

INTERIM REPORT APRIL 1—SEPTEMBER 30 2004 (6 MONTHS)

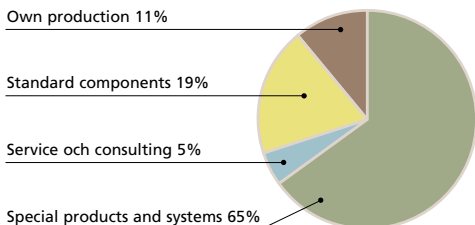
**Lagercrantz
Group** ●

- Net revenues for the period April 1 — September 30, 2004 (6 months) amounted to MSEK 770 (757), an increase by 1.7 percent. For the period July 1 — September 30 (3 months) net revenues amounted to MSEK 383 (383).
- Operating income during April — September amounted to MSEK 4 (14). Operating income for the second quarter was MSEK 1 (10).
- The result after taxes for the period April — September declined to MSEK -1 (7).
- Earnings per share was SEK -0.04 (0.28) for the period April — September.
- Action programs implemented in division Electronics have created opportunities for a positive result during the second half of the year in the division.
- A new business area, Digital Image Transmission, was created as of October 1, 2004 to capitalize on growth opportunities in this area.

This interim report refers to April 1—September 30 2004

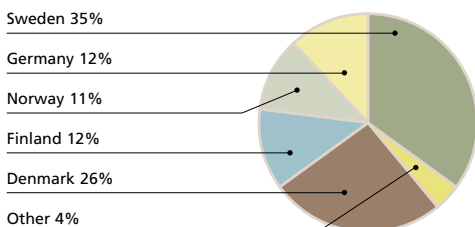
REVENUES BY PRODUCT CATEGORY

Apr—Sept 2004, 6 months



REVENUES BY COUNTRY

Apr—Sept 2004, 6 months



NET REVENUES AND RESULT

Net revenues of the Lagercrantz Group increased during the first half of the year (April 1—September 30, 2004) by 1.7 percent to MSEK 770 (757). During the second quarter (July 1—September 30, 2004) net revenues amounted to MSEK 383 (383).

Operating income for the first six months was MSEK 4 (14), for an operating margin of 0.5 percent. For the second quarter operating income was MSEK 1 (10). The result for the first half of the year has been charged with costs of approximately MSEK 7.5 for measures taken in division Electronics. Compared to the preceding year, the earnings contribution from the German subsidiary Unitronic, whose deliveries of components for traffic measurement ended during the period, were considerably lower.

The Group's revenue increase is primarily attributable to division Communication, which also improved its result compared to the preceding year. Revenues are stable in division Electronics as well as Production Services. The improved market situation experienced by several of the Group's businesses during the first quarter of the period has been confirmed after the summer months. Increased order bookings for divisions Production Services and Communication contributed to bringing the Group's total order bookings to the same level as one year ago. Adjusted for the contribution from subsidiary Unitronics' traffic measuring project, division Electronics can also report increased order bookings.

Action has been taken in division Electronics in accordance with the program adopted at the beginning of the period. This first step mainly included a reduction of personnel in Sweden, Norway and Finland. Thanks to these efforts the division now stands prepared to record a positive result during the second half of the year. The action program will continue during the remainder of the financial year.

Income after net financial items amounted to MSEK 1 (12). Earnings per share were SEK -0.04 (0.28).

MARKET

An overall improvement of the business climate can be discerned going forward. An improvement in the willingness to buy is seen among the customers, especially among the Group's Swedish companies. The positive momentum for growth provided by telecom in the beginning of the year is showing signs of spreading to other areas. The vehicle industry is another sector that has contributed in a positive manner to the Group's development. The market for the Group's business outside Sweden is weaker across the board, but is displaying signs of modest growth.

PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The return on capital employed for the past 12-month period was 0.8 percent, as compared with 3.0 percent for the preceding financial year. The corresponding figures for return on equity were -0.3 percent and 1.6 percent, respectively.

The equity ratio stood at 44 percent at the end of the period. Shareholders' equity per share amounted to SEK 15.30, as compared with SEK 16.70 at the beginning of the financial year.

