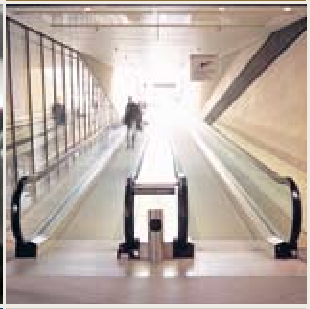
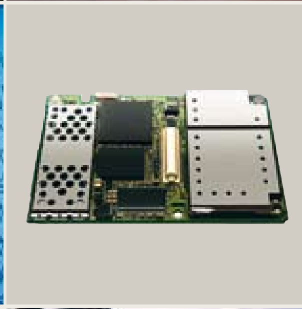



Lagercrantz Group

Interim report 1 April 2005– 31 March 2006 (12 months)

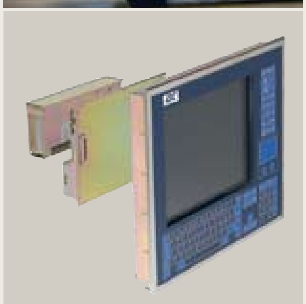
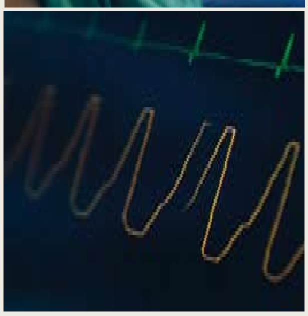








- Net revenues for the 2005/06 financial year increased to MSEK 1,608 (1,518), or by 6 percent. During the fourth quarter, 1 January – 31 March 2006, revenues increased to MSEK 431 (361), or by 19 percent.
- The operating result increased to MSEK 57 (4). The operating result during the fourth quarter increased to MSEK 15 (0).
- The result after taxes increased to MSEK 39 (5), MSEK 10 (6) of which during the fourth quarter.
- Earnings per share increased to SEK 1.63 (0.21), SEK 0.42 (0.25) of which during the fourth quarter.
- Cash flow from operations increased to MSEK 86 during the year (36).
- The return on equity was 10.2 percent (1.3) and the debt equity ratio was 52 percent (51).
- A dividend of SEK 1,00 is proposed (0.75).
- Jörgen Wigh new CEO from 1 Feb 2006 .
- New group structure as of 1 April 2006.
- Nordic Alarm AB was acquired with closing in April 2006.



Current reporting period 1 April 2005 – 31 March 2006

STATEMENT OF THE CHIEF EXECUTIVE

The strategy adopted by the Group in 2004 yielded good effects during the 2005/2006 financial year. The year was something of a turnaround with significantly improved result. Briefly, the strategy involves a focus on profitability, growth and increased value added in a number of well defined niches and as a means for this, an organisational form marked by decentralisation and management by objective.

We have further refined the strategy during the winter/spring 2006. Management's vision for the future is to create a group that is: "A leader in value-creating technology trade with market-leading positions in several expansive niches."

We believe firmly in building strong market positions in niches. By working in niches we are in markets where our impact can be meaningful and which the really big companies have limited interest in. By being number one or two, we are always a player to reckon with. We can affect the business terms, customers appreciate us because we always have the best and most cost-efficient solutions, we can build unique competence and attract the best associates and we can develop the best technology and attract the best suppliers. These are the prerequisites for growth and profitability.

This idea is applicable to several technology areas. Lagercrantz Group has previously chosen an orientation towards electronics and communication, but we have also seized on opportunities in adjacent areas, such as electricity, electro-mechanics and technical security. We are therefore now choosing to change our business idea statement to be: "Within well-defined niches and in partnership with customers and producers, Lagercrantz offers value-creating technical solutions in electronics, communication and adjacent areas."

