

INTERIM REPORT APRIL 1–DECEMBER 31, 2004 (9 MONTHS)

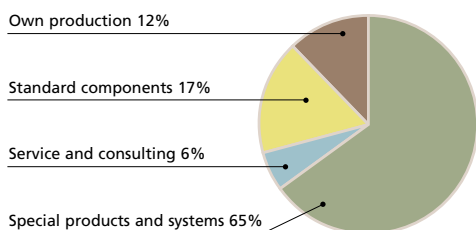
**Lagercrantz
Group** ●

- Net revenues for the period April 1–December 31, 2004 (9 months) amounted to MSEK 1 157 (1 160). For the period October 1–December 31 (3 months) net revenues amounted to MSEK 387 (403).
- Operating income during April–December amounted to MSEK 6 (23). During the third quarter operating income amounted to MSEK 2 (9).
- The result after taxes for the period April–December amounted to MSEK –1 (11).
- Earnings per share were SEK –0.04 (0.44) for the period April–December.
- Subsidiaries Uniweb AB and Delphi Oy in business area Software and Consulting were sold after the end of the period. The sale resulted in a tax-free capital gain of approximately MSEK 30 on a consolidated basis. The gain will be recognized during the fourth quarter.
- After the end of the period costs of approximately MSEK 35 have been announced relating to measures taken to restore profitability in division Electronics. These costs will be recognized during the fourth quarter.

This interim report refers to April 1–December 31, 2004

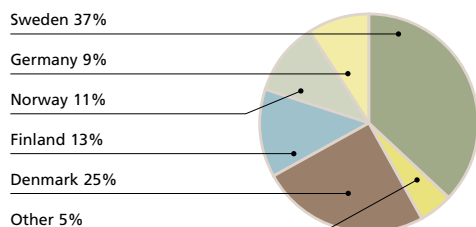
CONSOLIDATED REVENUES BY PRODUCT CATEGORY

Apr–Dec 2004, 9 months



CONSOLIDATED REVENUES BY COUNTRY

Apr–Dec 2004, 9 months



NET REVENUES AND RESULT

Net revenues of the Lagercrantz Group for nine months (April 1–December 31, 2004) amounted to MSEK 1 157 (1 160). During the third quarter (October 1–December 31, 2004) net revenues amounted to MSEK 387 (403).

Operating income for nine months declined to MSEK 6 (23), equivalent to an operating margin of 0.5 percent. For the third quarter operating income amounted to MSEK 2 (9). During the current year income has been charged with costs of approximately MSEK 8.5 for measures implemented, especially in division Electronics. The contribution to net revenues and earnings of the German subsidiary Unitronic, whose deliveries of components for measuring traffic ended during the second quarter of the current year were considerably lower than the preceding year. Revenues in division Production Services and total revenues for the business areas that previously made up division Communication increased compared to the preceding year.

Market conditions improved for several of the Group's businesses during the year. Increased order bookings are seen for division Production Services and for a majority of the business areas. A modestly improving market situation was noted in prioritized niches within division Electronics, whereas the development continued to

be negative for standard components. Overall, the Group's order bookings are slightly lower than in the preceding year.

An action program is under way in Division Electronics. In addition to 8.5 MSEK already charged to consolidated income, as previously announced, approximately 35 MSEK will be charged during the fourth quarter (January–March 2005).

Changes in the foreign exchange rates used to translate foreign units had only a marginal effect on net revenues and operating income.

Income after financial items amounted to MSEK 1 (19). Earnings per share amounted to SEK –0.04 (0.44).

PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The return on capital employed for the past 12-month period was 2.4 percent, as compared to 5.9 percent for the preceding financial year. The corresponding figures for return on equity were 0.5 percent and 3.3 percent, respectively.

The equity ratio stood at 43 percent at the end of the period. Shareholders' equity per share amounted to SEK 15.30, as compared to SEK 16.70 at the beginning of the financial year.

