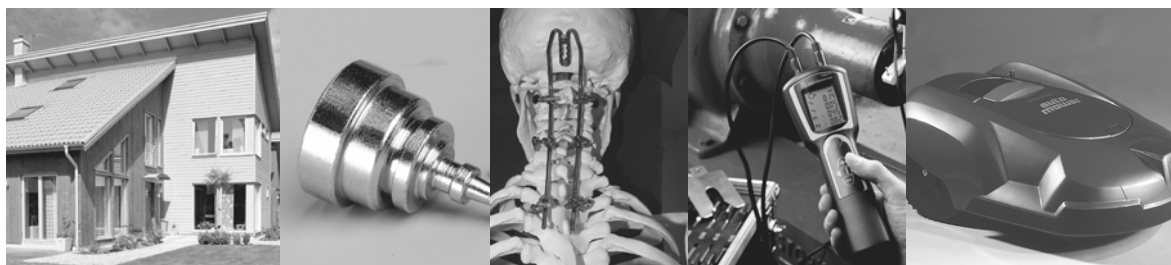


Interim Report

January 1 – June 30, 2005



Profit after financial items amounted to SEK 8.7 M (16.2) in the second quarter. Order bookings increased in the Building/Interior and Engineering/Technology business areas.

Summary January – June 2005

- Net sales amounted to SEK 676 M (744).
- Operating profit amounted to SEK 13.7 M (29.2). Profit after financial items amounted to SEK 9.0 M (22.5).
- Profit after tax was SEK 6.3 M (14.7), corresponding to SEK 1.13 (2.67) per share.
- Cash flow from operating activities was SEK 0.2 M (93.0). After investments, cash flow was a negative SEK 14.2 M.
- Favorable market conditions for Building/Interior and Engineering/Technology business areas.
- Efficiency enhancement and capacity alignment measures within Electronics.

Summary April – June 2005

- Net sales amounted to SEK 366 M (425).
- Operating profit amounted to SEK 10.9 M (19.3). Profit after financial items amounted to SEK 8.7 M (16.2)
- Profit after tax was SEK 6.1 M (10.6), corresponding to SEK 1.11 (1.92) per share.
- Cash flow from operating activities was SEK 46.7 M (68.8). After investments, cash flow was SEK 38.2 M.

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 remained favorable for Building/Interior and Engineering/Technology. Capacity utilization in these two business areas was on the level of last year, while order bookings were significantly higher than delivery volumes.

Demand in the Electronics business area weakened, resulting in lower capacity utilization and order bookings corresponding to delivery volumes.

Invoicing and earnings for second quarter 2005

Consolidated net sales amounted to SEK 366 M (425) during the second quarter of 2005.

Profit improved strongly during the second quarter, compared with the first quarter of the year, but was less than the corresponding quarter in the preceding year. Operating profit declined to SEK 10.9 M (19.3). Profit after financial items amounted to SEK 8.7 M (16.2). The decline in sales and weaker profits were attributable to the Electronics business area.

Invoicing and earnings for January to June 2005

Consolidated net sales during the period amounted to SEK 676 M (744).

Operating profit declined to SEK 13.7 M (29.2). Profit after financial items amounted to SEK 9.0 M (22.5). The decline in sales and lower earnings were attributable to the Electronics business area.

Building/Interior

The Building/interior business area comprises mainly the Götenehus and Sjödalshus home building companies, which together are one of the largest players in the single-family house building market in Sweden. Westergyllen's small home operations consist in part of project operations that market and build groups of single-family homes and in part of an operation that markets and builds individual homes.

Demand in the Swedish market for single-family houses is highly favorable. Prices for used single-family homes increased by 4 percent over the most recent three-month period and by 8 percent over the past year. Combined with low interest rates, this has a positive effect on new production.

Net sales in the Building/Interior business area amounted to SEK 362 M (350). One third of sales during the period was attributable to project operations, while the remaining two thirds derived from individual homes.

Order bookings in single-family houses operations were highly favorable during the period. For individual homes, order bookings measured in units rose by 40 percent, compared with 2004 and were about 50 percent higher than deliveries. In line with the Group's focus on increasing project operations, several new projects were added to the project portfolio during the period. The number of building rights in the project portfolio corresponded to about 400 single-family homes on the

closing date, an increase of 80 since January 1, 2005.