Starting with the beginning of the new financial year, we want to delineate the business orientation in three distinct divisions: Electronics, Mechatronics and Communications. The aim for Electronics of moving away from low-margin, standard components and products with low added value is yielding results and we are increasingly focusing on the interesting areas of Embedded systems and Wireless industrial communication. These are areas with higher growth and greater value added. We are dealing here with more customised solutions in shorter series and with more locally dependent end customer markets. We are consistently seeking niches where we can build strong market positions and in areas such as GSM modules for wireless industrial communication and marine industrial PC applications we dare say that we today command leading positions.

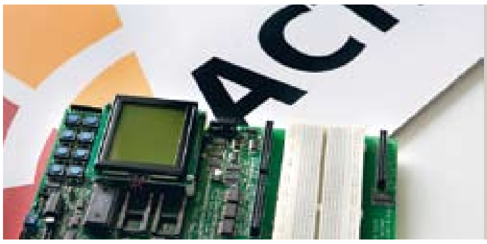
Division Mechatroncis , that changes name from Production Services, will also incorporate Acte Supply AB, a subsidiary previously in Electronics. The division, which over the years has been a stable earnings generator, will in this way be given additional volume. In the division we today have a market-leading position in customisation of cable harnesses in the Nordic Region and with the move of Acte Supply there are opportunities for building a strong position also in adjacent niche components, such as electricity and electro-mechanics, passive components and connectors. In line with this broader scope, the division also changes its name.

Division Communications will consist of three areas; digital image transmission/technical security, design software and access. In the first area we have very strong positions in video conferencing solutions in Sweden and in infrastructural CCTV. The new acquisition, Nordic Alarm, will be a highly interesting addition with a strong position as system integrator of security solutions in areas such as correctional facilities and jails. In design software we are distributor in Denmark and Norway for the leading software solution in CAD. In access, Lagercrantz is the leader in niched access products for telecom and broadband networks as well as IT security.

An improved market situation, and the development of strategy and organisation implemented over the past year and a half, have been crucial to the earnings improvement we have seen during 2005/06. All divisions and business areas record improved results. The Group's margins are thus beginning to attain reasonable levels and here will place additional focus during 2006/07. And at the same time we will increasingly be addressing growth issues with a focus on acquisitions. With these measures we feel that we can look forward to the future and the coming year with confidence.

May 2006
Jörgen Wigh
President & CEO

Current reporting period 1 April 2005 – 31 March 2006



NEW GROUP STRUCTURE FROM 1 APRIL 2006

From the financial year starting 1 April 2006 the Group will be organised in three divisions with the following orientation:

Division Electronics will have a more distinct orientation towards wireless industrial communication and embedded systems. The companies in the division offer products, systems, closely related components and, in certain cases, services in these areas. Sharp focus and continued gains in adding value will mean a more forceful offer to customers as well as suppliers and will increase the potential for building market-leading positions.

Division Mechatronics, former division Production Services, will be given a broader orientation, in part by moving the Swedish company Acte Supply from division Electronics. Acte Supply's orientation is to deal in electro-mechanical and passive components and connectors. The division will thereby get an increased element of trading as a complement to the existing production and trading operations now in the division.

The four business areas Digital Image Transmission, HeathComm, Communication and Software will be combined in division Communications. This division will have three orientations, digital image transmission/technical security, access and software.

The pro forma financial data below shows the revenue and operating result for 2005/06 as if the changes mentioned above would have been implemented as of 1 April 2005.

Electronics
The division is a value-creating distributor of niche components and systems in electronics and communication. Sales are based on customised solutions where components are designed into the customers' products. The orientation is towards the areas wireless industrial communication (M2M) - where the division among other things is a market-leading distributor of GSM modules in Northern Europe - and Embedded Systems, where the division is one of the leaders in sales of industrial and marine PCs. Business is conducted in the Nordic countries, Poland, the United Kingdom, Germany and Hong Kong.

