

Year-end Report

January 1 – December 31, 2007



Profit after financial items for remaining units rose to SEK 37.3 M (20.1) during 2007. Operating margin was 11.6% (7.3) and for the fourth quarter 12.7 % (10.2).

January – December 2007 summary

- Net sales for remaining operations rose 8% to SEK 433 M (400).
- Operating profit for remaining operations increased 71% and amounted to SEK 50.1 M (29.4). Profit after financial items amounted to SEK 37.3 M (20.1). Profit after tax for remaining operations totaled SEK 27.9 M (18.6), corresponding to SEK 4.61 (3.07) per share.
- Cash flow for remaining operations from operating activities amounted to SEK 26.8 M (43.7). Cash flow from investments and sales of fixed assets totaled SEK 9.3 M (22.4).
- Favorable growth and improved earnings within all of the Group's business areas.
- Consolidated profit after tax including divested operations amounted to SEK 25.4 M (3.8). Earnings per share totaled SEK 4.20 (0.62).
- The Board proposes a dividend of SEK 1.50 (0.50) per share.

October – December 2007 summary

- Net sales rose 11% and amounted to SEK 121 M (109).
- Operating profit was up 39% to SEK 15.3 M (11.0). Profit after financial items totaled SEK 11.7 M (8.2).
- Profit after tax amounted to SEK 9.6 M (7.6). Earnings per share totaled SEK 1.59 (1.26) for remaining operations.

Operations in general

Restructuring of the Westergyllen Group continued during 2007. As part of structuring the Group's operations, the Electronics business area was divested at the end of November 2007. Westergyllen's operations today focus on the Medical and Precision Technology business areas.

Market conditions for the Group's remaining operations were satisfactory during the year. Net sales developed positively and earnings improved significantly. The demand situation and earnings in the divested Electronics business area improved during the year.

Invoicing and earnings, fourth quarter 2007

Consolidated net sales for remaining operations increased in the fourth quarter by 11 percent and amounted to SEK 121 M (109). Market conditions continued to be satisfactory. Operating profit improved to SEK 15.3 M (11.0) and the operating margin was 12.7 percent (10.2). Profit after financial items totaled SEK 11.7 M (8.2). The earnings improvement is attributable to the Precision Technology business area.

Invoicing and earnings, January – December 2007

Consolidated net sales for remaining operations amounted to SEK 433 M (400). The increase in sales is attributable to both business areas. Operating profit improved to SEK 50.1 M (29.4). Profit after financial items was SEK 37.3 M (20.1). The improvement in earnings is due to strong development for Elos Pinol and Fixturlaser. Profit after tax for remaining operations totaled SEK 27.9 M (18.6), corresponding to SEK 4.61 (3.07) per share.

Earnings from the Electronics business area for the period January 1 to November 30, 2007 combined with the revaluation of the Hemapure project are included in the year-end report as "Discontinued operations" and amount to a loss after tax of SEK 2.5 M (loss: 14.8).

The Group's accumulated profit after tax amounted to SEK 25.4 M (3.8). Earnings per share totaled SEK 4.20 (0.62).

Medical Technology

The business area comprises the companies Elos 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 orthopedic implants and instruments.

Medical Technology, which represents a priority growth area within the Group, continued to develop positively during 2007. In particular, Elos Pinol's operations in Denmark developed highly favorably during the year. Demand in the dental segment overall developed significantly weaker than in prior years. Demand within orthopedics and other areas continued to develop positively. Coordination efforts and the experience exchange between Elos Medical and Elos Pinol continued during 2007 and resulted in many improvements of similar processes. The expansion of Elos Medical's facility in Timmersdala was completed as planned in August and is now in operation. The expansion covers approximately 1,900 m². In the new section of Elos Medical's facility, the production of drills used in various types of dental and orthopedic surgical operations was started. Elos Pinol introduced proprietary products at the end year for use in dental surgery.

Net sales amounted to SEK 269.6 M (251.1), an increase of 7 percent. Operating profit improved and totaled SEK 39.9 M (26.3), yielding an operating margin of 14.8 percent (10.5) during the year.

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, temporarily developed adversely during 2007, which affected earnings performance. Demand trends within the other segments remained satisfactory. Demand for Fixturlaser's products developed highly favorably during the year. Customer reactions to the new Fixturlaser XA alignment instrument, launched in autumn 2006, continue to be very positive. Net sales for the business area totaled SEK 166.6 M (151.0), an increase of 10 percent. Combined operating profit totaled SEK 15.6 M (7.9), while the operating margin amounted to 9.4 percent (5.2).