Operating profit in the Building/Interior business area amounted to SEK 11.5 M (11.2).

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 Arjäng 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.

Lower demand and increased competition from manufacturers in low-cost countries reduced delivery volumes during the period. One of the business area's volume products in recent years has been circuit boards for mobile telephone batteries. Due to newly developed technology, production of this product will be gradually phased out during 2005 and 2006. The action program adopted in April, which includes rationalization measures and capacity adjustments, will achieve full effect as of the fourth quarter of 2005. The implemented measures are expected to reduce the company's costs by about SEK 20 M annually.

Net sales in the Electronics business area declined to SEK 216 M (288). Order bookings during the period were on par with deliveries and amounted to SEK 210 M. An operating loss of SEK 2.7 M was reported that included the negative effect of a customer loss amounted to 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.

Market conditions for the precision engineering units continue to be favorable. Capacity in Elos Medical and Elos Precision will be gradually expanded during 2005. Increasing the share of medical technology in the Group's total operations has high priority within Westergyllen.

Net sales within Engineering/Technology amounted to SEK 107 M (118). Excluding the Ferrocon subsidiary sold in 2004, sales are at the level reported in 2004. Order bookings during the period were significantly higher than delivery volumes and amounted to SEK 132 M (115). Operating profit was SEK 8.1 M (10.2).

Investments

The Group's investments in buildings, land, machinery and equipment amounted to SEK 22.6 M (20.2), of which SEK 0.9 M (0.0) was financed through localization subsidies. In addition, SEK 1.5 M (0.7) was invested in intangible fixed assets.

Financial position and liquidity

The Group's total assets, which have increased SEK 14 M since year-end, amounted to SEK 750 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 27.1 percent, compared with 27.8 percent at year-end. The equity/assets ratio was 24.0 percent (24.6).

The cash flow from operating activities amounted to SEK 0.2 M (93.0). Cash flow after investments was a negative SEK 14.2 (pos: 79.5). The weaker cash flow was attributable to the first quarter when the Group's land holdings increased while current liabilities declined. In addition, cash flow was negatively affected in an amount of SEK 22.3 M (pos: 38.1) by a change in the size of sold accounts receivable.

During the second quarter, cash flow from operating activities amounted to SEK 46.7 M (68.8), and cash flow after investments was SEK 38.2 M (60.1). The change in sold accounts receivable had a negative effect of SEK 2.9 M (pos: 23.8) on cash flow during the second quarter.

The Group's net debt amounted to SEK 214.4 M, compared with SEK 183.6 M at year-end. The Group's liquid funds, including unutilized overdraft facilities, amounted to SEK 113.8 M, compared with SEK 149.1 M at year-end.

Personnel

At the end of the period, the Group had 678 full-time employees, compared with 734 at year-end. The average number of employees during the period was 708 (731).

Parent Company

The Parent Company's net sales amounted to SEK 5.3 M (5.2). A profit after financial items of SEK 21.0 M (12.7) was reported, which included internal dividends within the Group of SEK 25.1 M (20.4).

The share of own risk-bearing capital amounted to 59.4 percent (49.6). The equity/assets ratio was 58.1 percent (48.5). The Parent Company's liquid funds, including unutilized overdraft facilities, amounted to SEK 90.9 M (90.7).

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.

This interim report was not subject to review by the company's auditors.

2:1 share split

On May 24, 2005, a share split was implemented by which the par value of the Westergyllen share was changed from SEK 12.50 to SEK 6.25. After the split, the number of shares in the company amounts to 5,530,000.

Forecast for 2005

The favorable market conditions for the Building/Interior and Engineering/Technology business areas are expected to continue throughout the year. Earnings in these business areas are expected to exceed the outcome in the preceding year.

The market conditions in the Electronics business area remain difficult to assess. Approved measures for rationalization and capacity adjustments are expected to achieve full effect during the fourth quarter of 2005. Both net sales and earnings for the Electronics business area are expected to be significantly lower than the outcome in the preceding year.