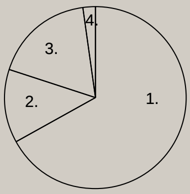
Mechatronics
The division manufactures customised cable harnesses for customers in the electric, electronic and certain other manufacturing industry. All products are made to order to customers' high requirements. The division is a leader manufacturer in Sweden and Denmark. The division is also active in dealing in electro-mechanical and passive components, connectors and electric components. The division operates in Sweden, Denmark and Finland.

Communications
The division offers products and systems in the areas of digital image transmission, technical security, access products and software, either as value-creating distributor or as a complete supplier of solutions. The division is the market-leader in Sweden of video conferencing solutions and a market-leading distributor in Denmark and Norway of CAD software. The division has a strong position in camera-based surveillance systems and other products for technical security, as well as in access solutions with products for telecom and broadband networks and IT security. The division operates in Sweden, Denmark and Norway.

Pro forma new Group structure

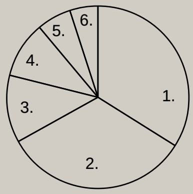
	Net revenues	Operating income	Operating margin, %
MSEK	2005/06 pro forma	2005/06 pro forma	2005/06 pro forma
Electronics	746	22	2.9%
Mechatronics	330	15	4.5%
Communications	532	28	5.3%
Parent company/eliminations	-	-8	
Group total	1 608	57	3.5%

Current reporting period 1 April 2005 – 31 March 2006



Revenues by product category 2005/06, 12 months

1. Special products and systems, 67%
2. Standard components, 13%
3. Own production, 18%
4. Service and consulting, 2%



Revenues by country 2005/06, 12 months

1. Sweden, 34%
2. Denmark, 33%
3. Norway, 12%
4. Finland, 10%
5. Germany, 5%
6. Other, 6%

NET REVENUES AND RESULT

Net revenues of the Lagercrantz Group during the financial year 2005/06 (1 April 2005– 31 March 2006) amounted to MSEK 1,608, or an increase of about 6 percent compared to the preceding year (1,518). During the fourth quarter, 1 January – 31 March 2006, net revenues increased to MSEK 431 (361), equivalent to 19 percent. Revenue in the fourth quarter grew in division Electronics and most business areas thanks to increased order bookings seen during the year. Organic growth, adjusted for acquisitions and disposals of companies was about 5 percent during the financial year.

The operating result during 2005/06 increased to MSEK 57 (4), equivalent to an operating margin of 3.5 percent (0.3). The improved result was achieved thanks to earnings improvements in all divisions and business areas. Last year's operating result is adjusted compared to what was previously reported as it includes capital gains on sale of subsidiaries in accordance with current accounting principles.

The operating result increased to MSEK 15 (0) during the fourth quarter, where the fourth quarter last year was affected by MSEK –7 net due to one-time items in the form of the aforementioned capital gain and costs for, among other things, personnel reductions and inventory obsolescence. These cost reductions have contributed to lowering the cost level by MSEK 14 during the year.

The result after financial items for the financial year was MSEK 55 (–1), MSEK 14 (0) of which during the last quarter. Changed foreign exchange rates affected the Group's result by approximately MSEK 2 for the full year (0).

Computed based on the average number of shares outstanding during the financial year, earnings per share increased to SEK 1.63 (0.21).

Order bookings by the Group increased during the year. Order bookings were clearly higher during the third as well as the fourth quarter compared to the corresponding periods a year earlier.

PROFITABILITY, FINANCIAL POSITION & CAPITAL EXPENDITURES

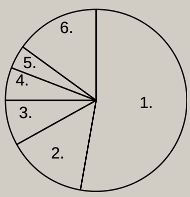
The return on capital employed during 2005/06 was 13.4 percent as compared to 1.3 percent during the 2004/05 financial year. The corresponding figures for return on equity were 10.2 percent and 1.3 percent, respectively.

