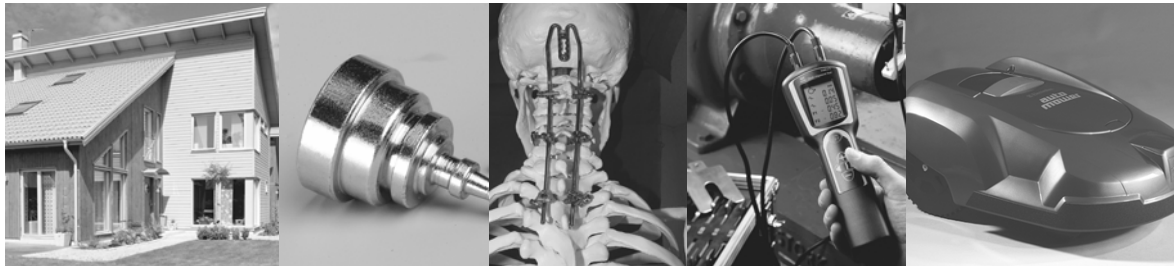


Interim Report

1 January – 31 March 2006



The Group's profit after financial items rose to SEK 10.7 M (0.3). Significant earnings improvement reported within the Building/Interior and Engineering/Technology business areas.

- Net sales totaled SEK 359 M (310).
- Operating profit rose to SEK 14.6 M (2.8). Profit after financial items amounted to SEK 10.7 M (0.3).
- Profit after tax totaled SEK 7.3 M (0.2), corresponding to SEK 1.21 (0.03) per share.
- Cash flow from operating activities amounted to SEK 0.0 M (neg: 46.5). Cash flow after investments was a negative SEK 11.1 M (neg: 52.4).
- Increased capacity utilization and significant earnings improvement reported within the Building/Interior and Engineering/Technology business areas. Weak trend within Electronics.
- The Board of Directors intends to propose that the Building/Interior business area be spun off to shareholders during autumn 2006.
- The Group's operations will be focused on medical equipment and precision mechanics.

General information about operations

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

Market conditions were favorable during the period in the Building/Interior and Engineering/Technology business areas, with sharp increases noted in both net sales and earnings. Order bookings were healthy within both business areas. The demand situation for the Electronics business area was weak, with order bookings that were lower than the delivered volume. Decisions have been made regarding rationalization measures and capacity adjustments within the business area.

Spin-off of Building/Interior business area

The Building/Interior business area consists of Forshemsgruppen, the Parent Company of Götenehus and Själdalshus, and a smaller unit that manufactures biofuel. The operations conducted by the Building/Interior business area have virtually nothing in common with the Group's other industrial operations within the Engineering/Technology and Electronics business areas. Growth opportunities in the residential market and the market prospects for the construction of small homes are regarded as highly favorable. In view of this, the Board of Directors has decided that an independent and focused unit with strong resources would have better potential to create a strong market position and favorable growth.

Accordingly, the Board of Directors announced in February 2006 that it intended to propose that the operations within the Building/Interior business area would be concentrated within Forshemsgruppen AB and distributed to Westergyllen shareholders, in accordance with what is known as the Lex ASEA precedent, whereby a separate stock-exchange listing of Forshemsgruppen would be applied for. The proposal is fully in line with the Group's orientation towards fewer business areas. It is also estimated that a concentration and streamlining of the operations will eventually create more shareholder value. A prospectus covering the distribution of the Forshemsgruppen shares will be presented during August 2006. The intention is that the proposed spin-off of Forshemsgruppen be presented to an Extraordinary General Meeting to be held during the autumn, followed immediately by a separate listing.

Another part of the strategy is that Westergyllen's operations will be focused around medical equipment and precision mechanics, following the spin-off of Forshemsgruppen.

Invoicing and earnings

Consolidated net sales amounted to SEK 359.4 M (309.5). Operating profit rose to SEK 14.6 M (2.8). Profit after financial items amounted to SEK 10.7 M (0.3). The earnings improvement was attributable to the Building/Interior and Engineering/Technology business areas, both of which reported significantly improved earnings compared with the year-earlier period.

