

LAGERCRANTZ GROUP AB (publ)

Interim report April 1 – September 30, 2003 (6 months)

- **Net revenues increased to MSEK 757 (710).**
- **Income after financial items improved to MSEK 12 (1).**
- **Income after taxes increased to MSEK 7 (3).**
- **Earnings per share increased to SEK 0.28 (0.11).**
- **The Group's equity ratio stands at 52 percent (56).**
- **The market for the Group's business was stable during the period.**

NET REVENUES AND RESULT

Net revenues amounted to MSEK 757 (710). Operating income amounted to MSEK 14 (7), with an operating margin of 1.8 percent (1.0). The revenue increase is attributable primarily to contributions from Unitronic AG that was acquired September 1 of the preceding year.

Income after financial items amounted to MSEK 12 (1) for the period and earnings per share were SEK 0.28 (0.11).

Cash flow from current operations amounted to MSEK 21 during the second quarter. Cash flow for the six-month period amounted to MSEK 6 (18).

The market situation for the Group's businesses was stable during the period. The job of increasing the Group's international presence continues. Approximately 20 percent of the Group's revenues are now derived from outside the Nordic Region. Just like the German subsidiary Unitronic, the Group's companies in England and Poland also show clearly improving results compared to the preceding year.

The Group's earnings improved although no improvement in the overall market situation was discernible. Cost-containment actions already carried out will bolster this development during the remainder of the financial year.

ELECTRONICS

Net revenues amounted to MSEK 474 (400). Operating income amounted to MSEK 6 (–1), with an operating margin of 1.3 percent (–0.3).

The market for the division's business continues to be stable at a low level. Cost containment action during the period affected operating income by about MSEK 5.

The division's deliveries of components for traffic monitoring via the German subsidiary Unitronic AG are being made according to plan. These deliveries have contributed significantly to the division's earnings improvement.

PRODUCTION SERVICES

Net revenues amounted to MSEK 96 (90) and operating income was MSEK 6 (2). The operating margin was 6.3 percent (2.2).

Operations in customized cable products and niche production showed a good development during the period. Continued good profitability is predicted.

COMMUNICATION

Net revenues amounted to MSEK 187 (220). Operating income amounted to MSEK 2 (5), with an operating margin of 1.1 percent (2.3).

The business of the division is organized in three areas: Security, Communication and Infrastructure, and Software & Consulting.

A markedly better result is expected for the remainder of the year thanks to cost-containment actions taken and a better flow of new orders in the Security area.

Operations in Software and Consulting continued to show an excellent development.

DIVISIONS

NET REVENUES

2002/2003

– quarterly data

MSEK	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3
Electronics	222	221	198	202	253	292
Production Services	47	46	44	46	46	44
Communication	105	112	108	112	124	147
Parent Company/consolidation eliminations	0	0	0	0	0	0
GROUP TOTAL	374	379	350	360	423	483

NET REVENUES

2003/2004

2002/2003

Quarterly data

MSEK	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Electronics	245	229	222	221	198	202
Production Services	48	48	47	46	44	46
Communication	90	97	105	112	108	112
Parent Company/consolidation	0	0	0	0	0	0
GROUP TOTAL	383	374	374	379	350	360

OPERATING INCOME

2003/2004

2002/2003

MSEK	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Electronics	8	-2	3	1	2	-3
Production Services	3	3	3	2	2	0
Communication	0	2	5	4	5	0
Parent Company/consolidation	-1	1	1	1	0	1
GROUP TOTAL	10	4	12	8	9	-2

CONSOLIDATED STATEMENT OF INCOME	3 months		6 months		12 Months ending	
	Jul./ Sep.	Jul./ Sep.	Apr./ Sep.	April/ Sep.	30-Sep	31-Mar
	2003/ 2004	2002/ 2003	2003/ 2004	2002/ 2003	2003	2003
MSEK						
Net revenues	383	350	757	710	1510	1463
Cost of goods sold	-292	-261	-573	-534	-1127	-1088
GROSS INCOME	91	89	184	176	383	375
Other operating expenses (of which depreciation and amortization)	-81 (-4)	-80 (-4)	-170 (-9)	-169 (-9)	-349 (-18)	-348 (-18)
OPERATING INCOME	10	9	14	7	34	27
Financial income and expense	-1	-2	-2	-6	-7	-11
INCOME AFTER FINANCIAL ITEMS	9	7	12	1	27	16
Taxes	-4	0	-5	2	-13	-6
Minority interest in the year's income	0	0	0	0	0	-1
RESULT FOR THE PERIOD	5	7	7	3	14	9
Earnings per share, SEK	0.20	0.26	0.28	0.11	0.55	0.34
Weighted number of shares outstanding after period's repurchases ('000)	25,078	26,941	25,078	26,941	25,627	26,561
	25,078	26,941	25,078	26,941	25,078	25,078

In view of the strike price of SEK 32.80 and the current market price of the share, outstanding options have no dilutive effect.