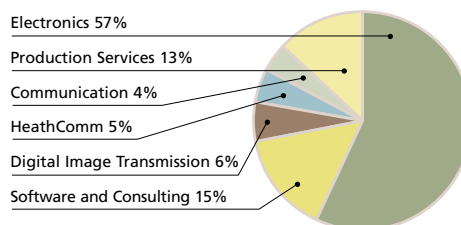
Cash flow from current operations for the period April–December 2004 amounted to MSEK 13 (68).

The Group's financial net liability at the end of the period amounted to MSEK 35, 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, 0.1 compared to 0 at the beginning of the financial year.

Investments in fixed assets amounted to MSEK 6 (8) during the period April–December 2004 and investments in subsidiaries amounted to MSEK 15 MSEK (34). No shares were repurchased during the quarter.

THE GROUP'S NET REVENUES BY DIVISION/BUSINESS AREA

Apr–Dec 2004, 9 months



Divisions/business areas

Since October 1, 2004 the group comprise the two divisions Electronics, Production Services and the four business areas Digital Image Transmission, Communication, HeathComm and Software. The business areas were created to better take care of the growth opportunities within each area.

DIVISION ELECTRONICS

MSEK	9 months		12 months
	Apr–Dec 2004/05	Apr–Dec 2003/04	2003/04
Net revenues	658	706	938
Operating income	–9	7	7
Operating margin, %	neg	1.0	0.7

Net revenues for the period April 1–December 31, 2004 amounted to MSEK 658 (706). The operating income declined to MSEK –9 (7). Net revenues dropped to MSEK 198 (232) during the third quarter and the operating income declined to MSEK –3 (1).

Deliveries for the traffic measuring project in Germany were finalized during the second quarter of the current financial year. This project had a significant impact on revenues and income in prior periods. Sales successes were recorded in prioritized niches thanks to a positive development of the product range and the organization carried out during the year. Sales of standard components showed a continued negative development.

The division generated a small loss for the quarter, the result of continued weak demand recorded during the quarter for certain businesses, while measures taken have yet to yield sufficient effect.

The overall market situation in the Nordic Region saw a cautiously positive development, despite the ongoing relocation of electronics production. A positive development is especially noticeable in the prioritized niches, where Lagercrantz has managed to build a strong market position.

An action program has been implemented in the division to restore profitability. Action is focused on strengthening the companies' position in selected niches where opportunities exist for a favorable, long-term development for the division, and also on internal streamlining and cost-reduction.

DIVISION PRODUCTION SERVICES

MSEK	9 month		12 month
	Apr–Dec 2004/05	Apr–Dec 2003/04	2003/04
Net revenues	154	145	194
Operating income	11	9	11
Operating margin, %	7.1	6.2	5.7

Net revenues for the period April 1–December 31, 2004 amounted to MSEK 154 (145). Operating income was MSEK 11 (9). Net revenues during the third quarter amounted to MSEK 58 (49) and operating income increased to MSEK 5 (3).

The division recorded increased revenues and order bookings, especially thanks to strong demand for cable harnesses from industry. The expansion of production capacity implemented during the year had a positive impact on earnings for the quarter.

The companies in the division have strong market positions and are continually adjusting their product line. Cooperation has been initiated with a production partner in the Baltic region for certain production. Overall, this means that the division has been able to counter the threat of relocating manufacturing operations to countries outside the Nordic Region. Continued robust development and good profitability are expected for the current year.

BUSINESS AREA DIGITAL IMAGE TRANSMISSION

MSEK	9 months		12 months
	Apr–Dec 2004/05	Apr–Dec 2003/04	2003/04
Net revenues	65	41	61
Operating income	1	0	1
Operating margin, %	1.5	0.0	1.6

The business area, comprised of companies ISG Systems, STV Video and STV Support (the former Frontyard Communications), provides solutions for transmission of visual information over networks, and operator services. The quarter was distinguished by intensified customer cultivation, integration of Frontyard Communications acquired during the period, and by increased sales towards the end of the quarter.