Cash flow from current operations for the period April—September 2004 amounted to MSEK -38 (6). The lower cash flow is explained by the fact that a large proportion of sales was concentrated to the end of the period, which affected outstanding accounts receivable. No shares were repurchased during the quarter.

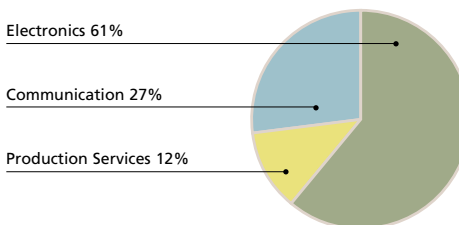
The Group's financial net liability at the end of the period amounted to MSEK 68, as compared with MSEK 2 at the beginning of the financial year. The net debt equity ratio at the end of the period continues to be low, 0.2 compared to 0 at the beginning of the financial year.

The period's investments in fixed assets amounted to MSEK 2 (3).

Divisions

REVENUES BY DIVISION

Apr—Sept 2004, 6 months



ELECTRONICS

MSEK	6 months		12 months
	apr—sept 2004	apr—sept 2003	2003/04
Net revenues	470	474	938
Operating income	-6	6	7
Operating margin, %	neg.	1.3	0.7

Net revenues for the period April 1—September 30, 2004 amounted to MSEK 470 (474). The operating income amounted to MSEK -6 (6). Net revenues during the first quarter amounted to MSEK 234 (245) and the operating income was MSEK -5 (8).

The division records slightly lower revenues and a lower result than during the preceding year. Deliveries to the traffic measurement project in Germany were completed during the period under review. This project impacted last year's revenues and result significantly, whereas the contribution during the current year was considerably smaller. Order bookings for the entire division, adjusted for this major project, increased compared to the preceding year. The result was also charged with about MSEK 7.5 for the action program implemented in the division.

Several of the division's businesses are experiencing a more positive development of the state of the market. This is particularly noticeable in Sweden. The electronics sector continues to be distinguished by relocation of production from the Nordic region and this is spreading to a growing number of customer categories, which means more severe competition for the remaining customers. Operations outside the Nordic region are performing well, save for Germany.

An action program was initiated during the period in the interest of restoring profitability and creating growth within the division. The program includes a number of different measures to promote sales as well as to improve internal efficiency. Cost containment action was also taken during the period, as announced after the first quarter. This has resulted in a reduction of the cost level by more than MSEK 10. Action taken means that conditions have been created for generating a positive result during the second half of the year and a favorable long-term development for the division. The action program will continue during the remainder of the year and the costs for it are expensed as incurred.

From July 2006 the so-called RoHS directive comes into force, meaning that electronic products containing certain hazardous substances, such as lead, no longer may be sold in EU. Efforts are underway with the Group to ensure compliance with these requirements.

From October 1, 2004 subsidiary ISG Systems, focused on camera-based surveillance solutions, is included in the new business area Digital Image Transmission.

PRODUCTION SERVICES

MSEK	6 month		12 month 2003/04
	apr—sept 2004	apr—sept 2003	
Net revenues	96	96	194
Operating income	6	6	11
Operating margin, %	6.3	6.3	5.7

Net revenues for the period April 1—September 30, 2004 amounted to MSEK 96 (96). Operating income amounted to MSEK 6 (6). During the second quarter net revenues were MSEK 49 (48) and operating income was MSEK 3 (3).

The market situation for the division displayed a positive development and a resultant increase in order bookings. The cable harness operations were thus affected by a high level of activity in the engineering industry. A number of new customers were added

during the period. The impact on margins of the competitive situation was offset by increased cost efficiency and by streamlining of the product range.

Growth opportunities on the division's markets are judged to be good on a long term basis as an increasing number of companies are farming out production that is not part of their core business. The division has as its goal to grow in the Nordic region and in other parts of Northern Europe. In order to further strengthen its position, a cooperation with a partner in Eastern Europe has been initiated. A positive development is expected for the current year with continued good profitability.

COMMUNICATION

MSEK	6 months		12 months 2003/04
	apr—sept 2004	apr—jun 2003	
Net revenues	204	187	436
Operating income	5	2	10
Operating margin, %	2.5	1.1	2.3

Net revenues for the period April 1—September 30, 2004 increased to MSEK 204 (187). Operating income amounted to MSEK 5 (2). During the second quarter net revenues were MSEK 100 (90) and operating income was 3 MSEK (0).

