196,5	199,5

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 25, 2010 at 08:30 a.m. (CET).

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