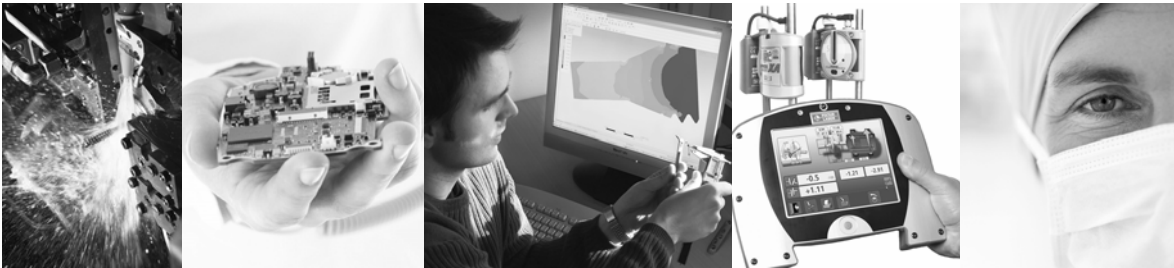


## Interim report

### January 1 – September 30, 2007



**Profit after financial items rose to SEK 27.7 M (loss: 7.3).**

#### January – September 2007 summary

- Net sales amounted to SEK 509 M (462).
- Operating profit totaled SEK 39.7 M (0.8). Profit after financial items was SEK 27.7 M (loss: 7.3).
- Profit after tax totaled SEK 20.0 M (loss: 5.9). Earnings per share totaled SEK 3.31 (loss: 0.98) for remaining operations.
- Cash flow from operating activities amounted to SEK 14.2 M (32.1). Cash flow after investments totaled a negative SEK 7.1 M (positive: 8.2).
- Favourable growth and improved earnings within all of the Group's business areas.
- The Group's operations will focus on Medical Technology and Precision Technology.

#### July – September 2007 summary

- Net sales amounted to SEK 167 M (132).
- Operating profit totaled SEK 17.0 M (loss: 0.5). Profit after financial items was SEK 12.5 M (loss: 2.3).
- Profit after tax totaled SEK 9.0 M (loss: 1.6). Earnings per share amounted to SEK 1.50 (loss: 0.27) for remaining operations.

### **Operations in general**

Westergyllen is an industrial group organized on the basis of three business areas: Medical Technology, Precision Technology and Electronics.

At an Extraordinary General Meeting in November 2006, it was decided to spin off the Forshem Group (formerly Building/Interior) to Westergyllen's shareholders. The decision is in line with the Group's trend towards fewer business areas. The spin-off meant that the Group's business volume more than halved. Westergyllen's operations will focus on Medical Technology and Precision Technology. The company's headquarters have been moved to Lidköping.

Market conditions were generally satisfactory during the period. Earnings improved significantly.

### **Invoicing and earnings, third quarter 2007**

Consolidated net sales for the remaining operations rose during the third quarter by 27 percent to SEK 167 M (132). The increase in sales is primarily attributable to the Electronics business area. Sales also increased for the other business areas. Market conditions remained satisfactory. Operating profit improved to SEK 17.0 M (0.5). Profit after financial items totaled SEK 12.5 M (loss: 2.3). The improvement in earnings is attributable to all of the business areas, with Electronics accounting for the largest share.

### **Invoicing and earnings, January–September 2007**

Consolidated net sales for the remaining operations totaled SEK 509 M (462). The increase in sales is attributable to all business areas. Operating profit improved to SEK 39.7 M (0.8). Profit after financial items totaled SEK 27.7 M (loss: 7.3). The improvement in earnings is attributable to the Medical Technology and Electronics business areas.

### **Medical Technology**

The business area comprises the companies Pinol and Elos Medical. Together, these entities form one of Europe's leading development and production partnerships for mechanical medical technology products and components, such as dental and orthopaedic implants and instruments.