Cash flow from current operations increased to MSEK 86 for 2005/06 as compared with MSEK 36 during the preceding year. The improvement is explained by an improved result as well as reduced working capital. Capital expenditures in non-current assets amounted to MSEK 18 (9) during the year. Capital expenditures in subsidiaries amounted to MSEK 28 (15). No shares were repurchased during the fourth quarter. A total of 400,000 class B shares were repurchased during the year, which affected cash flow by approximately MSEK 10. Lagercrantz Group's holdings of shares in treasury amounts to 736,423 class B shares.

The Group showed a financial net claim at the end of the period of MSEK 9, as compared with a net claim of MSEK 5 at the beginning of the financial year

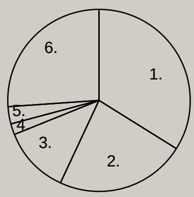
Shareholders' equity per share amounted to SEK 16.60 SEK, as compared with SEK 15.50 at the beginning of the financial year. The equity ratio at the end of the year stood at 52 percent, as compared with 51 percent at the beginning of the financial year.

Divisions and Business areas



Revenues by division/business area 2005/06, 12 months

1. Electronics, 53 %
2. Production Services, 14 %
3. Digital Image Transm, 8 %
4. HeathComm, 6 %
5. Communication, 4 %
6. Software, 15 %



Operating income by division/ business area 2005/06, 12 months

1. Electronics, 34 %
2. Production Services, 23 %
3. Digital Image Transm, 12 %
4. HeathComm, 2 %
5. Communication, 3 %
6. Software, 26 %

ELECTRONICS

MSEK	12 months 2005/06	12 months 2004/05
Net revenues	854	853
Operating income	22	-36
Operating margin	2.6 %	neg

Net revenues increased during the fourth quarter to MSEK 226 (195), equivalent to 16 percent. Revenues also represent an increase compared to prior quarters during the year. The revenue increase is explained by the increase seen in order bookings, especially during the second half of the year. The operating result improved to MSEK 8 (–25) during the fourth quarter, where the fourth quarter last year was charged with about MSEK 26 in one-time items. The division thus recorded a clear improvement in result despite unchanged revenues for the year compared to the preceding year. This is due to cost reductions and the change in product mix and operating efficiency gains under way.

The companies in the division have advanced their positions in prioritised areas thanks to a more developed offer, in part by a higher proportion of assembled products and a higher degree of solutions sales. The result of these initiatives are now seen in the form of improved margins, but also in the form of higher sales. The positive trend in order bookings continued during the period. Order bookings increased during the fourth quarter compared to the year before, and also in comparison with prior quarters of the current financial year. At the same time the job of phasing out products with inferior margins continued successfully during the year. Action aimed at improving efficiency and changing the product mix will continue during the next financial year.

Efforts in the division are aimed at creating increased profitability and prerequisites for long-term growth. Given the current sharper focus in the division on wireless industrial communication and embedded systems, the offer to customers as well as suppliers will be even stronger, which is expected to lead to increased revenues and earnings for the division.

PRODUCTION SERVICES

MSEK	12 months 2005/06	12 months 2004/05
Net revenues	222	205
Operating income	15	15
Operating margin	6.8 %	7.3 %

Net revenues for the fourth quarter increased to MSEK 53 (51). The operating result during the same period amounted to MSEK 4 (4). Revenues and result thus increased compared to the immediately preceding quarter as the division managed to compensate for the lower order bookings, above all through cost reductions. Slightly lower revenues are expected for the beginning of the next financial year. The division has captured major new business, which will lead to an expected increase in revenues and result during the second part of the next financial year

BUSINESS AREA DIGITAL IMAGE TRANSMISSION

MSEK	12 months 2005/06	12 months 2004/05
Net revenues	120	95
Operating income	8	2
Operating margin	6.7 %	2.1 %

Net revenues for the fourth quarter increased to MSEK 35 (30) and the operating result amounted to MSEK 2 (1).

The business area's two businesses in video conferencing and camera-based surveillance systems recorded advances in result compared to the preceding year. In addition hereto, increased sales in the systems and service area within video conferencing were noted and the area confirmed its position as market leader in sales of video conference solutions in Sweden. In surveillance systems the year was marked by a business break-through in the area of cameras for port cranes during the second quarter.

