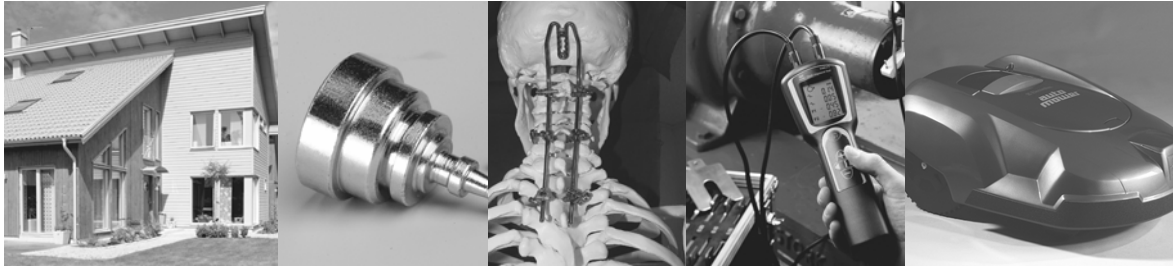


Interim Report

January 1 – March 31, 2005



- **Net sales amounted to SEK 310 M (319).**
- **Operating profit declined to SEK 2.8 M (9.9). Profit after financial items amounted to SEK 0.3 M (6.3).**
- **Profit after tax was SEK 0.2 M (4.1), corresponding to SEK 0.05 (1.49) per share.**
- **Cash flow from operating activities was a negative SEK 46.5 M (pos: 24.2). Cash flow after investments was a negative SEK 52.4 M (pos: 19.4).**
- **Favorable market conditions for Building/Interior and Engineering/Technology business areas.**
- **Efficiency enhancement and capacity alignment measures within Electronics.**

Operations

Westergyllen is an industrial group organized in three business areas: Building/Interior, Electronics and Engineering/Technology.

Market conditions for the Group's operations developed in different directions during the quarter. Conditions were favorable for Building/Interior and Engineering/Technology, while the market in electronics weakened.

Invoicing and earnings

Consolidated net sales amounted to SEK 310 M (319).

Operating profit declined to SEK 2.8 M (9.9). Profit after financial items amounted to SEK 0.3 M (6.3). Earnings were charged with a bad debt loss in the Electronics business area of SEK 3.0 M.

Building/Interior

The Building/interior business area comprises mainly the Götenehus and Sjödalshus home building companies. Through Götenehus and Sjödalshus, Westergyllen is one of the largest players in the single-family house building market in Sweden.

Demand in the Swedish market for single-family homes remains favorable and stable. The number of new single-family housing starts in Sweden is projected to increase successively in the years immediately ahead.

Net sales in the Building/Interior business area amounted to SEK 155 M (154). Operating profit was SEK 3.8 M (3.3), corresponding to an operating margin of 2.5 percent (2.1). Due to the winter season, the first quarter is seasonally the weakest for the small home building operations. In addition, the workload and earnings were affected by the delay of certain projects. These projects will have a positive effect on workload during the remainder of the year

Electronics

The Electronics business area comprises Elektromekan, which is one of Sweden's leading EMS (Electronic Manufacturing Service) companies. The company's production facility for surface mounting on circuit boards in Årjäng is one of the largest in Sweden. The company produces components and products for the telecom sector, other mobile communications, process control and engineering industries.

The market situation for the business area is difficult to assess. Deliveries during the year of components to the telecom sector and transponders to toll road payment systems are expected to decline compared with the high volumes in the preceding year. One of the company's volume products in recent years has been the circuit board for batteries for mobile phones. Due to newly developed technology, production of this product will be successively phased out during 2005 and 2006.

In response to the weakened demand situation and to strengthen the company's competitiveness, efficiency enhancement measures in the form of automation within the company's production will be implemented. Other production, primarily assembly work, will also be transferred to the company's cooperation partner in Hungary. As a result of the planned measures, the company has given notice of termination of employment to 75 persons at the production plant in Årjäng.

Net sales in Electronics totaled SEK 111 M (114). The operating loss amounted to SEK 3.4 M (profit: 3.5) and was affected adversely by a bad debt loss of SEK 3.0 M.

Engineering/Technology

The Engineering/Technology business area comprises the precision engineering units Elos Medical and Elos Precision as well as Fixturlaser.