Medical Technology, which represents a priority growth area within the Group, continued to develop favourably during 2007. In particular, Elos Pinol's operations in Denmark developed well during the period. Demand from the Group's dental-segment customers has been varied, but is expected to improve during the remainder of the year. Demand within orthopaedics and other areas has continued to develop favourably. The expansion of Elos

Medical's facility in Timmersdala was completed in August in accordance with plans and is being progressively taken into operation. The expansion covers approximately 1,900 m<sup>2</sup>.

Net sales totaled SEK 196.4 M (183.7), corresponding to an increase of 7 percent. Operating profit improved and amounted to SEK 29.7 M (14.5), corresponding to an operating margin of 15.1 percent (7.9).

### **Precision Technology**

The business area comprises the companies Elos Precision, specialized in the manufacture of small, complex parts characterized by a high degree of precision and quality, and Fixturlaser, which manufactures and markets laser-based alignment and positioning systems.

Demand from the turbine segment, Elos Precision's largest area, made a positive contribution to earnings performance. Demand trends within the other segments remained positive. Demand for Fixturlaser's products continued to develop well. Customer reactions to the Fixturlaser XA alignment instrument, launched in 2006, continue to be very positive. Net sales for the business area totaled SEK 117.8 M (108.5). Combined operating profit totaled SEK 9.2 M (8.0), while the operating margin amounted to 7.8 percent (7.4).

### **Electronics**

The Electronics business area comprises Elektromekan, which is a large contract manufacturer of electronics. The company produces components and products for mobile communications, process control and the engineering industry.

Growth within the Industry segment continued to develop well, increasing at a strong rate. The mobile communications segment also reported a sharp increase in volume for the period. Volumes within the Telecom segment continued to decline and currently account for 10 percent of deliveries. Net sales in the Electronics business area rose by SEK 26 M, totaling SEK 198.1 M (171.8). Operating income continued to improve during the period and amounted to SEK 4.9 M (loss: 17.6). During the period, the number of full-time employees declined. The operating margin was 2.5 percent (negative: 10.2).

### **Other**

Gambro acquired the assets and operations of the partly owned company Hemapure during 2006. The ultimate purchase price will depend on the future performance of the sold operations over the next few years, which is difficult to estimate

definitively. The book value amounts to SEK 8.5 M.

### **Investments**

The Group's investments in buildings, land, machinery and equipment totaled SEK 42.1 M (41.0). In addition, SEK 2.1 M (5.1) was invested in intangible fixed assets.

### **Financial position and liquidity**

The Group's total assets increased by SEK 33 M since year-end, totaling SEK 640 M (607).

The Group's net loan debt increased by approximately SEK 33.1 M during the period, to total SEK 328.6 M (295.5). The Group's cash and cash equivalents, including unutilized overdraft facilities, amounted to SEK 38 M (63).

The share of own risk-bearing capital was 28.8 percent (27.3) at the reporting date. The equity/assets ratio was 26.2 percent (24.5).

The Group's cash flow from operating activities was SEK 14.2 M (negative: 28.8). Cash flow after investments and sale of fixed assets amounted to a negative SEK 7.1 M (negative: 52.1).

### **Personnel**

At the end of the period, the Group had 513 employees (515).

### **Parent Company**

In addition to central management issues, the Parent Company also handles Group support activities, such as technical support, finance and financial controls. The Parent Company's net sales amounted to SEK 3.2 M (6.3). Profit after financial items amounted to a negative SEK 1.1 M (positive: 31.3). The profit figure includes intra-Group dividends and profits from sales of SEK 5.0 M, net (35.8)

The share of own risk-bearing capital was 68.7 percent (65.9) compared with the year-end. The equity/assets ratio was 68.3 percent (65.5). The Parent Company's cash and cash equivalents, including unutilized overdraft facilities, amounted to SEK 19.7 M (50.1).

### **Significant risks and uncertainty factors**

The Group's significant risks and uncertainty factors include business risks associated with

customers and suppliers and other external factors such as risks associated with the prices of input goods. In addition, there are financial risks associated with changes in currency exchange and interest rates. A detailed description of the Group's risks and uncertainty factors, and of how they are being managed, is presented in the Board of Directors' Report in the 2006 Annual Report.