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

The Security area has managed to defend its position well despite a difficult competitive situation. The growth rate of the market is believed to have slowed somewhat, but new products are being introduced at a steady pace as needs grow and this bodes well for continued growth. Improved order bookings and introduction of new products are expected to contribute to a continued positive revenue and earnings performance for the area.

A positive development is seen in the area of Communication & Infrastructure. Earnings in the communications area have improved thanks to lower costs in combination with increased sales. Video conferencing systems continue to record a sharp increase in growth. An increased propensity to invest in several sectors has the effect that the area is expected to increase its revenues and earnings.

Software & Consulting increased its revenues as well as earnings compared to the preceding year. Sales successes in construction & design explain the positive development.

From October 1, 2004 division Communication ceases to be reported in its present form. Video conferencing company STV Video Data is moved to business area Digital Image Transmission. The other companies in the division will be reported according to a business area structure.

Financial Performance Summary

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with recommendation RR20 Interim accounting of the Swedish Financial Accounting Standards Council. As of April 1, 2004, Lagercrantz Group has changed the principle for reporting of pensions, etc. in accordance with RR29 Compensation to employees of the Swedish

Financial Accounting Standards Council. The transition to RR29 entails an increased liability in the consolidated balance sheet of MSEK 3, net after adjustment for deferred taxes, with a corresponding reduction in shareholders' equity. According to the provisional rules of the recommendation, data for prior years have not been recalculated.

NET REVENUES

-quarterly data MSEK	2004/05					2003/04
	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Electronics	234	236	232	232	245	229
Production Services	49	47	49	49	48	48
Communication	100	104	127	122	90	97
Parent Company/eliminations	-	-	-	-	-	-
Group total	383	387	408	403	383	374

OPERATING INCOME

-quarterly data MSEK	2004/05					2003/04
	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Electronics	-5	-1	0	1	8	-2
Production Services	3	3	2	3	3	3
Communication	3	2	4	4	0	2
Parent Company/eliminations	0	-1	-2	1	-1	1
Group total	1	3	4	9	10	4

CONSOLIDATED STATEMENT OF INCOME

MSEK	3 months	3 months	6 months	6 months	12 months	Financial year
	Jul—Sep 2004/05	Jul—Sep 2003/04	Apr—Sep 2004/05	Apr—Sep 2003/04	Oct—Sep 2004/05	Apr—Mar 2003/04
Net revenues	383	383	770	757	1 581	1 568
Cost of goods sold	-298	-292	-597	-573	-1 215	-1 191
Gross income	85	91	173	184	366	377
Selling costs	-55	-59	-116	-128	-250	-262
Administrative costs	-31	-23	-57	-47	-109	-99
Other operating income	2	1	4	5	10	11
Other operating expense	0	0	0	0	0	0
Operating income	1	10	4	14	17	27
(of which depreciation)	(-4)	(-4)	(-9)	(-9)	(-19)	(-19)
Interest income and similar items	1	0	1	2	4	5
Interest expense and similar items	-2	-1	-4	-4	-9	-9
Income after financial items	0	9	1	12	12	23
Taxes	-1	-4	-2	-5	-6	-9
Minority interest in the year's income	0	0	0	0	0	0
Net income for the period	-1	5	-1	7	6	14
Earnings per share, SEK	-0,04	0,20	-0,04	0,28	0,25	0,57
Weighted number of shares outstanding after repurchases (thousands)	24 078	25 078	24 078	25 078	24 196	24 696
Number of shares outstanding after the period's repurchases (thousands)	24 078	25 078	24 078	25 078	24 078	24 078

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

CONSOLIDATED BALANCE SHEET

MSEK	9/30/2004	9-30-2003	3-31-2004
Assets			
Goodwill	39	32	44
Other intangible fixed assets	3	2	3
Tangible fixed assets	91	99	96
Financial fixed assets	43	37	40
Inventories	227	237	224
Short-term receivables	325	291	304
Cash and bank balances	107	100	138
Total assets	835	798	849
Shareholders' equity and liabilities			
Restricted equity	68	65	62
Non-restricted equity	301	346	340
Total shareholders equity	369	411	402
Minority interest	0	0	0
Provisions	81	72	76
Long-term liabilities	1	5	7
Current liabilities	384	310	364
Total shareholders' equity and liabilities	835	798	849
Interest-bearing assets	107	100	138
Interest-bearing provisions and liabilities	175	126	140