From April 2006, the acquired company Nordic Alarm is a part of the area, which will become a part of division Communications from the same point in time. The area is expected to increase revenues as well as result during next year.

BUSINESS AREA HEATHCOMM

MSEK	12 months 2005/06	12 months 2004/05
Net revenues	100	74
Operating income	1	-4
Operating margin	1.0 %	neg

Net revenues for the fourth quarter amounted to MSEK 25 (14). The operating result for the same quarter was MSEK 0 (–2).

New products in the security area were launched during the year, which strengthened the business, which is still marked by low margins on some of the major agencies. Successes were reaped during the year in the area of communication for vessels, which is part of the business area. Improvements in revenues and result are seen in this area as well going forward.

From April 2006 the business area will be a part of division Communications.

BUSINESS AREA COMMUNICATION

MSEK	12 months 2005/06	12 months 2004/05
Net revenues	64	60
Operating income	2	-5
Operating margin	3.1 %	neg

Net revenues for the fourth quarter amounted to MSEK 16 (16). The operating result during the period increased to MSEK 1 (–5). The preceding year's fourth quarter was affected by extra costs of approximately MSEK 4 for personnel reductions and inventory obsolescence.

Sales increased compared to the preceding year. Sales successes were scored primarily in the broadband area, but a number of feasibility studies were also carried out with successful outcome in IP telephony. Market demand is expected to be stable going forward, with the most promising growth potential in IP telephony.

From April 2006 the business area will be a part of division Communications.

BUSINESS AREA SOFTWARE

MSEK	12 months 2005/06	12months 2004/05
Net revenues	248	174
Operating income	17	14
Operating margin	6.9 %	8.0 %

Net revenues for the fourth quarter increased to MSEK 76 (55). The operating result amounted to MSEK 6 (6).

Sales of CAD software continued to show a positive development during the period. Increases were seen in Denmark as well as Norway, where the area is active. The result showed a positive development even though the margin was affected by the investments made in the business in the form of marketing and sales initiatives. The area is expected to grow with good result during next year.

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

From April 2006 the business area will be a part of division Communications.

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 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 2004/05 and shareholders' equity as of 31 March 2005 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 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 2005/06.

NET REVENUES

– quarterly data			2005/06					2004/05
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Electronics	226	214	200	214	195	198	227	233
Production Services	53	51	59	59	51	58	49	47
BA Digital Image Transmission	35	31	27	27	30	28	18	19
BA HeathComm	25	28	25	22	14	25	15	20
BA Communication	16	17	15	16	16	13	16	15
BA Software	76	64	59	49	55	44	41	34
Units sold*	-	-	-	-	-	21	17	19
Total for prev division Communication	*152*	*140*	*126*	*114*	*115*	*131*	*107*	*107*
Parent company/eliminations	-	-	-	-	-	-	-	-
GROUP TOTAL	**431**	**405**	**385**	**387**	**361**	**387**	**383**	**387**

OPERATING INCOME

– quarterly data			2005/06					2004/05
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Electronics	8	3	3	8	-25	-1	-8	-2
Production Services	4	2	4	5	4	5	3	3
BA Digital Image Transmission	2	2	3	1	1	0	2	-1
BA HeathComm	0	1	0	0	-2	-1	-1	0
BA Communication	1	0	1	0	-5	-1	1	0
BA Software	6	5	4	2	6	3	3	2
Units sold*	-	-	-	-	29	0	-1	0
Total for prev division Communication	*10*	*8*	*8*	*3*	*29*	*1*	*4*	*1*
Parent company/eliminations	-6	0	-1	-1	-8	-1	0	-1
GROUP TOTAL	**15**	**13**	**14**	**15**	**0**	**4**	**-1**	**1**

