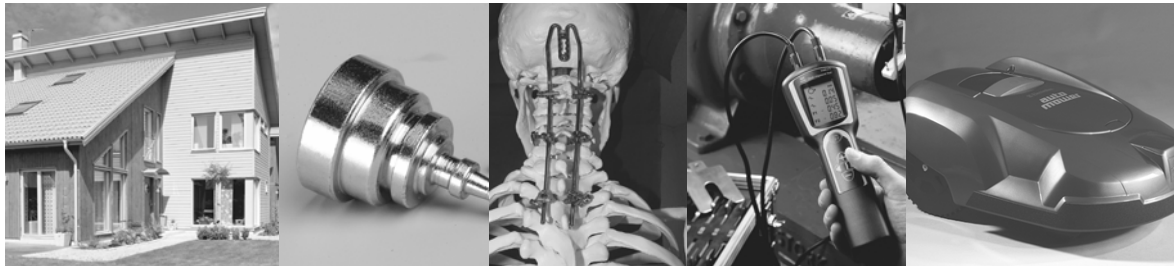


## Interim Report

### January 1 – September 30, 2005



**Profit after financial items amounted to SEK 9.4 M (11.3) in the third quarter.**

#### Summary January – September 2005

- Net sales amounted to SEK 942 M (1,066)
- Operating profit amounted to SEK 25.3 M (43.7). Profit after financial items amounted to SEK 18.4 M (33.8)
- Profit after tax was SEK 12.4 M (22.6), corresponding to SEK 2.24 (4.08) per share
- Cash flow from operating activities was SEK 26.3 M (90.0). Cash flow after investments amounted to SEK 1.8 M (71.2)
- Favorable market conditions for Building/Interior and Engineering/Technology business areas
- Efficiency enhancement and capacity alignment measures within Electronics

#### Summary July – September 2005

- Net sales amounted to SEK 266 M (322)
- Operating profit amounted to SEK 11.6 M (14.5). Profit after financial items amounted to SEK 9.4 M (11.3)
- Profit after tax was SEK 6.1 M (7.9), corresponding to SEK 1.11 (1.41) per share
- Cash flow from operating activities amounted to SEK 26.1 M (-3.0). Cash flow after investments amounted to SEK 16.0 M (-8.3)

## Operations

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

Market conditions during the period were favorable for the Building/Interior and Engineering/Technology business areas. Net sales for comparable units were somewhat higher than in the preceding year. Order bookings in both business areas were significantly higher than delivery volumes.

The demand situation in the Electronics business area has been weak. During the period, efficiency-enhancement and capacity-alignment measures were implemented.

### Invoicing and earnings for the third quarter of 2005

Consolidated net sales amounted to SEK 266 M (322).

Operating profit for the third quarter improved somewhat, compared with the second quarter, but was weaker than in the corresponding period in the preceding year.

Operating profit declined to SEK 11.6 M (14.5). Profit after financial items amounted to SEK 9.4 M (11.3). The reduction in sales and profit was attributable to the Electronics business area.

### Invoicing and profits January – September 2005

Consolidated net sales amounted to SEK 942 M (1,066) during the period.

Operating profit declined to SEK 25.3 M (43.7). Profit after financial items amounted to SEK 18.4 M (33.8). The lower sales and weaker profits were attributable to the Electronics business area.

## Building/Interior

The Building/interior business area comprises mainly the Götenehus and Sjäodalshus home building companies. Through Götenehus and Sjäodalshus, Westergyllen is one of the largest players in the single-family home market in Sweden. Westergyllen's small-home operations consist in part of project operations that market and build groups of small homes and in part of operations that build individual single-family homes.

Demand in the Swedish market for single-family homes is very favorable. The market for used single-family homes continued to increase. This, together with low interest rates, has a positive effect on new production.

Net sales in the Building/Interior business area amounted to SEK 500 M (479). Of sales during the period, about one third was attributable to project operations, while the remaining two thirds derived from individual homes.

Order bookings in small homes operations were highly favorable during the period. For individual homes, order bookings measured in units rose by 38 percent, compared with 2004, and were about 29 percent higher than deliveries during the period. 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 410 single-family homes on the

closing date, an increase of 90 since January 1, 2005.

Operating profit in the Building/Interior business area amounted to SEK 17.4 M (16.3).