### **Accounting principles**

This interim report for the Group was prepared in accordance with IAS 34, Interim Financial Reporting, which accords with the requirements stipulated in the Swedish Financial Accounting Standards Council's Recommendation RR 31, Interim Reports for Groups. The accounting principles and basis of calculation are unchanged compared with the 2006 Annual Report.

### **Forecast for 2007**

The strategy is for Westergyllen's operations to focus on Medical Technology and Precision Technology.

The conditions for continued stable growth for Medical Technology are deemed to be highly favourable for 2007.

An increase in volume within Precision Technology is anticipated during the year.

Delivery volumes and earnings are expected to improve for the Electronics business area.

Overall, earnings are expected to improve considerably during 2007.

### **Financial information in 2007**

The year-end report for the 2007 fiscal year will be published on February 22, 2008.

Lidköping, October 25, 2007

Göran Brorsson  
President

### **For further information, contact:**

Göran Brorsson, President and CEO  
Telephone: +46 510 48 43 65, +46 705 11 78 60

E-post: [goran.brorsson@westergyllen.se](mailto:goran.brorsson@westergyllen.se)

## CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	Jul-Sep 2007	Jul-Sep 2006	Jan-Sep 2007	Jan-Sep 2006	Oct-Sep 2006/2007	Jan-Dec 2006
Net sales	166,7	132,0	508,7	462,1	665,8	619,2
Cost of goods sold	-126,8	-106,5	-393,5	-381,0	-515,5	-503,0
<b>Gross profit</b>	<b>39,9</b>	<b>25,5</b>	<b>115,2</b>	<b>81,1</b>	<b>150,3</b>	<b>116,2</b>
Selling expenses	-7,3	-7,9	-23,7	-27,7	-33,7	-37,7
Administration expenses	-12,6	-13,6	-40,8	-44,7	-56,2	-60,1
Development expenses	-4,5	-3,4	-14,1	-10,8	-18,7	-15,3
Other operating income/expenses	1,5	-0,1	3,1	2,9	-7,4	-7,7
<b>Operating profit</b>	<b>17,0</b>	<b>0,5</b>	<b>39,7</b>	<b>0,8</b>	<b>34,3</b>	<b>-4,6</b>
Financial income	0,0	0,3	0,3	0,9	0,7	1,3
Financial expenses	-4,5	-3,1	-12,3	-9,0	-16,1	-12,8
<b>Result after financial items</b>	<b>12,5</b>	<b>-2,3</b>	<b>27,7</b>	<b>-7,3</b>	<b>18,9</b>	<b>-16,1</b>
Taxes	-3,5	0,7	-7,7	1,4	-6,7	2,4
<b>Result for the year from remaining operations</b>	<b>9,0</b>	<b>-1,6</b>	<b>20,0</b>	<b>-5,9</b>	<b>12,2</b>	<b>-13,7</b>
<b>Result from discontinued operations</b>	<b>-</b>	<b>1,5</b>	<b>-</b>	<b>16,5</b>	<b>1,0</b>	<b>17,5</b>
<b>Result for the year</b>	<b>9,0</b>	<b>-0,1</b>	<b>20,0</b>	<b>10,6</b>	<b>13,2</b>	<b>3,8</b>
Depreciation charged against earnings for remaining operations	9,5	11,5	29,6	35,4	42,6	46,4
Earnings per share (SEK) remaining operations	1:50	-0:27	3:31	-0:98	2:02	-2:27
Earnings per share (SEK) discontinued operations	-	0:25	-	2:73	0:16	2:89
Earnings per share (SEK)	1:50	-0:02	3:31	1:75	2:18	0:62
Number of share (SEK)	6 051	6 051	6 051	6 051	6 051	6 051
Number of shares after exercise (thousands)	6 051	6 051	6 051	6 051	6 051	6 051