* Units sold refer to companies Delphi and Uniweb 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 Jan-Mar 2005/06	3 months Jan-Mar 2004/05	Financial year Apr-Mar 2005/06	Financial year Apr–Mar 2004/05
Net revenues	431	361	1 608	1 518
Cost of goods sold	-346	-305	-1 267	-1 201
Gross income	**85**	**56**	**341**	**317**
Selling costs	-46	-51	-182	-230
Administrative expenses	-29	-37	-112	-120
Research and development	-1	0	-6	0
Other operating income	6	32	17	38
Other operating costs	0	0	-1	-1
OPERATING RESULT	**15**	**0**	**57**	**4**
(of which depreciation)	*(-4)*	*(-4)*	*(-15)*	*(-18)*
Financial income	1	1	4	2
Financial expenses	-2	-1	-6	-7
RESULT AFTER FINANCIAL ITEMS	**14**	**0**	**55**	**-1**
Taxes	-4	6	-16	6
RESULTAT FOR THE PERIOD	**10**	**6**	**39**	**5**
Result attributable to:				
Parent company shareholders	10	6	39	5
Minority interest	0	0	0	0
Net result for the period	10	6	39	5
Earnings per share, SEK	0.42	0.25	1.63	0.21
Weighted number of shares outstanding after repurchaes (thousands)	23 678	24 078	23 923	24 078
Number of shares outstanding after the period's repurchaes (thousands)	23 678	24 078	23 678	24 078

CONSOLIDATED BALANCE SHEET

MSEK	2006 03 31	2005 03 31
ASSETS		
Goodwill	38	31
Other intangible non-current assets	25	7
Tangible non-current assets	95	92
Financial non-current assets	38	42
Inventories	185	187
Short-term receivables	316	292
Cash and cash equivalents	55	78
TOTAL ASSETS	**752**	**729**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity attributable to the Parent Company's shareholders	393	374
Equity attributable to the minority	0	0
Total shareholders' equity	*393*	*374*
Long-term liabilities	76	71
Short-term liabilities	283	284
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**752**	**729**
Interest-bearing assets	55	78
Interest-bearing liabilities	46	73

Financial development in brief

CONSOLIDATED CASH FLOW STATEMENT

MSEK	3 months Jan–Mar 2005/06	3 months Jan–Mar 2004/05	Financial year Apr–Mar 2005/06	Financial year Apr–Mar 2004/05
Current operations				
Result after financial items	14	0	55	-1
Adjustments for paid taxes, items not included in cash flow, etc.	-4	-20	-3	8
Cash flow from current operations before changes in working capital	**10**	**-20**	**52**	**7**
Cash flow from changes in working capital				
Increase(-)/Decrease(+) in inventories	25	18	17	38
Increase(-)/Decrease(+) in operating receivables	1	15	-7	-19
Increase(+)/Decrease(-) in operating liabilities	-12	10	24	10
CASH FLOW FROM CURRENT OPERATIONS	**24**	**23**	**86**	**36**
Investment operations				
Investments in subsidiaries and other business units	-	0	-28	-15
Sales of subsidiaries and other business units	-	16	-	16
Investments in other non-current assets, net	-4	-2	-17	-7
CASH FLOW FROM INVESTMENT OPERATIONS	**-4**	**14**	**-45**	**-6**
Financing operations				
Dividends & repurchases of own shares	-	-	-28	-22
Financing operations	-41	-92	-37	-67
CASH FLOW FROM FINANCING OPERATIONS	**-41**	**-92**	**-65**	**-89**
CASH FLOW FOR THE PERIOD	**-21**	**-55**	**-24**	**-59**
Liquid funds at beginning of period	76	132	78	138
Translation difference in liquid funds	0	1	1	-1
Liquid funds at end of period	55	78	55	78

CHANGE IN SHAREHOLDERS' EQUITY

MSEK	Apr–Mar 2005/06	Apr–Mar 2004/05
Opening balance	374	393
Repurchases of own shares	-10	-
Dividend	-18	-22
Period's translation difference	8	-2
Net result for the period	39	5
Closing balance	393	374