CONSOLIDATED STATEMENT OF CASH FLOW

MSEK	3 months Jul—Sep 2004/05	3 months Jul—Sep 2003/04	6 months Apr—Sep 2004/05	6 months Apr—Sep 2003/04	Financial year Apr—Mar 2003/04
Current operations					
Income after financial items	0	9	1	12	23
Adjustments for paid taxes, items not included in cash flow, etc.	3	2	4	-1	12
Cash flow from current operations before changes in working capital	3	11	5	11	35
Cash flow from changes in working capital					
Increase(-)/Decrease(+) in inventories	-11	-6	-4	-7	8
Increase(-)/Decrease(+) of operating liabilities	-1	-2	-24	-4	1
Increase(+)/Decrease(-) in operating liabilities	9	18	-15	6	28
Cash flow from current operations	0	21	-38	6	72
Investment operations					
Investments in subsidiaries an other business units	-	-	-5	-24	-33
Investments in other fixed assets, net	-1	-3	-2	-3	0
Cash flow from investment operations	-1	-3	-7	-27	-33
Financing operations					
Dividend & repurchase of own shares	-22	-23	-22	-23	-46
Financing operations	21	19	37	35	37
Cash flow from financing operations	-1	-4	15	12	-9
Cash flow for the period	-2	14	-30	-9	30
Liquid funds at the beginning of the period	109	86	138	110	110
Exchange rate difference in liquid funds	0	0	-1	-1	-2
Liquid funds at the end of the period	107	100	107	100	138

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Apr—Sep 2004/05	Apr—Sep 2003/04
Opening balance	402	442
Effect of change in accounting principle	-3	-
Dividend	-22	-23
Period's translation difference	-7	-15
Net result for the period	-1	7
Closing balance	369	411

KEY FINANCIAL INDICATORS

	6 months Apr—Sep 2004/05	6 months Apr—Sep 2003/04	Financial year 2003/04	Financial year 2002/03	Financial year 2001/02
Change in net revenues %	1.7	6.6	7.2	-26.2	-24.1
Operating margin, %	0.5	1.8	1.7	1.8	4.1
Profit margin, %	0.1	1.6	1.5	1.1	4.0
Equity ratio, %	44.2	51.5	47.3	56.4	53.2
Debt equity ratio	0.5	0.3	0.3	0.2	0.3
Net debt equity ratio	0.2	0.1	0.0	0.0	-0.1
Interest coverage ratio	1	4	4	2	5
Net interest-bearing liabilities (+) /receivables (-), MSEK	68	26	2	-19	-44
Number of employees at end of period	579	575	585	573	652
Revenues outside Sweden, MSEK	496	520	1 071	936	1 302
Per-share data					
Number of shares outstanding at end of period after repurchases (thousands)	24 078	25 078	24 078	25 078	26 941
Weighted number of shares outstanding after repurchases (thousands)	24 078	25 078	24 696	26 561	27 609
Operating income per share, SEK	0.17	0.56	1.09	1.02	2.93
Earnings per share, SEK	-0.04	0.28	0.57	0.34	1.96
Cash flow per share, SEK	-1.25	-0.36	1.21	-2.03	-0.87
Shareholders' equity per share, SEK	15.30	16.40	16.70	17.60	18.00
Latest market price per share, SEK	17.00	22.90	22.60	16.50	34.00

Definitions can be found on page 23 of the most recent annual report.

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

PARENT COMPANY

The Parent Company's internal net revenues amounted to MSEK 13 (12) and income after financial items was MSEK 56 (104). This result includes currency adjustments of intra-Group lending of MSEK -2 (-7). Dividends from subsidiaries amounted to MSEK 60 (111).

The Parent Company has a committed credit facility of MSEK 250 at its disposal. MSEK 123 thereof was utilized as compared with MSEK 86 at the beginning of the financial year. There were other liquid funds in the amount of MSEK 1 as compared with MSEK 0 at the beginning of the financial year.