The assessment is that market condition for the precision engineering units will remain favorable. Capacity within Elos Medical and Elos Precision will be successively increased during 2005 to meet rising demand.

Net sales within Engineering/Technology amounted to SEK 48 M (56). Excluding the Ferrocon subsidiary sold in 2004, sales are at the level reported in 2004. Operating profit was SEK 3.3 M (5.5), corresponding to an operating margin of 6.8 percent (9.8).

Investments

The Group's investments in buildings, land, machinery and equipment amounted to SEK 11.5 M (4.4).

Financial position and liquidity

The Group's total assets, which have declined SEK 16 M since year-end, amounted to SEK 720 M (736). The land holdings in the home building operations area increased significantly during the period, while at the same time liquid funds declined.

The share of own risk-bearing capital amounted to 28.3 percent, compared with 27.8 percent at year-end. The equity/assets ratio was 25.1 percent (24.6).

The cash flow from operating activities declined sharply, to a negative SEK 46.5 M (pos: 24.2). The cash flow after investments was a negative SEK 52.4 M (pos: 19.4). The weaker cash flow was affected by the level of inventories increasing, while at the same time current liabilities declined. In regard to inventories, it was the Group's land bank that has increased. The increased land holdings is a result of the intensified focus on project operations within Götenehus and that some projects have been postponed. In addition, cash flow was affected adversely by the size of sold accounts receivable has declined by about SEK 19 M.

The Group's net debt rose as a result of the weaker cash flow to SEK 242.6 M, compared with SEK 183.6

M at year-end. The Group's liquid funds, including unutilized overdraft facilities, amounted to SEK 90.9 M, compared with SEK 149.1 M at year-end.

Personnel

At the end of the period, the Group had 692 full-time employees, compared with 734 at year-end. The average number of employees during the period was 720 (745).

Parent Company

The Parent Company's net sales amounted to SEK 2.7 M (2.7). The loss after net financial items was SEK 1.8 M (loss: 3.0).

The share of own risk-bearing capital amounted to 55.8 percent (53.4). The equity/assets ratio was 54.5 percent (52.1). The Parent Company's liquid funds, including unutilized overdraft facilities, amounted to SEK 70.6 M (88.9).

Accounting principles – Transition to IFRS

Effective in 2005, all listed companies within the EU must report and publish their consolidated accounting in accordance with the International Financial Reporting Standards (IFRS). This interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting, which complies with the requirements set by the Swedish Financial Accounting Standards Council's recommendation RR31 Interim Reporting for Groups.

As of 2005, IAS 39 Financial Instruments is applied. This application has not had any significant effect of Westergyllen's reporting of financial instruments.

Through year-end 2004, Westergyllen has reported its consolidated financial statements in accordance with the Swedish Financial Accounting Standards Council's recommendations, which in recent years have largely been adapted to IAS/IFRS. Accordingly, the transition to IFRS in the income statement and balance sheet is limited to the following items:

- Amortization of goodwill ceases (IFRS 3 and IAS 38).
- Derivative instruments shall be reported at fair value in the balance sheet (IAS 39).
- Provisions shall be reclassified and presented as long-term and current liabilities.
- Minority interest shall be reclassified and reported in shareholders' equity.

In regard to the Group's provisions, these are predominantly reclassified as long-term liabilities. Other effects of restatement of comparable figures for the first quarter of 2004 and shareholders' equity at the end of the period as well as comparable figures for full-year 2004 and the opening and closing shareholders' equity at year-end 2004 are presented in tables on page 7.

A review of the how the Group's expenses shall be categorized and distributed among the various functions was made in preparing this interim report.

The comparable years' income statements were restated in accordance with the new principle.

This interim report is unaudited.

Forecast for 2005

In the year-end report for 2004 published on February 22, 2005, it was stated that the market conditions for the Building/Interior and Engineering/Technology business areas were favorable and that the market for the Electronics business area was difficult to assess. Overall, it was forecast that the market conditions for 2005 would be unchanged compared with 2004.

The current assessment is that the favorable market conditions for the Building/Interior and Engineering/Technology business areas will continue during the year. The possibilities of the business areas achieving earnings for full-year 2005 that exceed the outcome in the preceding year are considered to be favorable.