Consolidated earnings for the full year 2005 are expected to be lower than in 2004.

Financial information 2005

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

Götene, August 17, 2005
AB Westergyllen (publ)
Göran Brorsson
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CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	Apr-June 2005	Apr-June 2004	Jan-June 2005	Jan-June 2004	July-June 2004/05	Jan-Dec 2004
Net sales	366,3	424,8	675,8	743,8	1 399,4	1 467,4
Cost of goods sold	-304,1	-351,3	-563,9	-614,9	-1 163,9	-1 214,9
Gross profit	62,2	73,5	111,9	128,9	235,5	252,5
Selling expenses	-33,5	-33,7	-63,5	-61,3	-125,1	-122,9
Administrative expenses	-16,9	-17,5	-31,0	-33,7	-63,9	-66,6
Other operating income/expenses	-0,9	-3,0	-3,7	-4,7	-3,0	-4,0
Operating profit	10,9	19,3	13,7	29,2	43,5	59,0
Financial income	0,2	0,2	0,3	0,3	0,7	0,7
Financial expenses	-2,4	-3,3	-5,0	-7,0	-10,9	-12,9
Profit after financial items	8,7	16,2	9,0	22,5	33,3	46,8
Taxes	-2,6	-5,6	-2,7	-7,8	-10,7	-15,8
Profit after taxes	6,1	10,6	6,3	14,7	22,6	31,0
Depreciation charged against earnings	11,2	11,6	22,0	22,8	44,3	45,1
Earnings per share (SEK)	1:11	1:92	1:13	2:67	4:08	5:62
Number of shares (thousands)	5 530	5 530	5 530	5 530	5 530	5 530

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

NET SALES AND OPERATING PROFIT/LOSS PER BUSINESS AREA

SEK M	Apr-June 2005	Apr-June 2004	Jan-June 2005	Jan-June 2004	July-June 2004/05	Jan-Dec 2004
Net sales						
Building/Interior	207,3	196,0	361,8	349,8	698,0	686,0
Electronics	105,5	174,3	216,4	288,1	511,8	583,5
Engineering/Technology	59,0	61,9	107,4	118,0	211,5	222,1
Other	-5,5	-7,4	-9,8	-12,1	-21,9	-24,2
Total	366,3	424,8	675,8	743,8	1 399,4	1 467,4

SEK M	Apr-June 2005	Apr-June 2004	Jan-June 2005	Jan-June 2004	July-June 2004/05	Jan-Dec 2004
Operating profit/loss						
Building/Interior	7,7	7,9	11,5	11,2	22,5	22,2
Electronics	0,7	10,7	-2,7	14,2	10,0	26,9
Engineering/Technology	4,8	4,7	8,1	10,2	14,7	16,8
Other	-2,3	-4,0	-3,2	-6,4	-3,7	-6,9
Total	10,9	19,3	13,7	29,2	43,5	59,0

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2005-06-30	2004-06-30	2004-12-31
Assets			
Intangible fixed assets	16,4	17,4	16,7
Tangible fixed assets	202,0	208,9	200,7
Financial fixed assets	12,9	12,7	12,5
Other current assets	478,1	477,7	443,2
Cash and bank balances	41,0	65,2	63,1
Total assets	750,4	781,9	736,2
Shareholders' equity and liabilities			
Shareholders equity	179,9	165,0	181,2
Long-term liabilities	244,1	240,3	234,7
Current liabilities	326,4	376,6	320,3
Total shareholders' equity and liabilities	750,4	781,9	736,2

CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Jan-June 2005	Jan-June 2004	Jan-Dec 2004
Profit after net financial items	9,0	22,5	46,8
Adjustment items	25,0	25,0	50,3
Income tax paid	-6,3	-2,1	-2,9
Change in working capital	-27,5	47,6	25,2
Cash flow from operating activities	0,2	93,0	119,4
Investments in fixed assets	-14,7	-13,7	-29,6
Sales of companies and fixed assets	0,3	0,2	6,1
Balance after investments in fixed assets	-14,2	79,5	95,9
Change in interest-bearing loans	-1,1	-42,1	-60,3
Dividends	-6,9	0,0	0,0
Cash flow for the year	-22,2	37,4	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	41,0	65,2	63,1