EMPLOYEES

The number of employees at the end of the period was 579, which can be compared with 585 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	1 101 810
Class B	24 812 422
Class B shares held in treasury	-1 836 423
Totalt	24 077 809

Lagercrantz owns 1 836 423 of its own class B shares, which is equivalent to 7.1 percent of the number of shares outstanding and 5.1 percent of the votes in Lagercrantz. The average cost of repurchased shares amounts to SEK 21.96 per share.

OWNERSHIP STRUCTURE – The largest owners in Group as of September 30, 2004

Owner	Number of class A shares	Number of class B shares	Holding	Votes
Roburs fonder	0	4 045 904	16.8%	11.9%
Anders Börjesson and family	375 966	80 000	1.9%	11.3%
Tom Hedelius and family	360 966	5 400	1.5%	10.6%
Pär Stenberg	229 152	979 622	5.0%	9.6%
AMF Pension	0	2 560 000	10.6%	7.5%
SEB Fonder	0	1 855 200	7.7%	5.5%
Carl T. Säve and family	30 000	1 094 252	4.7%	4.1%
Carnegie Fonder	0	910 000	3.8%	2.7%
Riksbankens Jubileumsfond	0	650 000	2.7%	1.9%
AB Novestra	0	633 500	2.6%	1.9%
Total 10 largest owners	996 084	12 813 878	57.4%	67.0%
Total other owners	105 726	10 162 121	42.6%	33.0%
Total not including repurchased shares	1 101 810	22 975 999	100.0%	100.0%
Lagercrantz Group AB (repurchased shares)	0	1 836 423		
Total	1 101 810	24 812 422		

EVENTS AFTER THE BALANCE DAY

As of October 1, 2004 subsidiary ISG Systems (previously division Electronics) and STV Video Data (previously division Communication) form the new business area Digital Image Transmission. This business was created to capitalize on growth opportunities in the field of transmission of visual information via networks. Division Communication thereby ceases to exist and the other companies in the division will be reported according to a business area structure.

TRANSITION TO IFRS

From the 2005/2006 financial year, the Group will be reporting according to International Financial Reporting Standards (IFRS, the former IAS). The annual report for 2004/2005 will therefore be the last to be compiled in accordance with the recommendations of the Swedish Financial Accounting Standards Council. These recommendations have gradually been drawing closer to IFRS. However, there are still a number of differences between the recommendations of the Council and IFRS. The differences widen with the changes IFRS is currently undergoing. Based on what is known today, the more important changes between the Group's present accounting principles and the coming IFRS will be as follows:

- Reporting of financial instruments, which means that more types of instruments will be reported at net realizable value.

- Goodwill and certain intangible assets will no longer be amortized on a straight-line basis. An annual evaluation will be made as to whether a writedown requirement exists and will become mandatory.

The Group's financial reports will also be affected by changes in requirements for classification and disclosures according to IFRS. Lagercrantz began the job during the 2003/2004 financial year of surveying and preparing for the transition to IFRS. This work is being done with the aid of consultants and in dialogue with auditors. This will continue on an ongoing basis since new and revised recommendations are released continuously.

A survey of the pension liability according to RR 29 was performed during the spring of 2004. The outcome affected shareholders' equity by MSEK -3 during the financial year. In the opinion of Lagercrantz the new known recommendations will have no material effect on the financial reporting in other respects.

Stockholm, November 10, 2004

Per Ikov
President & CEO

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

LAGERCRANTZ GROUP IN BRIEF

Lagercrantz offers—within well-defined niches and in partnership with customers and producers—products and solutions in the fields of electronics and communications that strengthen customers' competitiveness.

The Company markets special components and modules, among other things, has its own production of wiring harnesses, and offers solutions in security and communications. The most important customers are manufacturing companies.

Lagercrantz is a leading player on the Nordic market. Aside from in Denmark, Finland, Norway and Sweden, the Company also has operations in Poland, Switzerland, United Kingdom, Germany and Hong Kong.

The Lagercrantz Group consists of the Parent Company Lagercrantz Group AB with subsidiaries organized in three divisions: Electronics, Production Services and Communication.

REPORTING SCHEDULE

- Interim report April 1—December 31, 2004 February 8, 2005
- Year-End Financial Report April 1, 2004—March 31, 2005 May 11, 2005

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