The conditions for the Electronics business area have weakened but are still difficult to assess. The efficiency enhancement and capacity alignment measures undertaken during the year are expected to gain full effect in the final quarter of 2005. Net sales as well as earnings for the Electronic business area are expected to be significantly lower for full-year 2005 compared with a year earlier.

Financial information 2005

The interim report for the second quarter of 2005 will be published on August 17, 2005 and for the third quarter of 2005 on October 26, 2005.

Götene, May 3, 2005
AB Westergyllen (publ)
Göran Brorsson
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CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	Jan-March 2005	Jan-March 2004	April-March 2004/05	Jan-Dec 2004
Net sales	309,5	319,0	1 457,9	1 467,4
Cost of goods sold	-259,8	-263,6	-1 211,1	-1 214,9
Gross profit	49,7	55,4	246,8	252,5
Selling expenses	-30,0	-27,6	-125,3	-122,9
Administrative expenses	-14,1	-16,2	-64,5	-66,6
Other operating income/expenses	-2,8	-1,7	-5,1	-4,0
Operating profit	2,8	9,9	51,9	59,0
Financial income	0,1	0,1	0,7	0,7
Financial expenses	-2,6	-3,7	-11,8	-12,9
Profit after financial items	0,3	6,3	40,8	46,8
Taxes	-0,1	-2,2	-13,8	-15,8
Profit after taxes	0,2	4,1	27,0	31,0
Depreciation charged against earnings	10,8	11,2	44,7	45,1
Earnings per share (SEK)	0:05	1:49	9:79	11:23
Number of shares (thousands)	2 765	2 765	2 765	2 765

Data per share after conversion of debentures outstanding and exercise of warrants outstanding does not result in any dilution effect.

NET SALES AND OPERATING PROFIT/LOSS PER BUSINESS AREA

Net sales SEK M	Jan-March 2005	Jan-March 2004	April-March 2004/05	Jan-Dec 2004
Building/Interior	154,5	153,8	686,7	686,0
Electronics	110,9	113,8	580,6	583,5
Engineering/Technology	48,4	56,1	214,4	222,1
Other	-4,3	-4,7	-23,8	-24,2
Total	309,5	319,0	1 457,9	1 467,4

Operating profit/loss SEK M	Jan-March 2005	Jan-March 2004	April-March 2004/05	Jan-Dec 2004
Building/Interior	3,8	3,3	22,7	22,2
Electronics	-3,4	3,5	20,0	26,9
Engineering/Technology	3,3	5,5	14,6	16,8
Other	-0,9	-2,4	-5,4	-6,9
Total	2,8	9,9	51,9	59,0

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2005-03-31	2004-03-31	2004-12-31
Assets			
Intangible fixed assets	16,5	17,9	16,7
Tangible fixed assets	201,1	204,3	200,7
Financial fixed assets	12,5	12,7	12,5
Other current assets	474,3	453,0	443,2
Cash and bank balances	16,1	28,0	63,1
Total assets	720,5	715,9	736,2
Shareholders' equity and liabilities			
Shareholders' equity	180,7	154,3	181,2
Long-term liabilities	240,6	240,2	234,7
Current liabilities	299,2	321,4	320,3
Total shareholders' equity and liabilities	720,5	715,9	736,2

CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Jan-March 2005	Jan-March 2004	Jan-Dec 2004
Profit after net financial items	0,3	6,3	46,8
Adjustment items	14,7	12,0	50,3
Income tax paid	-5,5	-0,2	-2,9
Change in working capital	-56,0	6,1	25,2
Cash flow from operating activities	-46,5	24,2	119,4
Investments in fixed assets	-6,2	-4,8	-29,6
Sales of companies and fixed assets	0,3	0,0	6,1
Balance after investments in fixed assets	-52,4	19,4	95,9
Change in interest-bearing loans	5,5	-19,2	-60,3
Dividends	0,0	0,0	0,0
Cash flow for the year	-46,9	0,2	35,6
Liquid funds at beginning of the year	63,1	27,7	27,7
Exchange-rate differences in liquid funds	-0,1	0,1	-0,2
Liquid funds at the end of the period	16,1	28,0	63,1

KEY FIGURES

SEK M		Jan-March 2005	Jan-March 2004	Jan-Dec 2004
Return on capital employed	%	2,7	9,2	13,7
Return on shareholders' equity	%	0,3	10,9	18,8
Share of risk-bearing capital	%	28,3	23,7	27,8
Equity/assets ratio	%	25,1	21,5	24,6
Net debt	SEK M	242,6	244,7	183,6
Investments excluding shares	SEK M	12,1	4,8	44,2
Number of employees		720	724	745
Shareholders' equity per share	SEK	65:36	55:56	65:30

Data per share after conversion of debentures outstanding and exercise of warrants outstanding does not result in any dilution effect.