Investments

The Group's investments in buildings, land, machinery and equipment totaled SEK 43.7 M (43.2), of which SEK 2.1 M (0.6) was financed through relocation grants. Most of these investments, SEK 36.5 M, are attributable to the Group's operations in Medical Technology. In addition, SEK 2.6 M (5.6) was invested in capitalized development costs and SEK 0 M (0.9) in intangible fixed assets.

Personnel

At the end of the period, the Group had 369 employees (354).

Discontinued operations

The Electronics business area, which comprised the subsidiary Elektromekan i Årjäng AB, was divested at the end of November 2007. The sale generated a capital gain for the Group of SEK 3.3 M and a cash contribution of SEK 35.3 M before divestment costs.

During the second quarter of 2006, Gambro acquired the operations and assets of the partly owned company Hemapure. The amount of the final purchase consideration depended on the future performance of the sold operations in the years ahead. During 2007, Gambro decided to terminate development of the Hemapure project. As a consequence, the Board has decided to divest the possession which was revalued and amounts to SEK 1.5 M (8.5).

Earnings from the Electronics business area for the period January 1 to November 30, 2007 are included in this year-end report as well as the revaluation of the Hemapure project that affected results during the fourth quarter. Results from the discontinued operations are excluded from all income and expense items in the income statement and reported net, after tax, in the item "Earnings from discontinued operations". Earnings for the year from discontinued operations during 2006 comprise the Electronics business area together with former Building/Interior business area that was distributed to the Group's shareholders in November 2006.

Financial position and liquidity

As a result of the sale of the Electronics business area, the Group's total assets declined by SEK 88 M, totaling SEK 519 M (607).

The Group's shareholders' equity rose during the year by SEK 25 M and amounts to SEK 174 M (149). Equity per share amounted to SEK 28.82 (24.61).

The financial position improved significantly during the year. Risk-bearing capital amounted at year-end to SEK 197 M (166), which corresponds to 37.9 percent (27.3) of total capital. The Group's equity/assets ratio was 33.6 percent (24.5).

During 2007 the working capital has increased and affected the cash flow negative. The Group's cash flow for remaining operations from operating activities was SEK 26.8 M (43.7). Cash flow after investments and sale of fixed assets amounted to SEK 9.3 M (22.4).

The Group's net loan debt declined by SEK 68 M during the year, to total SEK 228 M (296) at year-end. The decline is attributable mainly to the sale of the Electronics business area.

The Group's cash and cash equivalents, including unutilized overdraft facilities, amounted at year-end to SEK 73.4 M (63.2).

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 4.1 M (7.1). Loss after financial items amounted to SEK 2.9 M (profit: 2.9). The profit figure includes intra-Group dividends and impairment of shares, totaling net SEK 12.7 M (11.8). Earnings were charged with expenses incurred in conjunction with the sale of the Electronics business area amounting to SEK 2.4 M.

The share of own risk-bearing capital was 76.4 percent (65.9). The equity/assets ratio was 75.8 percent (65.5).

The Parent Company's cash and cash equivalents, including unutilized overdraft facilities, amounted to SEK 54.6 M (50.1).

Dividend

The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 1.50 (0.50) per share. The total dividend in accordance with the proposal amounts to SEK 9.1 M (3.0).

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 year-end report for the Group was prepared in accordance with IAS 34, Interim Financial Reporting, and 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 2008

The strategy is to continue develop Westergyllen's operations within Medical Technology and Precision Technology.

The Group's units have had continued favorable demand at the beginning of 2008. The market conditions are assessed as good.

Annual General Meeting

The Annual General Meeting will be held in Lidköping on April 28, 2008.

Nomination Committee

At the 2007 Annual General Meeting, it was resolved that the Nomination Committee shall consist of the Board Chairman, a representative of each of the three shareholders with the largest number of voting rights as per September 30 each year, and a person to represent the smaller shareholders. The task of the Nomination Committee prior to the 2008 Annual General Meeting is to present proposals for Board membership and the fees to be paid to the Board and the Auditors.

The Nomination Committee prior to the 2008 Annual General Meeting consists of Bo Nilsson, Lars Runmarker and Sture Öster, representing the three largest shareholders, and Ingemar Johansson representing the smaller shareholders.

Annual Report

It is expected that Westergyllen's Annual Report will be completed at the end of March 2008, at which time it will be available at the company, on the website www.westergyllen.se and simultaneously distributed to shareholders.