BUSINESS AREA HEATHCOMM

MSEK	9 months		12 months
	Apr–Dec 2004/05	Apr–Dec 2003/04	2003/04
Net revenues	60	66	85
Operating income	–2	0	0
Operating margin, %	neg	0.0	0.0

The business area, comprised of the HeathComm companies in the Nordic Countries, delivers hardware-based security solutions for networks and communications products for vessels. Increased sales were recorded towards the end of the quarter in the area of security. Together with approximately MSEK 1 in costs for personnel reductions, a low level of activity in the field of communications products contributed to the loss for the quarter.

BUSINESS AREA COMMUNICATION

MSEK	9 months		12 months
	Apr–Dec 2004/05	Apr–Dec 2003/04	2003/04
Net revenues	44	59	72
Operating income	0	0	–2
Operating margin, %	0.0	0.0	neg

The business area is comprised of the company Lagercrantz Communication that offers solutions in the areas of access and infrastructure for telephone and data communications networks. The market for the company's solutions is stable. A weak beginning of the quarter had a negative effect on earnings. The company delivered its first solution for Voice over IP during the quarter.

BUSINESS AREA SOFTWARE & CONSULTING

MSEK	9 months		12 months
	Apr–Dec 2004	Apr–Dec 2003	2003/04
Net revenues	176	143	218
Operating income	7	6	11
Operating margin, %	4.0	4.2	5.0

The business area includes Betech Data (Software) and Delphi and Uniweb (Consulting). Software displayed a sharp increase in sales driven by market growth in CAD software. In Consulting, increased capacity utilization was noted and a cautiously positive development of the business situation during the quarter, albeit from low levels. Companies Delphi and Uniweb were sold after the end of the period under review. As a consequence, the business area changes its name to Software.

Financial development in brief

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 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Division Electronics	198	227	233	232	232	245	229
Division Production Services	58	49	47	49	49	48	48
Business area Digital Image Transmission	28	18	19	20	21	9	11
Business area HeathComm	25	15	20	19	25	20	21
Business area Communication	13	16	15	13	19	17	23
Business area Programvara och Consulting	65	58	53	75	57	44	42
Total for prev. div. Communication	131	107	107	127	122	90	97
Parent Company/eliminations		–	–	–	–	–	–
Group total	387	383	387	408	403	383	374

OPERATING INCOME

Quarterly data MSEK	2004/05						2003/04
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Division Electronics	–3	–6	0	0	1	8	–2
Division Production Services	5	3	3	2	3	3	3
Business area Digital Image transmission	0	2	–1	1	0	0	0
Business area HeathComm	–1	–1	0	0	1	0	–1
Business area Communication	–1	1	0	–2	0	–1	1
Business area Software and Consulting	3	2	2	5	3	1	2
Total for prev. div. Communication	1	4	1	4	4	0	2
Parent Company/eliminations	–1	0	–1	–2	1	–1	1
Group total	2	1	3	4	9	10	4

CONSOLIDATED STATEMENT OF INCOME

MSEK	3 months Oct–Dec 2004/05	3 months Oct–Dec 2003/04	9 months Apr–Dec 2004/05	9 months Apr–Dec 2003/04	12 months Jan–Dec 2004	Financial year Apr–Mar 2003/04
Net revenues	387	403	1 157	1 160	1 565	1 568
Cost of goods sold	–299	–305	–896	–878	–1 209	–1 191
Gross income	88	98	261	282	356	377
Selling costs	–61	–69	–177	–197	–242	–262
Administrative costs	–26	–23	–83	–70	–112	–99
Other operating income	2	4	6	9	8	11
Other operating expense	–1	–1	–1	–1	0	0
Operating income	2	9	6	23	10	27
(of which depreciation)	(–5)	(–5)	(–14)	(–14)	(–19)	(–19)
Interest income and similar items	0	1	1	3	3	5
Interest expense and similar items	–2	–3	–6	–7	–8	–9
Income after financial items	0	7	1	19	5	23
Taxes	0	–3	–2	–8	–3	–9
Minority interest in the year's income	0	0	0	0	0	0
Net income for the period	0	4	–1	11	2	14
Earnings per share, SEK	0.00	0.16	–0.04	0.44	0.08	0.57
Weighted number of shares outstanding after repurchases ('000)	24 078	24 549	24 078	24 901	24 078	24 696
Number of shares outstanding after period's repurchases ('000)	24 078	24 078	24 078	24 078	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. Outstanding options amount to 737,000. They can be exercised until Feb 18, 2005.