## Electronics

The Electronics business area comprises Elektromekan, which is one of Sweden's leading EMS (Electronic Manufacturing Service) companies. 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 resulted in reduced delivery volumes during the period. 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. The action program approved in April 2005, which included efficiency-enhancing and capacity-alignment measures, was completed and will achieve full effect as of the fourth quarter of 2005. The implemented measures are estimated to reduce the company's costs by about SEK 20 M on an annual basis.

Net sales in the Electronics business area declined to SEK 293 M (435).

Order bookings during the period were in line with delivery volumes and amounted to SEK 299 M (430).

An operating loss of SEK 2.6 M (21.1) was reported that included the negative effect of a customer loss amounting 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 remained favorable, while demand for Fixturlaser's products increased somewhat during the most recent quarter. Capacity within Elos Medical and Elos Precision was gradually expanded during 2005. Increasing the share of medical technology in the Group's total operations has high priority within Westergyllen.

Net sales in Engineering/Technology amounted to SEK 163 M (169). For comparable units, sales increased by 5 percent.

Order bookings during the period were 17 percent higher than delivery volumes and amounted to SEK 191 M (162).

Operating profit was SEK 15.2 M (14.0).

## Investments

The Group's investments in buildings, land, machinery and equipment amounted to SEK 33.5 M (34.8), of which SEK 0.9 M (0.0) was financed through localization subsidies. In addition, SEK 2.8 M (1.1) was invested in intangible fixed assets.

### Financial position and liquidity

The Group's total assets, which increased by SEK 5 M since year-end, amounted to SEK 741 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 amounted to SEK 26.3 M (90.0). The cash flow after investments was SEK 1.8 M (71.2). The weaker cash flow was attributable to the first quarter when the Group's land bank increased sharply, while at the same time current liabilities declined. In addition, cash flow was negatively affected in an amount of SEK 34.2 (30.9) due to a change in the size of sold accounts receivable.

During the third quarter, cash flow from operating activities amounted to SEK 26.1 M (-3.0), while cash flow after investments amounted to SEK 16.0 M (-8.3). The change in sold accounts receivable had a negative effect of SEK 11.9 M (-7.2) on cash flow during the third quarter.

The Group's net debt amounted to SEK 202.1 M, compared with SEK 183.6 M at year-end. The Group's liquid funds, including unutilized overdraft facilities, amounted to SEK 128.5 M, compared with SEK 149.1 M at year-end.

### Personnel

At the end of the period, the Group had 624 full-time employees, compared with 734 at year-end. The average number of employees during the period was 676 (749).

### Parent Company

The Parent Company's net sales amounted to SEK 7.2 M (7.3). Profit after net financial items was SEK 18.6 M (9.1). Profit included Group-internal dividends amounting to SEK 25.1 M (18.0).

### 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 subjected to an examination by the Company's auditors.

### 2:1 share split

As of May 24, 2005, a share split was implemented whereby 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 previous assessment that the full-year results for the Building/Interior and Engineering/Technology business areas will exceed last year's results and that Electronics business area will report results significantly lower than in the preceding year is retained.

The Group's results for the fourth quarter are expected to exceed the results for the third quarter, although the full-year results are expected to be lower than in 2004.

### Financial information 2005

The year-end report for 2005 will be published on February 22, 2006.

Götene, October 26, 2005  
AB Westergyllen (publ)  
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## CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	<b>July-Sept 2005</b>	July-Sept 2004	<b>Jan-Sept 2005</b>	Jan-Sept 2004	<b>Oct-Sept 2004/05</b>	Jan-Dec 2004
Net sales	266,4	321,9	942,2	1 065,7	1 343,9	1 467,4
Cost of goods sold	-215,8	-266,2	-779,7	-881,1	-1 113,5	-1 214,9
<b>Gross profit</b>	<b>50,6</b>	55,7	<b>162,5</b>	184,6	<b>230,4</b>	252,5
Selling expenses	-27,5	-24,8	-91,0	-86,1	-127,8	-122,9
Administrative expenses	-10,9	-16,0	-41,9	-49,7	-58,8	-66,6
Other operating income/expenses	-0,6	-0,4	-4,3	-5,1	-3,2	-4,0
<b>Operating profit</b>	<b>11,6</b>	14,5	<b>25,3</b>	43,7	<b>40,6</b>	59,0
Financial income	0,1	0,0	0,4	0,3	0,8	0,7
Financial expenses	-2,3	-3,2	-7,3	-10,2	-10,0	-12,9
<b>Profit after financial items</b>	<b>9,4</b>	11,3	<b>18,4</b>	33,8	<b>31,4</b>	46,8
Taxes	-3,3	-3,4	-6,0	-11,2	-10,6	-15,8
<b>Profit after taxes</b>	<b>6,1</b>	7,9	<b>12,4</b>	22,6	<b>20,8</b>	31,0
Depreciation charged against earnings	11,1	11,6	33,1	34,4	43,8	45,1
Earnings per share (SEK)	1:11	1:41	2:24	4:08	3:78	5:62
Number of shares (thousands)	5 530	5 530	5 530	5 530	5 530	5 530
Earnings per share after exercise (SEK)	1:10	1:41	2:23	4:08	3:78	5:62
Number of shares after exercise (thousands)	5 537	5 530	5 537	5 530	5 530	5 530