KEY FIGURES

SEK M		Jan-June 2005	Jan-June 2004	Jan-Dec 2004
Return on capital employed	%	6,5	13,6	13,7
Return on shareholders' equity	%	7,0	18,8	18,8
Share of risk-bearing capital	%	27,1	23,1	27,8
Equity/assets ratio	%	24,0	21,0	24,6
Net debt	SEK M	214,4	193,3	183,6
Investments excluding shares	SEK M	24,1	20,9	44,2
Number of employees		708	731	745
Shareholders' equity per share	SEK	32:54	29:32	32:65

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

QUARTERLY FIGURES - GROUP

	Kv 2	Kv 1	Kv 4	Kv 3	Kv 2	Kv 1	Kv 4	Kv 3	Kv 2	Kv 1
SEK M	2005	2005	2004	2004	2004	2004	2003	2003	2003	2003
Net sales	366,3	309,5	401,7	321,9	424,8	319,0	368,5	255,5	301,3	304,7
Cost of goods sold	-304,1	-259,8	-333,3	-266,2	-351,3	-263,6	-305,8	-212,1	-253,4	-260,4
Gross profit	62,2	49,7	68,4	55,7	73,5	55,4	62,7	43,4	47,9	44,3
Selling and admin. expenses	-50,4	-44,1	-54,2	-40,8	-51,2	-43,8	-53,3	-36,5	-49,7	-44,9
Other operating items	-0,9	-2,8	1,1	-0,4	-3,0	-1,7	-1,3	-1,2	-1,1	-1,1
Operating profit/loss	10,9	2,8	15,3	14,5	19,3	9,9	8,1	5,7	-2,9	-1,7
Net financial items	-2,2	-2,5	-2,3	-3,2	-3,1	-3,6	-2,9	-3,6	-3,6	-4,4
Profit/loss after financial items	8,7	0,3	13,0	11,3	16,2	6,3	5,2	2,1	-6,5	-6,1
Taxes	-2,6	-0,1	-4,6	-3,4	-5,6	-2,2	-3,5	-0,9	1,4	1,4
Profit/loss after taxes	6,1	0,2	8,4	7,9	10,6	4,1	1,7	1,2	-5,1	-4,7

QUARTERLY FIGURES - BUSINESS AREAS

	Kv 2	Kv 1	Kv 4	Kv 3	Kv 2	Kv 1	Kv 4	Kv 3	Kv 2	Kv 1
SEK M	2005	2005	2004	2004	2004	2004	2003	2003	2003	2003
Net sales	366,3	309,5	401,7	321,9	424,8	319,0	368,5	255,5	301,3	304,7
Building/Interior	207,3	154,5	206,8	129,4	196,0	153,8	196,1	129,7	180,4	166,1
Electronics	105,5	110,9	148,1	147,3	174,3	113,8	122,9	82,7	75,3	99,1
Engineering/Technology	59,0	48,4	53,3	50,8	61,9	56,1	53,9	46,8	49,4	41,5
Other	-5,5	-4,3	-6,5	-5,6	-7,4	-4,7	-4,4	-3,7	-3,8	-2,0
Total	366,3	309,5	401,7	321,9	424,8	319,0	368,5	255,5	301,3	304,7

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

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	Jan-June 2005	Jan-June 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	-	-
Translation difference	0,0	0,1	0,0
Dividends	-6,9	-	-
Profit for the period	6,3	14,7	31,0
Closing balance, shareholders' equity	179,9	165,0	181,2

RECONCILIATION PROFIT SWEDISH GAAP AND IFRS

SEK M	Jan-June 2004	Jan-Dec 2004
Profit for the period, Swedish GAAP	12,6	26,9
Goodwill	2,1	4,1
Profit for the period, IFRS	14,7	31,0

RECONCILIATION SHAREHOLDERS' EQUITY SWEDISH GAAP AND IFRS

SEK M	Jan-June 2004	Jan-Dec 2004
Closing balance, Swedish GAAP	162,2	176,4
Reclassification of minority interest	0,7	0,7
Goodwill	2,1	4,1
Closing balance in accord. with IFRS	165,0	181,2