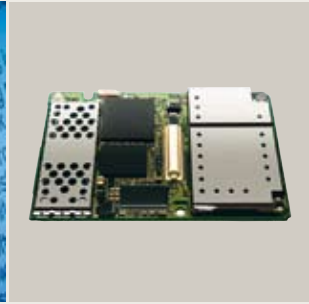
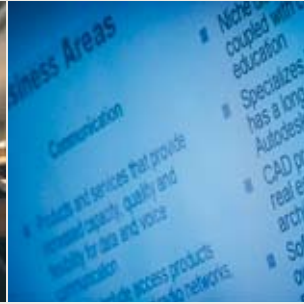




**Interim report
1 April –
30 September 2005
(6 months)**



- Net revenues for the period 1 April – 30 September 2005 (6 months) amounted to MSEK 772 (770). For the second quarter, 1 July – 30 September 2005, revenues amounted to MSEK 385 (383).



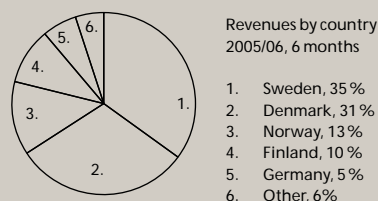
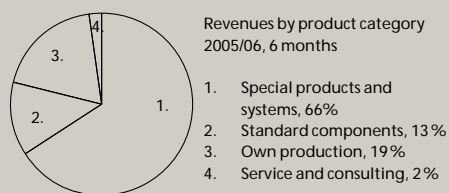
- The operating result during April – September increased sharply to MSEK 29 (0). The operating result during the second quarter amounted to MSEK 14 (-1).



- The result after taxes during April – September increased to MSEK 19 (-4), MSEK 9 (-3) of which during the second quarter.
- Earnings per share during April – September increased to SEK 0.79 (-0.17).



Current reporting period 1 April – 30 September 2005



REPORTING IN ACCORDANCE WITH IFRS

This interim report has been prepared in accordance with IFRS. This means, inter alia, that comparative data for the preceding year have been recalculated compared to earlier reports. More information about this is available in the document "Effects of adopting IFRS," which is available at Lagercrantz Group's Website: www.lagercrantz.com.

NET REVENUES AND RESULT

The Lagercrantz Group's net revenues for the first six months of 2005/06 (1 April – 30 September 2005) amounted to MSEK 772 (770). During the second quarter, 1 July – 30 September 2005, net revenues amounted to MSEK 385 (383).

The operating result for the first six months 2005/06 increased to MSEK 29 (0), which was equivalent to an operating margin of 3.8 percent. The operating result during the second quarter amounted to MSEK 14 (-1). The sharp improvement in earnings is primarily attributable to division Electronics where improvements in terms of product mix, together with cost reductions and rendering operations more efficient, have effect. Improved results were also seen for division Production Services and for all business areas compared to the preceding year.

Cost reductions implemented during the fourth quarter of last year have contributed to lowering the Group's cost level by more than MSEK 10 for the 2005/06 financial year. The effect during the first six months was approximately MSEK 7, MSEK 4 of which during the second quarter.

The result after financial items for the period amounted to 28 MSEK (-3). Changes in foreign exchange rates affected the Group's result in a positive direction by approximately MSEK 1. Earnings per share for the period April – September amounted to SEK 0.79 (-0.17).

Order bookings for the Group increased during the first six months thanks to higher order bookings during the second quarter compared to the equivalent year-ago period.

PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The return on capital employed for the most recent 12-month period was 7.8 percent, as compared to 1.3 percent for the 2004/05 financial year. The corresponding figures for return on equity were 7.5 percent and 1.3 percent, respectively.

Cash flow from current operations increased to MSEK 3 for the first six months of 2005/06, compared to MSEK -38 for the comparative period. The increase is explained by the improved result. Investments in non-current assets during the period amounted to MSEK 9 (2). Investments in subsidiaries amounted to MSEK 26 (5) and all were made during the first quarter. No shares were repurchased during the period. The number of shares outstanding after cancellation of 1,500,000 class B shares amounts to 24,414,232, of which Lagercrantz Group holds 336,423 class B shares in treasury.