QUARTERLY FIGURES - GROUP

	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2005	2004	2004	2004	2004	2003	2003	2003	2003
Net sales	309,5	401,7	321,9	424,8	319,0	368,5	255,5	301,3	304,7
Cost of goods sold	-259,8	-333,3	-266,2	-351,3	-263,6	-305,8	-212,1	-253,4	-260,4
Gross profit	49,7	68,4	55,7	73,5	55,4	62,7	43,4	47,9	44,3
Selling and admin. expenses	-44,1	-54,2	-40,8	-51,2	-43,8	-53,3	-36,5	-49,7	-44,9
Other operating items	-2,8	1,1	-0,4	-3,0	-1,7	-1,3	-1,2	-1,1	-1,1
Operating profit/loss	2,8	15,3	14,5	19,3	9,9	8,1	5,7	-2,9	-1,7
Net financial items	-2,5	-2,3	-3,2	-3,1	-3,6	-2,9	-3,6	-3,6	-4,4
Profit/loss after financial items	0,3	13,0	11,3	16,2	6,3	5,2	2,1	-6,5	-6,1
Taxes	-0,1	-4,6	-3,4	-5,6	-2,2	-3,5	-0,9	1,4	1,4
Profit/loss after taxes	0,2	8,4	7,9	10,6	4,1	1,7	1,2	-5,1	-4,7

QUARTERLY 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	2005	2004	2004	2004	2004	2003	2003	2003	2003
Building/Interior	154,5	206,8	129,4	196,0	153,8	196,1	129,7	180,4	166,1
Electronics	110,9	148,1	147,3	174,3	113,8	122,9	82,7	75,3	99,1
Engineering/Technology	48,4	53,3	50,8	61,9	56,1	53,9	46,8	49,4	41,5
Other	-4,3	-6,5	-5,6	-7,4	-4,7	-4,4	-3,7	-3,8	-2,0
Total	309,5	401,7	321,9	424,8	319,0	368,5	255,5	301,3	304,7

Operating profit/loss	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
SEK M	2005	2004	2004	2004	2004	2003	2003	2003	2003
Building/Interior	3,8	5,9	5,1	7,9	3,3	3,6	0,9	3,3	2,4
Electronics	-3,4	5,8	6,9	10,7	3,5	6,6	1,0	-2,1	2,8
Engineering/Technology	3,3	2,8	3,8	4,7	5,5	0,0	5,4	-1,5	-4,7
Other	-0,9	0,8	-1,3	-4,0	-2,4	-2,1	-1,6	-2,6	-2,2
Total	2,8	15,3	14,5	19,3	9,9	8,1	5,7	-2,9	-1,7

CHANGE IN SHAREHOLDERS' EQUITY

SEK M	Jan-March 2005	Jan-March 2004	Jan-Dec 2004
Opening balance	181,2	150,8	150,8
Application of RR 29 Employee Benefits	-	-1,3	-1,3
Reclassification of minority interests in accord. with IFRS	-	0,7	0,7
Opening balance adjusted in accord. with IFRS	181,2	150,2	150,2
Acquisition of minority interests	-0,7	-	-
Profit for the period	0,2	4,1	31,0
Closing balance, shareholders' equity	180,7	154,3	181,2

RECONCILIATION PROFIT SWEDISH GAAP AND IFRS

SEK M	Jan-March 2004	Jan-Dec 2004
Profit for the period, Swedish GAAP	3,1	26,9
Goodwill	1,0	4,1
Profit for the period, IFRS	4,1	31,0

RECONCILIATION SHAREHOLDERS' EQUITY SWEDISH GAAP AND IFRS

SEK M	Jan-March 2004	Jan-Dec 2004
Closing balance, Swedish GAAP	152,6	176,4
Reclassification of minority interest	0,7	0,7
Goodwill	1,0	4,1
Closing balance in accord. with IFRS	154,3	181,2