CONSOLIDATED BALANCE SHEET

MSEK	2004-12-31	2003-12-31	2004-03-31
Assets			
Goodwill	45	45	44
Other intangible fixed assets	2	4	3
Tangible fixed assets	94	96	96
Financial fixed assets	46	39	40
Inventories	206	217	224
Short-term receivables	329	271	304
Cash and bank balances	132	143	138
Total assets	854	815	849
Shareholders' equity and liabilities			
Restricted equity	70	65	62
Non-restricted equity	299	330	340
Total shareholders' equity	369	395	402
Minority interest	0	0	0
Provisions	81	72	76
Long-term liabilities	1	7	7
Current liabilities	403	341	364
Total shareholders' equity and liabilities	854	815	849
Interest-bearing assets	132	143	13
Interest-bearing provisions and liabilities	167	154	140

CONSOLIDATED STATEMENT OF CASH FLOW

MSEK	3 months Oct–Dec 2004/05	3 months Oct–Dec 2003/04	9 months Apr–Dec 2004/05	9 months Apr–Dec 2003/04	Financial year Apr–Mar 2003/04
Current operations					
Income after financial items	0	7	1	19	23
Adjustment for paid taxes, items not included in cash flow, etc.	21	2	26	1	12
Cash flow from current operations before changes in working capital	21	9	27	20	35
Cash flow from changes in working capital					
Increase(–)/Decrease(+) in inventories	23	21	20	14	8
Increase(–)/Decrease(+) of operating liabilities	–10	30	–34	26	1
Increase(+)/Decrease(–) in operating liabilities	16	2	0	8	28
Cash flow from current operations	50	62	13	68	72
Investment operations					
Investments in subsidiaries and other business units	–10	–10	–15	–34	–33
Investment in other fixed assets, net	–3	3	–5	0	0
Cash flow from investment operations	–13	–7	–20	–34	–33
Financing operations					
Dividend & repurchase of own shares	–	–23	–22	–46	–46
Financing operations	–12	13	25	48	37
Cash flow from financing operations	–12	–10	3	2	–9
Period's cash flow	25	45	–4	36	30
Liquid funds at the beginning of the period	107	100	138	110	110
Exchange rate difference in liquid funds	0	–2	–1	–3	–2
Liquid funds at the end of the period	132	143	133	143	138

CHANGE IN SHAREHOLDERS' EQUITY

MSEK	Apr–Dec 2004/05	Apr–Dec 2003/04
Opening balance	402	442
Effect of change in accounting principle	–3	–
Dividend	–22	–23
Period's translation difference	–7	–15
Period's result	–1	7
Closing balance	369	411

KEY FINANCIAL INDICATORS

	9 months Apr–Dec 2004/05	9 months Apr–Dec 2003/04	Financial year 2003/04	Financial year 2002/03	Financial year 2001/02
Change in net revenues, %	–0.3	0.0	7.2	–26.2	–24.1
Operating margin, %	0.5	2.0	1.7	1.8	4.1
Profit margin, %	0.1	1.6	1.5	1.1	4.0
Equity ratio, %	43.2	48.5	47.3	56.4	53.2
Debt equity ratio	0.5	0.4	0.3	0.2	0.3
Net debt equity ratio	0.1	0.0	0.0	0.0	–0.1
Interest coverage ratio	1	4	4	2	5
Net interest-bearing liabilities (+) / receivables (–), MSEK	35	11	2	–19	–44
Number of employees at end of period	569	581	585	573	652
Revenues outside Sweden, MSEK	720	795	1 071	936	1 302
Per-share data					
Number of shares outstanding at end of period after repurchases (thousands)	24 078	24 078	24 078	25 078	26 941
Weighted number of shares outstanding after repurchases ('000)	24 078	24 901	24 696	26 561	27 609
Operating income per share, SEK	0.25	0.92	1.09	1.02	2.93
Earnings per share, SEK	–0.04	0.44	0.57	0.34	1.96
Cash flow per share, SEK	–0.17	1.45	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	21.80	22.50	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 SEK 32.80 on the outstanding options and the current market price of the share, outstanding options have no dilutive effect. Outstanding options amount to 737,000. They can be exercised until Feb 18, 2005.

