LAGERCRANTZ GROUP

Lagercrantz Group offers – within well defined niches and in partnership with customers and producers – products and solutions in the fields of electronics and communications that increase customers' competitiveness. Our vision is to be a growth-oriented, profitable and international knowledge-based company in electronics and communications solutions.

LAGERCRANTZ GROUP

Interim report April 1 – September 30, 2002 (6 months)

- **The operating result improved by MSEK 9 and amounted to MSEK 7 (61). The effect of implemented cost savings has contributed to the improvement in earnings.**
- **Net revenues amounted to MSEK 710 (1077).**
- **Cash flow from current operations amounted to MSEK 18 (10) and the Group's equity ratio improved to 56 percent (43).**
- **The Group's costs have now been adapted to the current market situation. Despite forceful cost containment action, the Group stands well prepared to meet a market recovery.**
- **Sharper focus on the Groups' future growth.**

NET REVENUES AND INCOME

Net revenues amounted to MSEK 710 (1077). Operating income amounted to MSEK 7 (61), with an operating margin of 1 percent (5.7). Income after financial items amounted to MSEK 1 (57). This result includes items affecting comparability in an amount of MSEK 1 (6). The Group's operating result has improved by MSEK 9 since the first quarter.

Income after taxes amounted to MSEK 3 (40), which is equivalent to SEK 0.11 per share (1.44). For the most recent 12-month period the corresponding values are MSEK 16 and SEK 0.59, respectively, as compared with MSEK 54 and SEK 1.96, respectively, for the preceding year.

The market situation was stable during the period, even if the Group's main business in Division Components most clearly is marked by a continuing slow flow of orders.

Cost containment efforts implemented during the first quarter have improved earnings for the second quarter, despite somewhat lower revenues.

COMPONENTS

Net revenues amounted to MSEK 400 (716). The comparative figure includes businesses sold in March 2002 with revenues of about MSEK 50. The operating result was MSEK –2 (40).

Additional cost containment action implemented during the first quarter had a positive effect on earnings during the second quarter, for which operating income of MSEK 1 was posted.

The area of *industrial communication*, which is focused on a broad customer group, continues to evolve in a positive direction. The division's market activities in this new area have resulted in a growing flow of new orders.

Other operations are still affected by market weakness.

PRODUCTION SERVICES

Net revenues amounted to MSEK 90 (108), and operating income was MSEK 2 (7).

Earnings on manufacturing of customized cable harness products at The Group's own plants and via partners in Asia improved during the second quarter. Streamlining in combination with cost-cutting efforts had positive effects. The operating margin for this business was 7.4 percent during the second quarter, which is an improvement from 3.1 percent during the first quarter.

COMMUNICATION

Net revenues amounted to MSEK 220 (253). Operating income was MSEK 5 (7).

As expected, earnings improved during the second quarter and the business continues to develop in a positive direction. Lingering uncertainty about major projects in the telecom sector remains, however.

The business in the area of *security* is showing positive development. Focus and capital spending in this area will be further strengthened during the third quarter and beyond.

DIVISIONS

MSEK	Net revenues 6 months **2002/2003**	Net revenues 6 months 2001/2002	Net revenues 12 months 2001/2002	Operating income 6 months **2002/2003**	Operating income 6 months 2001/2002	Operating income 12 months 2001/2002
Components	**400**	716	1261	**–2**	40	55
Production Services	**90**	108	198	**2**	7	9
Communication	**220**	253	524	**5**	7	14
Parent Company/consolidation eliminations	**0**	0	0	**1**	1	3
Items affecting comparability	**0**	0	0	**1**	6	0
GROUP TOTAL	**710**	1077	1983	**7**	61	81

NET REVENUES – quarterly data	**2002/2003**		2001/2002			
MSEK	**Q 2**	**Q 1**	Q 4	Q 3	Q 2	Q 1
Components	**198**	**202**	253	292	316	400
Production Services	**44**	**46**	46	44	45	63
Communication	**108**	**112**	124	147	127	126
Parent Company/consolidation eliminations	**0**	**0**	0	0	0	0
GROUP TOTAL	**350**	**360**	423	483	488	589

OPERATING INCOME*	**2002/2003**		2001/2002			
MSEK	**Q 2**	**Q 1**	Q 4	Q 3	Q 2	Q 1
Components	**1**	**–3**	7	8	14	26
Production Services	**2**	**0**	3	–1	1	6
Communication	**5**	**0**	1	6	6	1
Parent Company/consolidation eliminations	**0**	**1**	0	2	0	1
GROUP TOTAL	**8**	**–2**	11	15	21	34

* *Not including items affecting comparability*

CONSOLIDATED STATEMENT OF INCOME	3 months		6 months		12 months ending	
	Jul./ Sep.	Jul./ Sep.	**Apr./ Sep.**	Apr./ Sep.		
MSEK	**2002/ 2003**	2001/ 2002	**2002/ 2003**	2001/ 2002	**Sep. 30, 2002**	Mar. 31, 2002
Net revenues	**350**	488	**710**	1077	**1616**	1983
Operating expenses	**–342**	–467	**–704**	–1022	**–1584**	–1902
(of which depreciation)	***(–4)***	*(–5)*	***(–9)***	*(–11)*	***(–20)***	*(–22)*
Items affecting comparability	**1**	1	**1**	6	**–5**	0
OPERATING INCOME	**9**	22	**7**	61	**27**	81
Financial income and expense	**–2**	–3	**–6**	–4	**–5**	–2
INCOME AFTER FINANCIAL ITEMS	**7**	19	**1**	57	**22**	79
Taxes	**0**	–6	**2**	–17	**–6**	–25
NET INCOME FOR THE PERIOD	**7**	13	**3**	40	**16**	54
Earnings per share, SEK	**0.26**	0.47	**0.11**	1.44	**0.59**	1.96
Earnings per share, not including items affecting comparability, SEK	**0.23**	0.43	**0.08**	1.29	**0.72**	1.96
Number of shares outstanding after repurchases during the period ('000)	**26 941**	27 864	**26 941**	27 864	**26 941**	26 941
Weighted number of shares outstanding after repurchases ('000)	**26 941**	27 864	**26 941**	27 864	**27 146**	27 609

The dilutive effect of the personnel option program is marginal.