The Group reports a financial net liability at the end of the period of MSEK 54, as compared with a net receivable of MSEK 5 at the beginning of the financial year. The change is due primarily to a corporate acquisition and payment of dividend.

Shareholders' equity per share amounted to SEK 15.90, as compared with SEK 15.50 at the beginning of the financial year. The equity ratio at the end of the period was 48 percent compared to 51 percent at the beginning of the financial year.

Divisions / Business areas



ELECTRONICS

MSEK	6 months 2005/06	6 months 2004/05	12 months 2004/05
Net revenues	414	460	853
Operating result	11	-10	-36
Operating margin, %	2.7 %	neg	neg

Net revenues for the period 1 April – 30 September 2005 amounted to MSEK 414 (460). The operating result improved to MSEK 11 (-10),

which was equivalent to an operating margin of 2.7 percent. During the second quarter net revenues amounted to MSEK 200 (227) and the operating result was MSEK 3 (-8).

The lower revenues compared to the preceding financial year are in accordance with the change in product mix being implemented, where certain products with lower profitability are reduced, particularly in the standard components category. A positive sales trend is seen in technology areas where the division has chosen to focus.

The division's result is significantly better than during the preceding year. This has been accomplished thanks to cost reductions during the preceding year and through ongoing efficiency improvements in the operations and change in product mix with higher margins.

Efforts in the division are aimed at creating profitability and conditions for long-term growth. This will be accomplished by a high degree of decentralisation, where the companies in the division are given broad responsibility to build a profitable and market-leading position in their respective markets. Action taken during the second quarter to achieve these goals was splitting the Swedish electronics operations into three separate companies, each with a distinct focus: wireless industrial communication, passive and electro-mechanical components and embedded systems. Efforts are also continuing in the realm of adding value to the division's offer, in part by increasing the proportion of assembled products and by a higher degree of solution sales.

Order bookings during the second quarter increased compared to the equivalent year-ago period. Order bookings for the first six months were at a similar level as last year. The development is especially positive in the Nordic Region, Poland and the UK, in the areas of wireless industrial communication and embedded systems.

PRODUCTION SERVICES

MSEK	6 months 2005/06	6 months 2004/05	12 months 2004/05
Net revenues	118	96	205
Operating result	9	6	15
Operating margin, %	7.6 %	6.3 %	7.3 %

Net revenues for the first six months of 2005/06 rose to MSEK 118 (96). The operating result increased to MSEK 9 (6) and the operating margin strengthened to 7.6 percent (6.3). For the second quarter net revenues were MSEK 59 (49) and the operating result was MSEK 4 (3).

The division recorded positive revenue performance during the first six months of the year, primarily due to robust demand from the engineering industry, and especially from existing customers. Also the second quarter, which typically is affected by the summer holiday period, saw high capacity utilisation, which had a beneficial effect on the result.

Order bookings for the period April – September 2005 is on a par with the preceding year. Stable revenues are expected for the remainder of the year compared to the first six months, and continued good profitability.

BUSINESS AREA DIGITAL IMAGE TRANSMISSION

MSEK	6 months 2005/06	6 months 2004/05	12 months 2004/05
Net revenues	54	37	95
Operating result	4	1	2
Operating margin, %	7.4 %	2.7 %	2.1 %

Net revenues for the first six months of 2005/06 increased to MSEK 54 (37), MSEK 27 (18) of which during the second quarter. The operating result amounted to MSEK 4 (1), equivalent to an operating margin of 7.4 percent (2.7). The operating result during the second quarter increased to MSEK 3 (2).

Both of the business areas, video conferencing and camera-based surveillance systems, increased revenues and result. In video conferencing successes were scored in the service area, where among other things several new service contracts were concluded. In surveillance systems a breakthrough transaction was made in the area of cameras for seaport cranes. The business area is expected to generate good growth and profitability

also during the remainder of the year.

BUSINESS AREA HEATHCOMM

MSEK	6 months 2005/06	6 months 2004/05	12 months 2004/05
Net revenues	47	35	74
Operating result	0	-1	-4
Operating margin, %	0.0 %	neg	neg

Net revenues for the period April – September 2005 increased to MSEK 47 (35). During the second quarter net revenues amounted to MSEK 25 (15). The operating result amounted to MSEK 0 (-1), MSEK 0 (-1) of which during the second quarter.