Building/Interior

The Building/Interior business area comprises mainly Götenehus and Själdalshus, which produce single-family homes and jointly represent one of the largest players in the single-family homes market in Sweden. Westergyllen's

small-homes operations consist of project activities that market and build groups of small homes and of operations that build individual single-family homes. Demand in the Swedish market for single-family homes remained highly favorable at the beginning of 2006. Prices for used single-family homes continued to increase. According to Statistics Sweden, the price of single-family homes rose 3 percent between the fourth quarter of 2005 and the first quarter of 2006. On an annual basis, prices are now rising at a rate of 13 percent. According to the forecast presented by the National Board of Housing, Building and Planning in January 2006, the number of housing starts on single-family homes will rise by slightly more than 7 percent in 2006 to approximately 13,000 units.

Net sales in the Building/Interior business area amounted to SEK 188 M (155). Operating profit improved sharply to SEK 11.6 M (3.8), corresponding to an operating margin of 6.2 percent (2.5). Delivery volume in terms of number of units rose by slightly more than 50 percent compared with the year-earlier period. Order bookings within the operations focusing on individual single-family homes were favorable during the quarter and in line with the delivery volume. In addition, a number of new projects were added to the project portfolio during the period. The number of building rights in the project portfolio corresponded to about 500 single-family homes on March 31, up by 30 units compared with year-end 2005. The general assessment is that the Group's market shares increased during the quarter.

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 and equipment for other mobile communications, process control and engineering industries.

During recent years, the telecom sector has been Elektromekan's largest market area. To counter declining demand from the telecom industry, Elektromekan has invested greater resources in the industrial segment. The major difference between these market areas is that the telecom industry is characterized by few customers that order large-scale serial volumes, while the industrial segment consists of a broader customer base with orders mainly for smaller product series. To date, growth in the industrial segment has not been sufficient to compensate for the decreased telecom volumes. Production of several labor-intensive products will be outsourced to Elektromekan's production partners in low-cost countries in 2006. Following a review of operations, the company decided in February 2006 to serve termination notices to 45 employees.

Net sales in the Electronics business area declined to SEK 72 M (111 M). An operating loss of SEK 3.6 M (loss: 3.4) was reported and the operating margin was a negative 5.0 percent (neg: 3.1). Order bookings during the period amounted to SEK 63 M (109).

Engineering/Technology

The Engineering/Technology business area consists of the Pinol, Elos Medical and Elos Precision precision-engineering units, and Fixturlaser.

Market conditions for the precision-engineering units were favorable during the period, with significant increases in both sales and earnings. The process to coordinate newly acquired Pinol and Elos Medical, which commenced at the end of 2005, continued during the period. Achieving an increase in the precision-engineering operations' share of the Group's total sales is a stated strategy and one that has been assigned a high priority.

Net sales within Engineering/Technology doubled to SEK 100 M (48). Excluding Pinol, which was acquired in 2005, sales rose by 30 percent. Operating profit improved to SEK 7.6 M (3.3), corresponding to an operating margin of 7.7 percent (6.8). During the period, Pinol started up the production of several new products, which resulted in initial costs. As a result of this, Pinol had only a marginally positive effect on operating profit for the period. Order bookings during the period amounted to SEK 93.7 M (59.7). Excluding Pinol, order bookings rose approximately 10 percent compared with the year-earlier period.

Other

At the end of the period, Westergyllen owned 24.6 percent of Hemapure AB, in Uppsala, a medical-technology company that is developing a system to facilitate access to blood flow during dialysis. On March 31, 2006, the book value of the shareholding in Hemapure was SEK 9.7 M. In addition, Westergyllen had loan receivables amounting to SEK 1.3 M.

Investments

The Group's investments in buildings, land, machinery and equipment totaled SEK 14.0 M (11.5). In addition, SEK 2.3 M (0.6) was invested in intangible fixed assets.

Financial position and liquidity

The Group's total assets, which have increased by nearly SEK 40 M since year-end, amounted to SEK 978 M (939). The rise was largely attributable to an increase in holdings of sites and show houses in the Building/Interior business area.

The share of own risk-bearing capital was 26.8 percent, compared with 27.2 percent at year-end. The equity/assets ratio was 24.0 percent (24.3).

The Group's cash flow from operating activities amounted to SEK 0.0 M (neg: 46.5). Cash flow after investments was a negative SEK 11.1 M (neg: 52.4).

The Group's net debt rose during the period by SEK 16.9 M to SEK 353.2 M (336.3). The rise was attributable to financing of the increased holdings of sites. The Group's cash and cash equivalents, including unutilized overdraft facilities, amounted to SEK 165.8 M, compared with SEK 171.2 M at year-end.

Personnel

At the end of the period, the Group had 758 full-time employees, compared with 756 at year-end.