KEY FINANCIAL INDICATORS

	2005/06	2004/05	2003/04	2002/03	Financial year 2001/02
Change in net revenues. %	5.9	-3.2	7.2	-26.2	-24.1
Operating margin. %	3.5	0.3	1.7	1.8	4.1
Profit margin. %	3.4	-0.1	1.5	1.1	4.0
Equity ratio. %	52.3	51.3	47.3	56.4	53.2
Debt equity ratio	0.1	0.2	0.3	0.2	0.3
Net debt equity ratio	0.0	0.0	0.0	0.0	-0.1
Interest coverage ratio	14	1	4	2	5
Net interest-bearing liabilities (+) / receivables (-). MSEK	-9	-5	2	-19	-44
Number of employees at end of period	541	512	585	573	652
Revenues outside Sweden. MSEK	1 053	941	1 071	936	1 302
Per-share data					
Number of shares outstanding at end of period after repurchases (thousands)	23 678	24 078	24 078	25 078	26 941
Weighted number of shares outstanding after repurchases (thousands)	23 923	24 078	24 696	26 561	27 609
Operating result per share. SEK	2.38	0.17	1.09	1.02	2.93
Result per share, SEK	1.63	0.21	0.57	0.34	1.96
Cash flow per share, SEK	-1.00	-2.45	1.21	-2.03	-0.87
Shareholders' equity per share, SEK	16.60	15.50	16.70	17.60	18.00
Latest market price paid per share, SEK	30.10	19.50	22.60	16.50	34.00

Definitions are found on page 25 of the most recent Annual Report. Year 2004/05 is 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 2005 03 31	Period's result Apr–Mar 2004/05
In accordance with prior accounting principles	379	5
Effects of IFRS 16:		
Revaluation of properties *	-1	0
Effects of IFRS 3:		
Intangible assets *	5	-6
Goodwill*	-8	5
Effects of IAS 21		
Adjustment for capital gain on sales of subsidiaries	0	-1
Tax effects *	-1	2
	-5	0
In accordance with current accounting principles (IFRS)	374	5

* 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 21 (26) and the result after net financial items was MSEK –3 (49). This result includes exchange rate adjustments on intra-Group lending in an amount of MSEK 0 (–2). Dividends from subsidiaries amounted to MSEK 9 net (60).

The Parent Company has an approved committed credit facility of MSEK 250. MSEK 0 thereof was utilised compared to MSEK 35 at the beginning of the financial year. Other liquid funds amounted to MSEK 5 compared to MSEK 0 at the beginning of the financial year.

EMPLOYEES

At the end of the period the number of employees in the Group was 541, which can be compared to 512 at the beginning of the period. The increase is explained by acquired business.

SHARE DISTRIBUTION AND REPURCHASES

The share capital at the end of the period amounted to MSEK 48.8 after completing the cancellation resolved by the regularly scheduled Annual General Meeting held 24 August 2005 of 1,500,000 class B shares previously repurchased by Lagercrantz Group. 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	-736 423
TOTAL	**23 677 809**

In November 2005 400,000 class B shares were repurchased, after which Lagercrantz holds 736,423 class B shares in treasury, equivalent to 3.0 percent of the number of shares outstanding and 2.1 percent of the votes in Lagercrantz. The average cost of the repurchased shares amounts to SEK 23.12 per share.

CORPORATE ACQUISITIONS

On 1 April 2005 Lagercrantz took possession of the Danish company ISIC and is thus included for the full financial year 2005/06. The acquisition sum corresponded to MSEK 27. The company had revenues of 71 MSEK in 2005/06 and hade 33 employees at year end.