Financial information 2008

The interim report for the first quarter of 2008 will be published on April 28, 2008.

The interim report for the second quarter of 2008 will be published on August 21, 2008.

The interim report for the third quarter of 2008 will be published on October 24, 2008.

Lidköping, February 22, 2008

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CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Net sales	120,8	108,6	432,8	400,4
Cost of goods sold	-82,5	-76,8	-301,7	-292,6
Gross profit	38,3	31,8	131,1	107,8
Selling expenses	-7,4	-7,0	-25,7	-26,3
Administration expenses	-11,0	-10,9	-41,5	-40,9
Development expenses	-5,1	-4,3	-17,3	-14,5
Other operating income/expenses	0,5	1,4	3,5	3,3
Operating profit	15,3	11,0	50,1	29,4
Financial income	0,1	0,4	0,4	1,3
Financial expenses	-3,7	-3,2	-13,2	-10,6
Result after financial items	11,7	8,2	37,3	20,1
Taxes	-2,1	-0,6	-9,4	-1,5
Result for the year from remaining operations	9,6	7,6	27,9	18,6
Result from discontinued operations	-4,2	-13,2	-2,5	-14,8
Result for the year	5,4	-5,6	25,4	3,8
EBITDA	19,6%	17,0%	18,8%	15,2%
EBIT	12,7%	10,2%	11,6%	7,3%
Depreciation charged against earnings for remaining operations	8,4	7,5	31,1	31,5
Earnings per share (SEK) remaining operations	1:59	1:26	4:61	3:07
Earnings per share (SEK) discontinued operations	-0:70	-2:17	-0:41	-2:45
Earnings per share (SEK)	0:89	-0:91	4:20	0:62
Number of share (SEK)	6 051	6 051	6 051	6 051
Number of shares after exercise (thousands)	6 051	6 051	6 051	6 051

NET SALES AND OPERATING PROFIT/LOSS PER BUSINESS AREA

Net sales SEK M	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Medical Technology	73,2	67,4	269,6	251,1
Precision Technology	48,8	42,5	166,6	151,0
Other	-1,2	-1,3	-3,4	-1,7
Total remaining operations	120,8	108,6	432,8	400,4
Operating profit/loss SEK M	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Medical Technology	10,2	11,8	39,9	26,3
Precision Technology	6,4	-0,1	15,6	7,9
Other	-1,3	-0,7	-5,4	-4,8
Total remaining operations	15,3	11,0	50,1	29,4

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2007-12-31	2006-12-31
Assets		
Intangible fixed assets	49,7	50,2
Tangible fixed assets	228,4	251,2
Financial fixed assets	0,0	10,1
Other current assets	218,9	275,9
Cash and bank balances	20,8	19,7
Asset for sale	1,5	-
Total assets	519,3	607,1
Shareholders' equity and liabilities		
Shareholders' equity	174,4	148,9
Long-term liabilities	220,2	246,8
Current liabilities	124,7	211,4
Total shareholders' equity and liabilities	519,3	607,1

CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Jan-Dec 2007	Jan-Dec 2006
Profit after net financial items	37,3	20,1
Adjustment items	34,6	31,8
Income tax paid	-1,3	-5,7
Change in working capital	-43,8	-2,5
Cash flow from remaining operations	26,8	43,7
Investments in other fixed assets	-27,3	-25,5
Long-term claims	1,6	-1,6
Sales of other fixed assets	8,2	5,8
Balance after investments in fixed assets	9,3	22,4
Change in interest-bearing loans	-37,9	-15,5
Dividends	-3,0	-7,6
Cash flow for the year from remaining operations	-31,6	-0,7
Cash flow from discontinued operations		
Cash flow from current operations	6,2	-28,4
Cash flow from investments	-5,6	-8,6
Cash flow from financing	32,4	50,2
Net cash flow from discontinued operations	33,0	13,2
Cash flow for the year	1,4	12,5
Liquid funds at beginning of the year	19,7	56,1
Liquid funds from discontinued operations	-0,3	-48,9
Exchange-rate differences in liquid funds	0,0	0,0
Liquid funds at end of the period	20,8	19,7

KEY FIGURES

SEK M		Jan-Dec 2007	Jan-Dec 2006 *
Return on capital employed	%	11,4	-0,6
Return on shareholders' equity	%	17,3	-7,3
Share of risk-bearing capital	%	37,9	27,3
Equity/assets ratio	%	33,6	24,5
Net debt	SEK M	228,0	295,5
Investments excluding shares remaining operations	SEK M	46,3	49,7
Number of employees from remaining operations		358	344
Shareholders' equity per share	SEK	28:82	24:61