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

Net sales SEK M	Jul-Sep 2007	Jul-Sep 2006	Jan-Sep 2007	Jan-Sep 2006	Oct-Sep 2006/2007	Jan-Dec 2006
Medical Technology	63,4	62,6	196,4	183,7	263,8	251,1
Precision Technology	36,7	31,1	117,8	108,5	160,3	151,0
Electronics	67,6	38,5	198,1	171,8	247,5	221,2
Other	-1,0	-0,2	-3,6	-1,9	-5,8	-4,1
<b>Total remaining operations</b>	<b>166,7</b>	<b>132,0</b>	<b>508,7</b>	<b>462,1</b>	<b>665,8</b>	<b>619,2</b>
<b>Operating profit/loss SEK M</b>	<b>Jul-Sep 2007</b>	<b>Jul-Sep 2006</b>	<b>Jan-Sep 2007</b>	<b>Jan-Sep 2006</b>	<b>Oct-Sep 2006/2007</b>	<b>Jan-Dec 2006</b>
Medical Technology	9,9	7,4	29,7	14,5	40,7	26,3
Precision Technology	5,9	2,3	9,2	8,0	9,1	7,9
Electronics	2,7	-7,5	4,9	-17,6	-2,2	-24,7
Other	-1,5	-1,7	-4,1	-4,1	-13,3	-14,1
<b>Total remaining operations</b>	<b>17,0</b>	<b>0,5</b>	<b>39,7</b>	<b>0,8</b>	<b>34,3</b>	<b>-4,6</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2007-09-30	2006-09-30	2006-12-31
<b>Assets</b>			
Intangible fixed assets	49,8	67,0	50,2
Tangible fixed assets	264,1	312,9	251,2
Financial fixed assets	10,1	11,1	10,1
Other current assets	314,6	558,8	275,9
Cash and bank balances	1,4	51,3	19,7
<b>Total assets</b>	<b>640,0</b>	<b>1001,1</b>	<b>607,1</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	167,4	229,7	148,9
Long-term liabilities	252,7	364,0	246,8
Current liabilities	219,9	407,4	211,4
<b>Total shareholders' equity and liabilities</b>	<b>640,0</b>	<b>1001,1</b>	<b>607,1</b>

## CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Jan-Sep 2007	Jan-Sep 2006	Jan-Dec 2006
Profit after net financial items	27,7	-7,3	-16,1
Adjustment items	32,6	36,4	56,4
Income tax paid	-4,2	-6,8	-5,9
Change in working capital	-41,9	-51,1	-2,3
<b>Cash flow from remaining operations</b>	<b>14,2</b>	<b>-28,8</b>	<b>32,1</b>
Investments in other fixed assets	-26,8	-24,2	-28,1
Long-term claims	-	-0,1	-1,6
Sales of other fixed assets	5,5	1,0	5,8
<b>Balance after investments in fixed assets</b>	<b>-7,1</b>	<b>-52,1</b>	<b>8,2</b>
Change in interest-bearing loans	-8,2	-1,1	-8,0
Dividends	-3,0	-7,6	-7,6
<b>Cash flow for the year from remaining operations</b>	<b>-18,3</b>	<b>-60,8</b>	<b>-7,4</b>
<b>Cash flow from discontinued operations</b>			
Cash flow from current operations	-	41,0	-19,9
Cash flow from investments	-	-5,7	-6,0
Cash flow from financing	-	20,8	45,8
<b>Net cash flow from discontinued operations</b>	<b>-</b>	<b>56,1</b>	<b>19,9</b>
<b>Cash flow for the year</b>	<b>-18,3</b>	<b>-4,7</b>	<b>12,5</b>
Liquid funds at beginning of the year	19,7	56,1	56,1
Liquid funds from discontinued operations	-	-	-48,9
Exchange-rate differences in liquid funds	0,0	-0,1	0,0
<b>Liquid funds at end of the period</b>	<b>1,4</b>	<b>51,3</b>	<b>19,7</b>