CONSOLIDATED BALANCE SHEET

MSEK	**Sep. 30, 2002**	Sep. 30, 2001	2002 03 31
ASSETS			
Tangible and intangible fixed assets	**118**	125	111
Financial assets	**29**	70	26
Inventories	**249**	383	243
Short-term receivables	**307**	450	326
Liquid funds	**162**	195	172
TOTAL ASSETS	**865**	1223	878
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	**473**	528	484
Minority interest	**9**	0	0
Interest-bearing liabilities and provisions	**130**	264	128
Non-interest-bearing liabilities and provisions	**253**	431	266
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**865**	1223	878

CONSOLIDATED STATEMENT OF CASH FLOW	6 months		Full year
MSEK	**2002/ 2003**	2001/ 2002	2001/ 2002
Current operations before changes in working capital	**9**	53	38
Changes in working capital	**9**	-43	120
Cash flow from current operations	**18**	10	158
Investments in subsidiaries and other business units	**–1**	0	0
Investments in other fixed assets, net	**–4**	–7	–12
CASH FLOW BEFORE FINANCING	**13**	3	146
Dividend	**–24**	–	–
Financing operations	**1**	–5	–170
CASH FLOW FOR THE PERIOD	**–10**	–2	–24
Liquid funds at beginning of year	**172**	196	196
Translation difference in liquid funds	**0**	–1	0
Liquid funds at end of period	**162**	195	172

Change in shareholders' equity

MSEK	Apr. – Sep. 2002
Opening balance	484
Translation difference for the period	10
Dividend	–24
Income for the period	3
Closing balance	473

KEY FINANCIAL INDICATORS	6 months		12 months ending	
SEK	**2002/ 2003**	2001/ 2002	**Sep. 30, 2002**	Mar. 31, 2002
NUMBER OF SHARES OUTSTANDING IN THOUSANDS				
Average number of shares outstanding	**26 941**	27 864	**27 146**	26 941
Number of shares outstanding at end of period	**26 941**	27 864	**26 941**	27 609
Return on capital employed, %			**5.6**	14.8
Return on capital employed, not including items affecting comparability, %			**7.8**	14.8
Return on equity, %			**3.2**	11.6
Return on equity, not including items affecting comparability, %			**3.9**	11.6

PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The return on capital employed, not including items affecting comparability, for the most recent 12-month period was 7.8 percent, as compared with 14.8 percent for the preceding financial year. The corresponding figures for return on equity was 3,9 percent and 11.6 percent, respectively.

The Group's equity ratio at the end of the period was 56 percent, as compared with 55 percent at the beginning of the financial year. Reporting liquid funds on a net basis would give a corresponding equity ratio of 67 percent at the end of the period and 69 percent at the beginning of the financial year, respectively.

Shareholders' equity per share amounted to SEK 17.60, as compared with SEK 18.00 at the beginning of the financial year.

Remaining surplus funds from Alecta amounted to MSEK 7 at the end of the period. The current direct payment from Alecta of these surplus funds will be terminated In May 2003.

Cash flow from current operations amounted to MSEK 18 for the period (10). The Group's net financial claims amounted to MSEK 32 at the end of the period, as compared with MSEK 44 at the beginning of the financial year.

Capital expenditures in fixed assets amounted to MSEK 6 (11).

CORPORATE ACQUISITIONS

Lagercrantz took possession as owner of Unitronic AG, Germany, as of September 1. The company has annual sales of about MSEK 130. The acquisition of Unitronic AG generates interesting development potential for Lagercrantz on the German market.

PARENT COMPANY

The Parent Company's net revenues amounted to MSEK 15 (17) and income after net financial items was MSEK 11 (24). This result includes foreign exchange gains on intra-Group lending of MSEK 8 (18).

EMPLOYEES

The number of employees in the Group at the end of the period was 612, which can be compared to 652 at the beginning of the period.

FUTURE PROSPECTS

After a weak beginning during the first quarter, the market was stable for the Group's business during the period.

The Group's costs have now been adapted to the current market situation. Overhead has been lowered by about MSEK 100 on an annual basis. Despite forceful cost containment action, the Group stands well prepared to meet a market recovery.

This interim report has been prepared in accordance with recommendation RR20 of the Swedish Financial Accounting Standards Council. The same accounting principles and methods of calculation have been used in the interim report as were used in the Annual Report for 2001/2002, with the exception of the new recommendations for 2002 of the Swedish Financial Accounting Standards Council, which have no effect on the Group's reported result and financial position.

Stockholm, November 22, 2002

Jan Friis
President & CEO

This interim report has not been subject to review by the Company's auditors.

An interim report for the period April 1, 2002 – December 31, 2002 will be presented February 4, 2003.

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