CONSOLIDATED BALANCE SHEET

MSEK	9/30/03	9/30/02	3/31/03
ASSETS			
Intangible fixed assets	34	10	23
Tangible fixed assets	99	108	106
Financial assets	37	29	42
Inventories	237	249	230
Short-term receivables	291	307	292
Liquid funds	100	162	110
TOTAL ASSETS	798	865	803
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	411	473	442
Minority interest	0	9	11
Provisions	72	49	77
Long-term liabilities	82	88	48
Current liabilities	233	246	225

CONSOLIDATED STATEMENT OF CASH FLOW

MSEK	6 months		Full year
	2003/ 2004	2002/ 2003	2002/ 2003
Current operations before changes in working capital	11	9	23
Changes in working capital	-5	9	47
Cash flow from current operations	6	18	70
Investment in subsidiaries and other business units	-24	-1	-9
Investments in other fixed assets, net	-3	-4	-15
Cash flow from investment operations	-27	-5	-24
Dividend & repurchases of own shares	-23	-24	-58
Financing operations	35	1	-42
Cash flow from financing operations	12	-23	-100
PERIOD'S CASH FLOW	-9	-10	-54
Liquid funds at beginning of year	110	172	172
Exchange rate difference in liquid funds	-1	0	-8
Liquid funds at end of period	100	162	110

CHANGE IN SHAREHOLDERS' EQUITY

MSEK	Apr.-Sep. 2003	Apr.-Sep. 2002
Opening balance	442	484
Period's translation difference	-15	10
Dividend	-23	-24
Period's income	7	3
Closing balance	411	473

KEY FINANCIAL INDICATORS

THOUSANDS SEK	6 months		12 months ending	
	2003/ 2004	2002/ 2003	Sep. 30 2003	Mar. 31 2003
NUMBER OF SHARES OUTSTANDING, THOUSANDS				
Weighted number of shares outstanding after repurchases	25 078	26 941	26 097	26 561
Number of shares outstanding after the period's repurchases	25 078	26 941	25 078	25 078
Number of shares held in treasury	836	923	836	2 786
Return on capital employed, %			6,8	5,6
Return on equity, %			3,2	1,9

PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The return on equity for the most recent 12-month period was 6.8 percent, as compared with 5.6 percent for the previous financial year. The corresponding figures for return on equity were 3.2 percent and 1.9 percent.

The equity ratio stood at 52 percent at the end of the

period, as compared with 56 percent at the beginning of the financial year.

Shareholders' equity per share amounted to SEK 16.40, as compared with SEK 17.60 at the beginning of the financial year.

Cash flow from current operations amounted to MSEK 6 (18) for the period. The Group's financial

indebtedness was MSEK 26 at the end of the period, as compared with a net claim of MSEK 19 at the beginning of the financial year.

Capital expenditures in fixed assets amounted to MSEK 3 (6).

ACQUISITIONS

Possession was taken of the remaining 49 percent of the shares in electronics supplier Unitronic AG on April 1, 2003.

October 1, 2003 Lagercrantz concluded an agreement to acquire all shares outstanding in ISG Systems AB. In its capacity of systems integrator ISG Systems offers customized solutions for traffic surveillance and monitoring traffic and processes in seaports.

PARENT COMPANY

The Parent Company's internal net revenues amounted to MSEK 12 (15) and income after financial items was MSEK 104 (11). This result includes exchange rate adjustments on intra-Group lending in the amount of MSEK -7 (7) and dividends from subsidiaries in the amount of MSEK 111 (0).

The Parent Company has a committed credit facility of 250 MSEK. MSEK 73 of this facility was utilized as compared with MSEK 36 at the beginning of the financial year. There were other liquid funds in the amount of MSEK 0 as compared with MSEK 13 at the beginning of the financial year.

EMPLOYEES

The number of employees in the Group at the end of the period was 575, which can be compared to 573 at the beginning of the period.

DISTRIBUTION OF SHARES AND REPURCHASES

The share capital at the end of the period amounted to MSEK 51.8. The distribution on classes of shares is as follows:

Classes of shares	Shares outstanding
Class A shares	1 106 502
Class B shares	
Class B shares held in treasury	- 836 423
Total	25 077 809

During September 2003 Lagercrantz cancelled 1 950 000 repurchased shares and then holds 836 423 own class B shares. This is equivalent to 3.2 percent of the number of shares outstanding and 2.3 of the votes in Lagercrantz.

The average cost of the shares held in treasury amounts to SEK 19.88.

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 2002/2003, with the exception of the new recommendations for 2003 of the Swedish Financial Accounting Standards Council, which have no effect on the Group's reported result and financial position.

Stockholm, November 12, 2003

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 – December 31, 2003 will be presented February 10, 2004.

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