Despite strong sales growth in the security area and a high level of activity among customers, low margins meant that the result remained at a low level. New products were launched during the period and these are expected to strengthen the area's profitability. In the area of communication for vessels, the launch of GSM solutions continued with positive results.

BUSINESS AREA COMMUNICATION

MSEK	6 months 2005/06	6 months 2004/05	12 months 2004/05
Net revenues	31	31	60
Operating result	1	1	-5
Operating margin, %	3.2 %	3.2 %	neg

Net revenues for the first six months of the 2005/06 year amounted to MSEK 31 (31), MSEK 15 (16) of which during the second quarter. The operating result amounted MSEK to 1 (1), equivalent to an operating margin of 3.2 percent (3.2).

Sales for the first half of the year were unchanged compared to the preceding year, and slightly lower during the second quarter, primarily due to a somewhat lower volume in the telephony area.

The result compared to the immediately preceding quarters has strengthened and continued earnings improvements are predicted for the remainder of the year.

BUSINESS AREA SOFTWARE

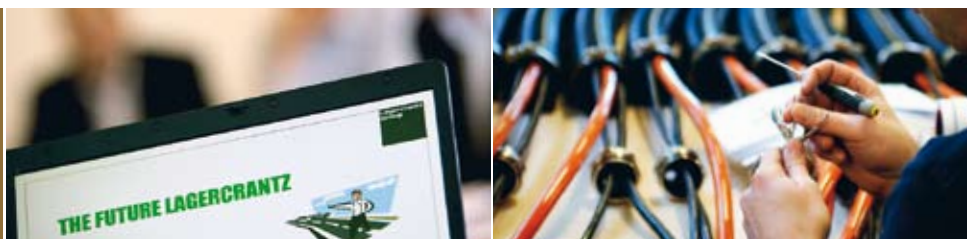
MSEK	6 months 2005/06	6 months 2004/05	12 months 2004/05
Net revenues	108	75	174
Operating result	6	5	14
Operating margin, %	5.6 %	6.7 %	8.0 %

Net revenues for the period April – September 2005 amounted to MSEK 108 (75) and the operating result was MSEK 6 (5), equivalent to an operating margin of 5.6 percent (6.7). For the second quarter revenues amounted to MSEK 59 (41) and the operating result was MSEK 4 (3).

Sales of CAD software showed a positive development during the first six months of the year in both Denmark and Norway, which are the markets where the business area is active. Investments in the business affected the operating result negatively during the first quarter, but have further strengthened the area's opportunities for continued good growth and profitability during the remainder of the year.

The comparative data for the preceding year do not include the Delphi and Uniweb units, which were sold during the year.

Financial development in brief



ACCOUNTING PRINCIPLES AND COMMENTS

This interim has been prepared in accordance with IAS 34 Interim Financial Reporting, which is in accordance with the requirements posed by recommendation RR31 Consolidated Interim Reporting of the Swedish Financial Accounting Standards Council. The accounting principles applied are those described in document "Effects of adopting IFRS," which, among other things, shows that IFRS is applied from 1 April 2005 and comparative data for 2004/05 are recalculated, with the exception of the principles that apply for financial instruments (IAS 39 Financial Instruments: Recognition and Measurement). Years prior to 2004/05 have not been recalculated in accordance with IFRS. The tables below are based on the International Financial Reporting Standards presumed to be in force as of 31 March 2006.

For information on the effects of the adoption of IFRS on Lagercrantz Group's financial reports for 2004/05, including the

opening balance as of 1 April 2004, reference is made to document "Effects of adopting IFRS" available at www.lagercrantz.com. The effects of recalculating the result for the first six months of 2004/05 and shareholders' equity as of 30 September 2004 are set forth in this interim report.

In accordance with the rules for first-time adoption of IFRS, IAS 39 Financial Instruments: Recognition and Measurement is applied only to the parts of the financial statements relating to 2005/06. The adoption of IAS 39 had no effect on the Group's result or equity during the first six months of 2005/06.