## NET SALES AND OPERATING PROFIT/LOSS PER BUSINESS AREA

SEK M	<b>July-Sept 2005</b>	July-Sept 2004	<b>Jan-Sept 2005</b>	Jan-Sept 2004	<b>Oct-Sept 2004/05</b>	Jan-Dec 2004
<b>Net sales</b>						
Building/Interior	138,3	129,4	500,1	479,2	706,9	686,0
Electronics	76,6	147,3	293,0	435,4	441,1	583,5
Engineering/Technology	55,6	50,8	163,0	168,8	216,3	222,1
Other	-4,1	-5,6	-13,9	-17,7	-20,4	-24,2
<b>Total</b>	<b>266,4</b>	321,9	<b>942,2</b>	1 065,7	<b>1 343,9</b>	1 467,4

SEK M	<b>July-Sept 2005</b>	July-Sept 2004	<b>Jan-Sept 2005</b>	Jan-Sept 2004	<b>Oct-Sept 2004/05</b>	Jan-Dec 2004
<b>Operating profit/loss</b>						
Building/Interior	5,9	5,1	17,4	16,3	23,3	22,2
Electronics	0,1	6,9	-2,6	21,1	3,2	26,9
Engineering/Technology	7,1	3,8	15,2	14,0	18,0	16,8
Other	-1,5	-1,3	-4,7	-7,7	-3,9	-6,9
<b>Total</b>	<b>11,6</b>	14,5	<b>25,3</b>	43,7	<b>40,6</b>	59,0

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2005-09-30	2004-09-30	2004-12-31
<b>Assets</b>			
Intangible fixed assets	17,3	17,0	16,7
Tangible fixed assets	202,4	209,0	200,7
Financial fixed assets	13,2	12,7	12,5
Other current assets	459,7	453,3	443,2
Cash and bank balances	48,0	45,2	63,1
<b>Total assets</b>	<b>740,6</b>	<b>737,2</b>	<b>736,2</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders equity	186,0	172,8	181,2
Long-term liabilities	243,1	232,4	234,7
Current liabilities	311,5	332,0	320,3
<b>Total shareholders' equity and liabilities</b>	<b>740,6</b>	<b>737,2</b>	<b>736,2</b>

## CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Jan-Sept 2005	Jan-Sept 2004	Jan-Dec 2004
Profit after net financial items	18,4	33,8	46,8
Adjustment items	37,8	37,9	50,3
Income tax paid	-6,1	-1,4	-2,9
Change in working capital	-23,8	19,7	25,2
<b>Cash flow from operating activities</b>	<b>26,3</b>	<b>90,0</b>	<b>119,4</b>
Investments in fixed assets	-24,8	-19,7	-29,6
Sales of companies and fixed assets	0,3	0,9	6,1
<b>Balance after investments in fixed assets</b>	<b>1,8</b>	<b>71,2</b>	<b>95,9</b>
Change in interest-bearing loans	-10,2	-53,6	-60,3
Dividends	-6,9	0,0	0,0
<b>Cash flow for the year</b>	<b>-15,3</b>	<b>17,6</b>	<b>35,6</b>
Liquid funds at beginning of the year	63,1	27,7	27,7
Exchange-rate differences in liquid funds	0,2	-0,1	-0,2
<b>Liquid funds at end of the period</b>	<b>48,0</b>	<b>45,2</b>	<b>63,1</b>

## KEY FIGURES

SEK M		Jan-Sept 2005	Jan-Sept 2004	Jan-Dec 2004
Return on capital employed	%	7,9	13,6	13,7
Return on shareholders' equity	%	9,0	18,6	18,8
Share of risk-bearing capital	%	28,3	25,6	27,8
Equity/assets ratio	%	25,1	23,4	24,6
Net debt	SEK M	202,1	205,4	183,6
Investments excluding shares	SEK M	36,3	35,9	44,2
Number of employees		676	749	745
Shareholders' equity per share	SEK	33:64	31:24	32:65