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

QUARTERLY FIGURES - GROUP

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SEK M	2007	2007	2007	2007	2006	2006	2006	2006
Net sales	120,8	99,5	110,9	101,6	108,6	93,9	97,6	100,3
Cost of goods sold	-82,5	-68,1	-79,9	-71,2	-76,8	-68,0	-73,8	-74,0
Gross profit	38,3	31,4	31,0	30,4	31,8	25,9	23,8	26,3
Selling, admin. and developm.expens.	-23,5	-18,6	-20,9	-21,5	-22,2	-17,8	-20,8	-20,9
Other operating items	0,5	1,5	1,3	0,2	1,4	-0,1	0,7	1,3
Operating profit/loss	15,3	14,3	11,4	9,1	11,0	8,0	3,7	6,7
Net financial items	-3,6	-3,5	-3,2	-2,5	-2,8	-2,2	-1,7	-2,6
Profit/loss after financial items	11,7	10,8	8,2	6,6	8,2	5,8	2,0	4,1
Taxes	-2,1	-3,1	-2,3	-1,9	-0,6	-0,4	-0,2	-0,3
Profit/loss after taxes for remaining operations	9,6	7,7	5,9	4,7	7,6	5,4	1,8	3,8

QUARTERLY FIGURES - BUSINESS AREAS

Net sales	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SEK M	2007	2007	2007	2007	2006	2006	2006	2006
Medical Technology	73,2	63,4	71,2	61,8	67,4	62,6	63,6	57,5
Precision Technology	48,8	36,7	40,3	40,8	42,5	31,1	34,4	43,0
Other	-1,2	-0,6	-0,6	-1,0	-1,3	0,2	-0,4	-0,2
Total remaining operations	120,8	99,5	110,9	101,6	108,6	93,9	97,6	100,3

Operating profit/loss	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SEK M	2007	2007	2007	2007	2006	2006	2006	2006
Medical Technology	10,2	9,9	11,7	8,1	11,8	7,4	4,5	2,6
Precision Technology	6,4	5,9	1,1	2,2	-0,1	2,3	0,7	5,0
Other	-1,3	-1,5	-1,4	-1,2	-0,7	-1,7	-1,5	-0,9
Total remaining operations	15,3	14,3	11,4	9,1	11,0	8,0	3,7	6,7

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	Jan-Dec 2007	Jan-Dec 2006
Opening balance	148,9	228,2
Translation difference	3,8	-2,8
Net loss/gain on hedge of net investment	-0,8	0,7
Dividends	-3,0	-7,6
Dividends of the Forshem Group AB	-	-73,4
Profit for the period	25,4	3,8
Closing balance, shareholders' equity	174,3	148,9

PARENT COMPANY INCOME STATEMENT

SEK	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Net sales	0,9	0,8	4,1	7,1
Cost of goods sold	0,0	0,0	0,0	-2,5
Gross profit	0,9	0,8	4,1	4,6
Administration expenses	-2,3	-2,7	-9,8	-9,5
Other operating income/expenses	0,0	-2,8	0,0	-3,7
Operating profit	-1,4	-4,7	-5,7	-8,6
Result fr. participations in group comp.	7,7	-24,1	12,7	11,8
Result fr. participations in associated comp.	-7,0	0,0	-7,0	0,0
Financial income	0,0	1,3	0,5	1,7
Financial expenses	-1,0	-0,9	-3,4	-2,0
Result after financial items	-1,7	-28,4	-2,9	2,9
Appropriations	-0,1	0,5	-0,1	0,5
Taxes	0,7	1,3	2,5	5,2
Result for the year	-1,1	-26,6	-0,5	8,6

PARENT COMPANY BALANCE SHEET

SEK	2007-12-31	2006-12-31
Assets		
Tangible fixed assets	0,5	0,2
Financial fixed assets	139,9	178,0
Other current assets	25,0	13,1
Cash and bank balances	19,6	18,4
Total assets	185,0	209,7
Shareholders' equity and liabilities		
Shareholders' equity	140,3	137,4
Untaxed reserves	1,4	1,3
Long-term liabilities	30,7	38,3
Current liabilities	12,6	32,7
Total shareholders' equity and liabilities	185,0	209,7

The year-end report has not been subject to review by the company's auditors.

The information of this year-end 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 February 22, 2008 at 13.00 (CET)