Parent Company

The Parent Company's net sales amounted to SEK 3.1 M (2.7). The loss after net financial items was SEK 1.1 M (loss: 1.8).

The share of own risk-bearing capital was 50.9 percent (55.2). The equity/assets ratio was 49.9 percent (54.0).

The Parent Company's cash and cash equivalents, including unutilized overdraft facilities, amounted to SEK 130.8 M (129.0).

Accounting principles

This interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting.

The interim report is unaudited.

Forecast for 2006

The intention is that the Building/Interior business area will be spun off to Westergyllen shareholders during autumn 2006. The market prospects for the business area are currently regarded as highly favorable. Both capacity utilization and earnings within the business area are expected to be significantly higher than the results reported for 2005.

The assessment for the remaining operations is also favorable for the Engineering/Technology business area, while a much weaker trend is expected for the Electronics business area.

The restructuring of Elektromekan's operations, which is currently under way, is not expected to gain its full impact until the final quarter of the year.

The long-term strategy is that Westergyllen's operations will be focused around medical equipment and precision mechanics.

Financial information 2006

The interim report for the second quarter of 2006 will be published on August 17, 2006.

The interim report for the third quarter of 2006 will be published on October 27, 2006.

Götene, April 27, 2006

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CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	Jan-March 2006	Jan-March 2005	April-March 2005/2006	Jan-Dec 2005
Net sales	359,4	309,5	1 378,2	1 328,3
Cost of goods sold	-290,5	-259,8	-1 120,1	-1 089,4
Gross profit	68,9	49,7	258,1	238,9
Selling expenses	-36,3	-30,0	-136,7	-130,4
Administrative expenses	-20,2	-14,1	-71,9	-65,8
Other operating income/expenses	2,2	-2,8	3,7	-1,3
Operating profit	14,6	2,8	53,2	41,4
Financial income	0,1	0,1	1,2	1,2
Financial expenses	-4,0	-2,6	-11,8	-10,4
Profit after financial items	10,7	0,3	42,6	32,2
Taxes	-3,4	-0,1	-13,5	-10,2
Profit after taxes	7,3	0,2	29,1	22,0
Depreciation charged against earnings	13,3	10,8	49,0	46,5
Earnings per share (SEK)	1:21	0:03	5:12	3:94
Average number of shares (thousands)	6 051	5 530	5 703	5 573
Number of shares in end of period (thousands)	6 051	5 530	6 051	6 051

NET SALES AND OPERATING PROFIT/LOSS PER BUSINESS AREA

Net sales SEK M	Jan-March 2006	Jan-March 2005	April-March 2005/2006	Jan-Dec 2005
Building/Interior	188,2	154,5	733,0	699,3
Electronics	72,0	110,9	350,7	389,6
Engineering/Technology	100,5	48,4	310,2	258,1
Other	-1,3	-4,3	-15,7	-18,7
Total	359,4	309,5	1 378,2	1 328,3

Operating profit/loss SEK M	Jan-March 2006	Jan-March 2005	April-March 2005/2006	Jan-Dec 2005
Building/Interior	11,6	3,8	35,9	28,1
Electronics	-3,6	-3,4	-2,6	-2,4
Engineering/Technology	7,6	3,3	27,3	23,0
Other	-1,0	-0,9	-7,4	-7,3
Total	14,6	2,8	53,2	41,4

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2006-03-31	2005-03-31	2005-12-31
Assets			
Intangible fixed assets	65,5	16,5	64,1
Tangible fixed assets	308,4	201,1	307,4
Financial fixed assets	10,7	12,5	11,3
Other current assets	526,9	474,3	499,9
Cash and bank balances	66,8	16,1	56,1
Total assets	978,3	720,5	938,8
Shareholders' equity and liabilities			
Shareholders' equity	235,3	180,7	228,2
Long-term liabilities	377,8	240,6	341,3
Current liabilities	365,2	299,2	369,3
Total shareholders' equity and liabilities	978,3	720,5	938,8

CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Jan-March 2006	Jan-March 2005	Jan-Dec 2005
Profit after net financial items	10,7	0,3	32,2
Adjustment items	15,0	14,7	56,3
Income tax paid	-7,0	-5,5	-9,3
Change in working capital	-18,7	-56,0	-21,6
Cash flow from operating activities	0,0	-46,5	57,6
Investments in subsidiary	0,0	0,0	-33,4
Investments in other fixed assets	-11,2	-6,2	-36,5
Sales of companies and fixed assets	0,1	0,3	0,3
Balance after investments in fixed assets	-11,1	-52,4	-12,0
Change in interest-bearing loans	22,0	5,5	9,6
New issue of shares	0,0	0,0	2,2
Dividends	0,0	0,0	-6,9
Cash flow for the year	10,9	-46,9	-7,1
Liquid funds at beginning of the year	56,1	63,1	63,1
Exchange-rate differences in liquid funds	0,2	-0,1	0,1
Liquid funds at the end of the period	67,2	16,1	56,1

KEY FIGURES

SEK M		Jan-March 2006	Jan-March 2005	Jan-Dec 2005
Return on capital employed	%	9,3	2,7	8,1
Return on shareholders' equity	%	12,6	0,3	10,7
Share of risk-bearing capital	%	26,8	28,3	27,2
Equity/assets ratio	%	24,0	25,1	24,3
Net debt	SEK M	353,2	242,6	336,3
Investments excluding shares	SEK M	16,3	12,1	50,0
Number of employees		757	720	700
Shareholders' equity per share	SEK	38:88	32:68	37:72

QUARTERLY FIGURES - GROUP

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SEK M	2006	2005	2005	2005	2005	2004	2004	2004	2004
Net sales	359,4	386,1	266,4	366,3	309,5	401,7	321,9	424,8	319,0
Cost of goods sold	-290,5	-309,7	-215,8	-304,1	-259,8	-333,8	-266,2	-351,3	-263,6
Gross profit	68,9	76,4	50,6	62,2	49,7	67,9	55,7	73,5	55,4
Selling and admin. expenses	-56,5	-63,3	-38,4	-50,4	-44,1	-53,7	-40,8	-51,2	-43,8
Other operating items	2,2	3,0	-0,6	-0,9	-2,8	1,1	-0,4	-3,0	-1,7
Operating profit/loss	14,6	16,1	11,6	10,9	2,8	15,3	14,5	19,3	9,9
Net financial items	-3,9	-2,3	-2,2	-2,2	-2,5	-2,3	-3,2	-3,1	-3,6
Profit/loss after financial items	10,7	13,8	9,4	8,7	0,3	13,0	11,3	16,2	6,3
Taxes	-3,4	-4,2	-3,3	-2,6	-0,1	-4,6	-3,4	-5,6	-2,2
Profi/loss after taxes	7,3	9,6	6,1	6,1	0,2	8,4	7,9	10,6	4,1

QUARTERLY FIGURES - BUSINESS AREAS

Net sales	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SEK M	2006	2005	2005	2005	2005	2004	2004	2004	2004
Building/Interior	188,2	199,2	138,3	207,3	154,5	206,8	129,4	196,0	153,8
Electronics	72,0	96,6	76,6	105,5	110,9	148,1	147,3	174,3	113,8
Engineering/Technology	100,5	95,1	55,6	59,0	48,4	53,3	50,8	61,9	56,1
Other	-1,3	-4,8	-4,1	-5,5	-4,3	-6,5	-5,6	-7,4	-4,7
Total	359,4	386,1	266,4	366,3	309,5	401,7	321,9	424,8	319,0

Operating profit/loss	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SEK M	2006	2005	2005	2005	2005	2004	2004	2004	2004
Building/Interior	11,6	10,7	5,9	7,7	3,8	5,9	5,1	7,9	3,3
Electronics	-3,6	0,2	0,1	0,7	-3,4	5,8	6,9	10,7	3,5
Engineering/Technology	7,6	7,8	7,1	4,8	3,3	2,8	3,8	4,7	5,5
Other	-1,0	-2,6	-1,5	-2,3	-0,9	0,8	-1,3	-4,0	-2,4
Total	14,6	16,1	11,6	10,9	2,8	15,3	14,5	19,3	9,9

CHANGE IN SHAREHOLDERS' EQUITY

	Jan-March	Jan-March	Jan-Dec
SEK M	2006	2005	2005
Opening balance	228,2	181,2	181,2
Acquisition of minority interests	0,0	-0,7	-0,7
Translation difference	-0,3	0,0	-1,1
Net gain on hedge of net investment	0,1	0,0	0,4
New issue of shares	0,0	0,0	33,3
Dividends	0,0	0,0	-6,9
Profit for the period	7,3	0,2	22,0
Closing balance, shareholders' equity	235,3	180,7	228,2