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

## QUARTERLY FIGURES - GROUP

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SEK M	2005	2005	2005	2004	2004	2004	2004	2003	2003	2003	2003
Net sales	266,4	366,3	309,5	401,7	321,9	424,8	319,0	368,5	255,5	301,3	304,7
Cost of goods sold	-215,8	-304,1	-259,8	-333,3	-266,2	-351,3	-263,6	-305,8	-212,1	-253,4	-260,4
<b>Gross profit</b>	<b>50,6</b>	62,2	49,7	68,4	55,7	73,5	55,4	62,7	43,4	47,9	44,3
Selling and admin. expenses	-38,4	-50,4	-44,1	-54,2	-40,8	-51,2	-43,8	-53,3	-36,5	-49,7	-44,9
Other operating items	-0,6	-0,9	-2,8	1,1	-0,4	-3,0	-1,7	-1,3	-1,2	-1,1	-1,1
<b>Operating profit/loss</b>	<b>11,6</b>	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	-2,2	-2,5	-2,3	-3,2	-3,1	-3,6	-2,9	-3,6	-3,6	-4,4
<b>Profit/loss after financial items</b>	<b>9,4</b>	8,7	0,3	13,0	11,3	16,2	6,3	5,2	2,1	-6,5	-6,1
Taxes	-3,3	-2,6	-0,1	-4,6	-3,4	-5,6	-2,2	-3,5	-0,9	1,4	1,4
<b>Profit/loss after taxes</b>	<b>6,1</b>	6,1	0,2	8,4	7,9	10,6	4,1	1,7	1,2	-5,1	-4,7

## QUARTERLY FIGURES - BUSINESS AREAS

Net sales	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SEK M	2005	2005	2005	2004	2004	2004	2004	2003	2003	2003	2003
Building/Interior	138,3	207,3	154,5	206,8	129,4	196,0	153,8	196,1	129,7	180,4	166,1
Electronics	76,6	105,5	110,9	148,1	147,3	174,3	113,8	122,9	82,7	75,3	99,1
Engineering/Technology	55,6	59,0	48,4	53,3	50,8	61,9	56,1	53,9	46,8	49,4	41,5
Other	-4,1	-5,5	-4,3	-6,5	-5,6	-7,4	-4,7	-4,4	-3,7	-3,8	-2,0
<b>Total</b>	<b>266,4</b>	366,3	309,5	401,7	321,9	424,8	319,0	368,5	255,5	301,3	304,7

Operating profit/loss	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SEK M	2005	2005	2005	2004	2004	2004	2004	2003	2003	2003	2003
Building/Interior	5,9	7,7	3,8	5,9	5,1	7,9	3,3	3,6	0,9	3,3	2,4
Electronics	0,1	0,7	-3,4	5,8	6,9	10,7	3,5	6,6	1,0	-2,1	2,8
Engineering/Technology	7,1	4,8	3,3	2,8	3,8	4,7	5,5	0,0	5,4	-1,5	-4,7
Other	-1,5	-2,3	-0,9	0,8	-1,3	-4,0	-2,4	-2,1	-1,6	-2,6	-2,2
<b>Total</b>	<b>11,6</b>	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-Sept 2005	Jan-Sept 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	0,0	0,0
Dividends	-6,9	-	-
Profit for the period	12,4	22,6	31,0
<b>Closing balance, shareholders' equity</b>	<b>186,0</b>	<b>172,8</b>	<b>181,2</b>

## RECONCILIATION PROFIT SWEDISH GAAP AND IFRS

SEK M	Jan-Sept 2004	Jan-Dec 2004
<b>Profit for the period, Swedish GAAP</b>	<b>19,5</b>	<b>26,9</b>
Goodwill	3,1	4,1
<b>Profit for the period, IFRS</b>	<b>22,6</b>	<b>31,0</b>

## RECONCILIATION SHAREHOLDERS' EQUITY SWEDISH GAAP AND IFRS

SEK M	Jan-Sept 2004	Jan-Dec 2004
<b>Closing balance, Swedish GAAP</b>	<b>169,0</b>	<b>176,4</b>
Reclassification of minority interest	0,7	0,7
Goodwill	3,1	4,1
<b>Closing balance in accord. with IFRS</b>	<b>172,8</b>	<b>181,2</b>