NET REVENUES

– quarterly data		2005/06				2004/05	
MSEK	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	
Electronics	200	214	195	198	227	233	
Production Services	59	59	51	58	49	47	
BA Digital Image Transmission	27	27	30	28	18	19	
BA HeathComm	25	22	14	25	15	20	
BA Communication	15	16	16	13	16	15	
BA Software	59	49	55	44	41	34	
Units sold*	-	-	-	21	17	19	
<i>Total according to former division Communication</i>	126	114	115	131	107	107	
Parent Company/eliminations	-	-	-	-	-	-	
GROUP TOTAL	385	387	361	387	383	387	

OPERATING RESULT

– quarterly data		2005/06				2004/05	
MSEK	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	
Electronics	3	8	-25	-1	-8	-2	
Production Services	4	5	4	5	3	3	
BA Digital Image Transmission	3	1	1	0	2	-1	
BA HeathComm	0	0	-2	-1	-1	0	
BA Communication	1	0	-5	-1	1	0	
BA Software	4	2	6	3	3	2	
Units sold*	-	-	-	0	-1	0	
<i>Total according to former division Communication</i>	8	3	0	1	4	1	
Parent Company/eliminations	-1	-1	-8	-1	0	-1	
GROUP TOTAL	14	15	-29	4	-1	1	

* Units sold refer to the Delphi and Uniweb units sold during 2004/05. These companies were part of business area Software. Data for the business area have been adjusted to account for this.

Financial development in brief



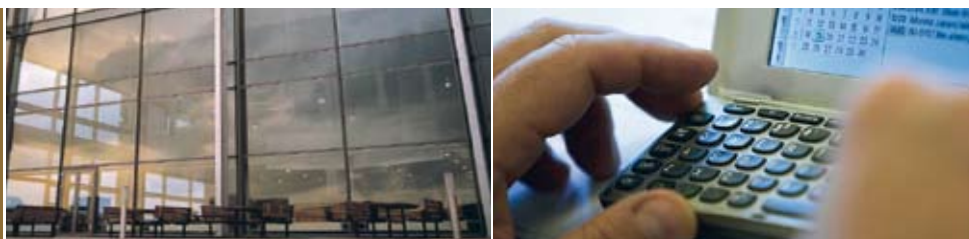
CONSOLIDATED INCOME STATEMENT

MSEK	3 months	3 months	6 months	6 months	Moving 12 months	Financial Year
	Jul-Sep 2005/06	Jul-Sep 2004/05	Apr-Sep 2005/06	Apr-Sep 2004/05	Oct-Sep 2005/06	Apr-Mar 2004/05
Net revenues	385	383	772	770	1 520	1 518
Cost of goods sold	-301	-298	-602	-597	-1 206	-1 201
Gross income	84	85	170	173	314	317
Selling costs	-44	-57	-93	-120	-203	-230
Administrative expenses	-29	-31	-54	-57	-117	-120
Other operating income	3	2	7	4	12	9
Other operating costs	0	0	-1	0	-2	-1
OPERATING RESULT	14	-1	29	0	4	-25
<i>(of which depreciation and amortisation)</i>	<i>(-3)</i>	<i>(-4)</i>	<i>(-7)</i>	<i>(-9)</i>	<i>(-18)</i>	<i>(-19)</i>
Sales of subsidiaries					29	29
Financial income and similar items	1	1	2	1	3	2
Financial expenses and similar items	-2	-2	-3	-4	-6	-7
RESULT AFTER FINANCIAL ITEMS	13	-2	28	-3	30	-1
Taxes	-4	-1	-9	-1	-2	6
RESULT FOR THE PERIOD	9	-3	19	-4	28	5
Result attributable to:						
Parent Company's shareholders	9	-3	19	-4	28	5
Minority interest	0	0	0	0	0	0
Net result for the period	9	-3	19	-4	28	5
Earnings per share, SEK	0.37	-0.12	0.79	-0.17	1.16	0.21
Weighted number of shares outstanding after repurchases (thousands)	24 078	24 078	24 078	24 078	24 078	24 078
Number of shares outstanding after the period's repurchases (thousands)	24 078	24 078	24 078	24 078	24 078	24 078