CORPORATE ACQUISITIONS

On November 22, 2004 all outstanding shares of Frontyard Communications AB were acquired. Frontyard Communications (name-changed to STV Support AB) provides video conference solutions and operator services. This acquisition was made in priority area Digital Image Transmission in the Lagercrantz Group.

PARENT COMPANY

The Parent Company's internal net revenues amounted to MSEK 20 (19) and income after financial items was MSEK 55 (117). This result includes currency adjustments on intra-Group lending of MSEK –2 (–7). Dividends from subsidiaries amounted to MSEK 60 (123).

The Parent Company has a committed credit facility of MSEK 250 at its disposal. MSEK 125 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 0 as compared with MSEK 0 at the beginning of the financial year.

EMPLOYEES

The number of employees at the end of the period was 569, 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	1 098 686
Class B	24 815 546
Class B shares held in treasury	–1 836 423
Total	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.

EVENTS AFTER THE END OF THE PERIOD

On January 31, 2005 it was announced that Lagercrantz Group had concluded an agreement to sell subsidiaries Uniweb AB and Delphi Oy (parts of business area Software and Consulting). The divestitures generate a capital gain on a consolidated basis of approximately MSEK 30, which will be recognized during the fourth quarter. For the period April–December 2004 Uniweb and Delphi had revenues of MSEK 57 and an operating result of MSEK –2.

On January 31, 2005 Lagercrantz Group announced that costs of approximately MSEK 35 will be charged to income during the fourth quarter. These costs are costs for reduction of personnel, provisions for unoccupied premises and for inventory obsolescence taking the future orientation of Electronics into account.

NOMINATION COMMITTEE FOR ELECTION OF DIRECTORS

An extra general meeting of shareholders held August 24, 2004 resolved to authorize the Chairman of the Board of Directors to contact the largest shareholders and ask them to nominate directors to form a nomination committee together with Chairman of the Board of Directors for nomination of candidates for coming elections of directors. Pursuant hereto, the following persons have

been appointed as members of the nomination committee: Anders Börjesson (Chairman of the Board of Directors), Tom Hedelius, Marianne Nilsson (representative of Robur fonder) Tor Marthin (representative of AMF Pension) and Pär Stenberg. Suggestions from shareholders to the Nomination Committee can be directed to the company.

REGULARLY SCHEDULED ANNUAL GENERAL MEETING 2005

The regularly scheduled Annual General Meeting for 2005, relating to the 2004/05 financial year, will be held at 4:00 p.m., August 24, 2005, at IVA conference center, Grev Turegatan 16, Stockholm. Information about the Annual General Meeting will sent to shareholders on an ongoing basis and will also be available on the Company's homepage.

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 approximately 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.

In connection with the year-end financial reports, Lagercrantz Group will give further detailed information and financial effects from the transition to IFRS.

Stockholm, February 8, 2005

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 two divisions: Electronics, Production Services and the four business areas Digital Image Transmission, Communication, HeathComm and Software.

REPORTING SCHEDULE

- Year-End Financial Report April 1, 2004—March 31, 2005 May 11, 2005
- Interim report April 1—June 30, 2005 August 24, 2005
- Interim report April 1—September 30, 2005 November 8, 2005

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