## KEY FIGURES

SEK M		Jan-Sep 2007	Jan-Sep 2006 *	Jan-Dec 2006
Return on capital employed	%	11,1	5,7	-0,6
Return on shareholders' equity	%	16,9	6,2	-7,3
Share of risk-bearing capital	%	28,8	25,6	27,3
Equity/assets ratio	%	26,2	22,9	24,5
Net debt	SEK M	328,6	382,9	295,5
Investments excluding shares remaining operations	SEK M	44,2	46,1	51,6
Number of employees from remaining operations		502	514	503
Shareholders' equity per share	SEK	27:66	37:96	24:61

\* The numbers are unchanged, except the investments och number of employees.

## QUARTERLY FIGURES - GROUP

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SEK M	2007	2007	2007	2006	2006	2006	2006	2005	2005	2005	2005
Net sales	166,7	178,0	164,0	157,1	132,0	158,5	171,6	186,4	127,4	158,6	154,5
Cost of goods sold	-126,8	-138,6	-128,1	-122,0	-106,5	-132,9	-141,6	-149,3	-102,9	-130,0	-131,3
<b>Gross profit</b>	<b>39,9</b>	39,4	35,9	35,1	25,5	25,6	30,0	37,1	24,5	28,6	23,2
Selling, admin. and developm.expens.	-24,4	-26,5	-27,6	-29,9	-24,9	-29,1	-29,2	-34,8	-18,7	-24,1	-21,9
Other operating items	1,5	1,3	0,2	-10,6	-0,1	0,8	2,2	2,5	-0,6	-1,0	-3,0
<b>Operating profit/loss</b>	<b>17,0</b>	14,2	8,5	-5,4	0,5	-2,7	3,0	4,8	5,2	3,5	-1,7
Net financial items	-4,5	-4,2	-3,3	-3,4	-2,8	-2,0	-3,3	-1,9	-1,7	-1,4	-1,9
<b>Profit/loss after financial items</b>	<b>12,5</b>	10,0	5,2	-8,8	-2,3	-4,7	-0,3	2,9	3,5	2,1	-3,6
Taxes	-3,5	-2,7	-1,5	1,0	0,7	1,0	-0,3	-1,3	-1,7	-0,9	0,6
<b>Profit/loss after taxes for remaining operations</b>	<b>9,0</b>	7,3	3,7	-7,8	-1,6	-3,7	-0,6	1,6	1,8	1,2	-3,0

## QUARTERLY FIGURES - BUSINESS AREAS

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SEK M	2007	2007	2007	2006	2006	2006	2006	2005	2005	2005	2005
<b>Net sales</b>	<b>166,7</b>	178,0	164,0	157,1	132,0	158,5	171,6	186,4	127,4	158,6	154,5
Medical Technology	63,4	71,2	61,8	67,4	62,6	63,6	57,5	52,1	20,5	23,5	17,4
Precision Technology	36,7	40,3	40,8	42,5	31,1	34,4	43,0	43,0	35,1	35,5	31,0
Electronics	67,6	67,7	62,8	49,4	38,5	61,3	72,0	96,6	76,6	105,5	110,9
Other	-1,0	-1,2	-1,4	-2,2	-0,2	-0,8	-0,9	-5,3	-4,8	-5,9	-4,8
<b>Total</b>	<b>166,7</b>	178,0	164,0	157,1	132,0	158,5	171,6	186,4	127,4	158,6	154,5
<b>Operating profit/loss</b>	<b>17,0</b>	14,2	8,5	-5,4	0,5	-2,7	3,0	4,8	5,2	3,5	-1,7
Medical Technology	9,9	11,7	8,1	11,8	7,4	4,5	2,6	3,3	1,4	2,1	1,7
Precision Technology	5,9	1,1	2,2	-0,1	2,3	0,7	5,0	4,5	5,7	2,7	1,6
Electronics	2,7	2,7	-0,5	-7,1	-7,5	-6,5	-3,6	0,2	0,1	0,7	-3,4
Other	-1,5	-1,3	-1,3	-10,0	-1,7	-1,4	-1,0	-3,2	-2,0	-2,0	-1,6
<b>Total</b>	<b>17,0</b>	14,2	8,5	-5,4	0,5	-2,7	3,0	4,8	5,2	3,5	-1,7