CONSOLIDATED BALANCE SHEET

MSEK	2005 09 30	2004 09 30	2005 03 31
ASSETS			
Goodwill	37	32	31
Other intangible non-current assets	23	3	7
Tangible non-current assets	97	90	92
Financial non-current assets	43	43	42
Inventories	201	227	188
Short-term receivables	341	325	291
Cash and cash equivalents	61	107	78
TOTAL ASSETS	803	827	729
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to the Parent Company's shareholders	384	360	374
Equity attributable to the minority	0	0	0
<i>Total shareholders' equity</i>	<i>384</i>	<i>360</i>	<i>374</i>
Long-term liabilities	73	78	71
Current liabilities	346	389	284
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	803	827	729
Interest-bearing assets	61	107	78
Interest-bearing liabilities	115	175	73

Financial development in brief



CONSOLIDATED CASH FLOW STATEMENT

MSEK	3 months	3 months	6 months	6 months	Financial Year
	Jul-Sep 2005/06	Jul-Sep 2004/05	Apr-Sep 2005/06	Apr-Sep 2004/05	Apr-Mar 2004/05
Current operations					
Result after financial items	13	-2	28	-3	-1
Adjustments for paid taxes, items not included in cash flow, etc.	-2	5	0	8	8
Cash flow from current operations before changes in working capital	11	3	28	5	7
Cash flow from changes in working capital					
Increase(-)/Decrease(+) in inventories	-1	-11	1	-4	38
Increase(-)/Decrease(+) in operating receivables	-20	-1	-33	-24	-19
Increase(+)/Decrease(-) in operating liabilities	8	9	7	-15	10
CASH FLOW FROM CURRENT OPERATIONS	-2	0	3	-38	36
Investment operations					
Investments in subsidiaries and other business units	-	-	-26	-5	-15
Sales of subsidiaries and other business units	-	-	-	-	16
Investments in other non-current assets, net	-4	0	-9	-2	-7
CASH FLOW FROM INVESTMENT OPERATIONS	-4	0	-35	-7	-6
Financing operations					
Dividends	-18	-22	-18	-22	-22
Financing operations	19	20	33	37	-67
CASH FLOW FROM FINANCING OPERATIONS	1	-2	15	15	-89
CASH FLOW FOR THE PERIOD	-5	-2	-17	-30	-59
Liquid funds at beginning of period	67	109	78	138	138
Translation difference in liquid funds	-1	0	0	-1	-1
Liquid funds at end of period	61	107	61	107	78

CHANGE IN SHAREHOLDERS' EQUITY

MSEK	Apr-Sep 2005/06	Apr-Sep 2004/05
Opening balance	374	393
Dividend	-18	-22
Period's translation difference	9	-7
Net result for the period	19	-4
Closing balance	384	360

KEY FINANCIAL INDICATORS

	6 months	6 months	2004/05	2003/04	2002/03	Financial Year
	Apr-Sep 2005/06	Apr-Sep 2004/05				2001/02
Change in net revenues, %	0.3	1.7	-3.2	7.2	-26.2	-24.1
Operating margin, %	3.8	0.0	-1.6	1.7	1.8	4.1
Profit margin, %	3.6	-0.4	-0.1	1.5	1.1	4.0
Equity ratio, %	47.8	43.5	51.3	47.3	56.4	53.2
Debt equity ratio	0.3	0.5	0.2	0.3	0.2	0.3
Net debt equity ratio	0.1	0.2	0.0	0.0	0.0	-0.1
Interest coverage ratio	15	0	1	4	2	5
Net interest-bearing liabilities (+) / receivables (-), MSEK	54	68	-5	2	-19	-44
Number of employees at end of period	543	579	512	585	573	652
Revenues outside Sweden, MSEK	511	496	941	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	24 078	25 078	26 941
Weighted number of shares outstanding after repurchases (thousands)	24 078	24 078	24 078	24 696	26 561	27 609
Operating result per share, SEK	1.20	0.00	-1.04	1.09	1.02	2.93
Result per share, SEK	0.79	-0.17	0.21	0.57	0.34	1.96
Cash flow per share, SEK	-0.71	-1.25	-2.45	1.21	-2.03	-0.87
Shareholders' equity per share, SEK	15.90	15.00	15.50	16.70	17.60	18.00
Latest market price paid per share, SEK	23.30	17.00	19.50	22.60	16.50	34.00

Definitions are found on page 25 of the most recent Annual Report. Year 2004/05 and the period's comparative data are recalculated in accordance with IFRS. Prior years have not been recalculated.