In February 2006 Lagercrantz Group announced that Nordic Alarm had been acquired. The company is one of the leading players in the field of technical security systems in Sweden. Nordic Alarm is specialised in delivering integrated systems for high security objects. The company is expected to have revenues in the order of MSEK 100 during the 2006 calendar year and has approximately 50 employees. In the calender year 2005, the company had revenues of MSEK 67. The acquisition sum amounted to MSEK 33. Conditional on the result of the company, an additional acquisition sum can be paid.Closing took place as of 3 April 2006. Nordic Alarm will be part of division Communications.

EVENTS AFTER THE BALANCE SHEET DATE 31 MARCH 2006

From 1 April 2006 the Group is organised in three divisions: Electronics, Mechatronics and Communications. The closing for Nordic Alarm took place as of 3 April 2006.

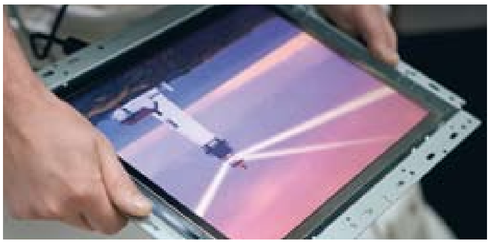
ANNUAL MEETING 2006

The Annual Meeting for the 2005/06 financial year will be held at 4:00 p.m., 23 August 2006, at IVA conference centre, Grev Turegatan 16, Stockholm. Information pertaining to the meeting will be sent to shareholders of record on a current basis and will be available at the Company's website.

DIVIDEND

The Board of Directors proposes a dividend of SEK 1,00 (0.75) per share. The dividend is equivalent to a total of MSEK 24 (18).

Other information



REPURCHASE OF SHARES

The Board of Directors proposes a renewal of the mandate of the Board of Directors to repurchase own shares. The proposal includes a mandate for the Board of Directors to repurchase own shares during the period until the next following regularly scheduled Annual Meeting so that the Company's holdings from time to time does not exceed 10 percent of the total number of shares outstanding. Repurchases shall be made via the Stockholm Stock Exchange. The mandate of the Board of Directors is also proposed to include the possibility of using repurchased shares as payment for acquisitions, or to sell repurchased shares in ways other than via the Stockholm Stock Exchange to finance acquisitions.

A notice for the Annual Meeting will be sent to shareholders during the month of July. Information pertaining to the Annual Meeting will also be available on the Company's website.

Stockholm, 9 May 2006

Jörgen Wigh
President & CEO

REPORT ON REVIEW

Introduction

We have reviewed the accompanying year-end report for the period 1 April 2005 to 31 March 2006. The board of directors and the president are responsible for the preparation and presentation of this financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this financial information based on our review.

Scope of review

We conducted our review in accordance with Standard on Review Engagements SÖG 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by FAR (the institute for the accountancy profession in Sweden). A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Sweden, RS, and other good auditing practice. The procedures in connection with a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a review does not guarantee the same assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information is not prepared, in all material respects, in accordance with IAS 34.

Stockholm, 9 May 2006

KPMG Bohlins AB
George Pettersson
Authorised Public Accountant

Lagercrantz Group in brief

LAGERCRANTZ GROUP IN BRIEF

Lagercrantz Group is a technology trading group in electronics, communication and adjacent areas. The Group operates in a decentralised mode with value-creating sales close to its customers in several expansive niches.

The business is organised in three divisions: Division Electronics is primarily involved in marketing solutions in wireless industrial communication and embedded systems. Division Mechatronics offers electro-mechanical components and production of cable harnesses. Division Communications provides solutions in digital image transmission/technical security, design software and access products.

Customers are primarily manufacturing companies where Lagercrantz today is represented in 8 countries in Northern Europe and in Hong Kong.

The Group has revenues of more than MSEK 1,600 and has approximately 600 employees.

CALENDAR

• Annual Report 2005/06	Mid-July 2006
• Interim report for the period 1 April – 30 June 2006	14 August 2006
• Annual General Meeting 2006	23 August 2006
• Interim report for the period 1 April– 30 September 2006	7 November 2006

FOR FURTHER INFORMATION, CONTACT

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