## CHANGES IN SHAREHOLDERS' EQUITY

	Jan-Sep	Jan-Sep	Jan-Dec
SEK M	2007	2006	2006
Opening balance	148,9	228,2	228,2
Translation difference	1,9	-1,5	-2,8
Net loss/gain on hedge of net investment	-0,4	0,0	0,7
Dividends	-3,0	-7,6	-7,6
Dividends of the Forshem Group AB	-	-	-73,4
Profit for the period	20,0	10,6	3,8
<b>Closing balance, shareholders' equity</b>	<b>167,4</b>	229,7	148,9

## PARENT COMPANY INCOME STATEMENT

SEK	Jul-Sep 2007	Jul-Sep 2006	Jan-Sep 2007	Jan-Sep 2006	Oct-Sep 2006/2007	Jan-Dec 2006
Net sales	0,8	0,9	3,2	6,3	4,0	7,1
Cost of goods sold	0,0	0,0	0,0	-2,5	0,0	-2,5
<b>Gross profit</b>	<b>0,8</b>	<b>0,9</b>	<b>3,2</b>	<b>3,8</b>	<b>4,0</b>	<b>4,6</b>
Administration expenses	-2,3	-2,1	-7,5	-6,8	-10,2	-9,5
Other operating income/expenses	0,0	-0,7	0,0	-0,9	-2,8	-3,7
<b>Operating profit</b>	<b>-1,5</b>	<b>-1,9</b>	<b>-4,3</b>	<b>-3,9</b>	<b>-9,0</b>	<b>-8,6</b>
Result fr. participations in group comp.	0,0	0,0	5,0	35,8	-19,1	11,7
Financial income	0,2	0,1	0,6	0,4	1,9	1,7
Financial expenses	-0,8	-0,8	-2,4	-1,0	-3,3	-1,9
<b>Result after financial items</b>	<b>-2,1</b>	<b>-2,6</b>	<b>-1,1</b>	<b>31,3</b>	<b>-29,5</b>	<b>2,9</b>
Appropriations	0,0	0,0	0,0	0,0	0,5	0,5
Taxes	0,6	1,3	1,7	3,9	3,0	5,2
<b>Result for the year</b>	<b>-1,5</b>	<b>-1,3</b>	<b>0,6</b>	<b>35,2</b>	<b>-26,0</b>	<b>8,6</b>

## PARENT COMPANY BALANCE SHEET

SEK	2007-09-30	2006-09-30	2006-12-31
<b>Assets</b>			
Tangible fixed assets	0,5	0,2	0,2
Financial fixed assets	176,9	247,5	178,0
Other current assets	20,0	80,3	13,1
Cash and bank balances	0,2	34,1	18,4
<b>Total assets</b>	<b>197,6</b>	<b>362,1</b>	<b>209,7</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	135,0	199,7	137,4
Untaxed reserves	1,3	1,8	1,3
Long-term liabilities	32,7	44,6	38,3
Current liabilities	28,6	116,0	32,7
<b>Total shareholders' equity and liabilities</b>	<b>197,6</b>	<b>362,1</b>	<b>209,7</b>

The interim report has not been subject to review by the company's auditors.

The information of this interim report is of the kind that Westergyllen have to make public according to the law of Securities and Clearing Operations Act and/or the law of trade by financial instruments.

The information was made public in Swedish on October 25, 2007 at 08.40 (CET)



AB Westergyllen (publ), Nya Stadens Torg 10, SE-531 31 Lidköping, Sweden.  
Phone +46 510 48 43 60 Fax +46 510 680 04  
[www.westergyllen.se](http://www.westergyllen.se)