Other information



EFFECTS ON COMPARATIVE DATA FOR 2004/05 OF ADOPTION OF IFRS

MSEK	Shareholders' equity	Period's result
	2004 09 30	Apr-Sep 2004/05
In accordance with prior accounting principles	369	-1
<i>Effects of IFRS 16:</i>		
Revaluation of properties *	-1	1
<i>Effects of IFRS 3:</i>		
Intangible assets *	0	-6
Goodwill*	-7	2
Tax effects *	-1	1
	-9	-3
In accordance with current accounting principles (IFRS)	360	-4

* Properties refer to changed depreciation principles. Intangible assets refer to amortisation. Goodwill refers to reversal of amortisation and tax effects on the above adjustments.

PARENT COMPANY

The Parent Company's internal net revenues amounted to MSEK 10 (13) and income after financial items was MSEK 6 (56). This result includes exchange rate adjustments on intra-Group lending in the amount of MSEK 1 (-2). Dividends from subsidiaries amounted to MSEK 9 (60).

The Parent Company has an approved committed credit facility of MSEK 250. MSEK 56 hereof was utilised, as compared with MSEK 35 at the beginning of the financial year. No other liquid funds were held at the beginning of the year (0).

EMPLOYEES

The number of employees in the Group was 543 at the end of the period, which can be compared to 512 at the beginning of the period.

DISTRIBUTION OF SHARES AND REPURCHASES

The share capital at the end of the period was MSEK 48.8 after cancellation of 1,500,000 by Lagercrantz Group previously repurchased class B shares as resolved by the regularly scheduled Annual General Meeting held 24 August 2005. The distribution on classes of shares is as follows:

Class of share	Shares outstanding
Class A shares	1 097 342
Class B shares	23 316 890
Repurchased class B shares	-336 423
TOTAL	24 077 809

No shares were repurchased during the period. After cancellation, Lagercrantz holds 336,423 own class B shares in treasury, equivalent to 1.4 percent of the number of shares outstanding and 1.0 percent of the votes in Lagercrantz. The average acquisition cost of the shares held in treasury amounts to SEK 21.96 per share.

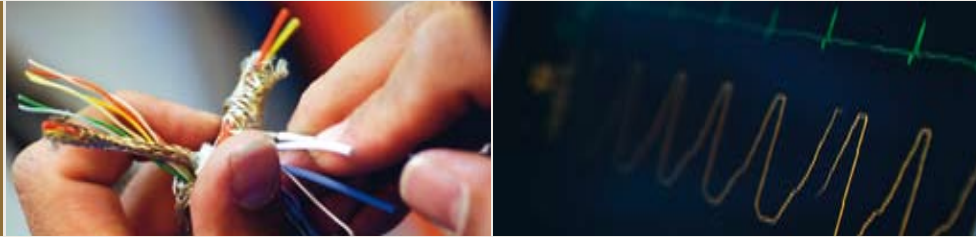
EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date 30 September 2005.

Stockholm, 8 November 2005

Per Ikov
President & CEO

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



LAGERCRANTZ GROUP IN BRIEF

Lagercrantz is a technology trading group in electronics and communication. The Group is active in well defined niches and markets special components and modules among other things, has its own production of cable harnesses and offers solutions in security and communication.

Customers are primarily manufacturing companies. Lagercrantz is a leading player in the Nordic Market. Aside from in Denmark, Finland, Norway and Sweden, the company also has activity in Poland, Switzerland, the United Kingdom, Germany and Hong Kong.

The Group consists of the Parent Company, Lagercrantz Group AB, with subsidiaries organised as the two divisions, Electronics and Production Services, and the four business areas, Digital Image Transmission, HeathComm, Communication and Software.

CALENDAR

- Interim report for the period 1 April – 31 December 2005 9 February 2006
- Financial report for the period 1 April 2005 – 31 March 2006 9 May 2006
- Annual Report 2005/06 July 2006
- Annual General Meeting 2006 August 2006

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