



QUARTERLY REPORT

1 APRIL – 30 JUNE 2006

- Net revenues during the first quarter (3 months) increased to MSEK 431 (387), equivalent to 11 percent.
- Operating income for the first quarter increased to MSEK 21 (15).
- Income after taxes increased to MSEK 14 (10).
- Earnings per share increased to SEK 0.59 (0.42).
- New group structure from 1 April 2006.
- Nordic Alarm AB is included from April 2006 and the Elpress group from June 2006.

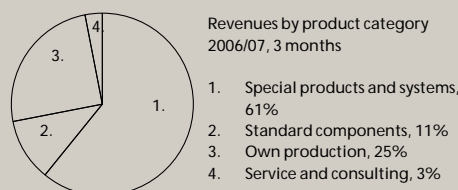
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Current reporting period
1 April–30 June
2006



NEW GROUP STRUCTURE FROM 1 APRIL 2006

From financial year 2006/2007, which commenced 1 April 2006, the Group is organised in three divisions: Electronics, Mechatronics and Communications. Comparative data for the preceding year have been adjusted to account for this change.

NET REVENUES AND RESULT

Net revenues of the Lagercrantz Group during the first quarter of 2006/07 (1 April – 30 June 2006) increased by 11 percent to MSEK 431 (387). The increase in revenue is due primarily to acquired companies, which contributed approximately MSEK 41 during the period. The Group noted a weaker beginning of the quarter compared to the year before, primarily due to a smaller number of selling days. This primarily affected divisions Electronics and Mechatronics. The development then grew stronger as the quarter progressed.

Operating income during the first quarter increased to MSEK 21 (15), equivalent to an operating margin of 4.9 percent (3.9). The increase in income is due to an improved result in division Communications. The result also developed positively during the current year by approximately MSEK 5 by a sale of real estate, which is accounted for among other consolidation items.

Income after financial items for the period amounted to MSEK 19 (15). Changes in foreign exchange rates affected the Group's income by approximately MSEK -1 during the period (1).

Earnings per share increased to SEK 0.59 (0.42).

The Group continued to record increased order bookings, both compared to the corresponding year-ago quarter as well as for the immediately preceding quarter. In addition hereto, acquired companies will affect revenues and order bookings positively during the current year.

PROFITABILITY, FINANCIAL POSITION & CAPITAL EXPENDITURES

The return on capital employed for the past 12-month period was 11.6 percent, compared to 13.4 percent for the 2005/2006 financial year. The corresponding numbers for return on equity were 10.7 percent and 10.2 percent, respectively.

Cash flow from current operations amounted to MSEK -25 (4). The decrease is due to increase in working capital.

Companies for approximately MSEK 132 were acquired during the quarter. Other investments in non-current assets amounted to MSEK 16 (5). Proceeds for the sale of real estate will be accounted for during coming quarters. No shares were repurchased during the first quarter.

The Group showed a financial net liability at the end of the period of MSEK 210, as compared with a net claim of MSEK 9 at the beginning of the financial year. The change is primarily explained by financing raised in connection with acquisitions.

Shareholders' equity per share amounted to SEK 17.00, as compared with SEK 16.60 at the beginning of the financial year. The equity ratio at the end of the period stood at 40 percent, as compared with 52 percent at the beginning of the financial year.

MSEK	Net revenues			Operating income		
	3 months Apr-Jun 2006/07	3 months Apr-Jun 2005/06	12 months 2005/06	3 months Apr-Jun 2006/07	3 months Apr-Jun 2005/06	12 months 2005/06
Electronics	183	187	745	4	6	22
Mechatronics	99	86	331	5	7	15
Communications	149	114	532	6	3	28
Parent Company/Consolidation items	-	-	-	6	-1	-8
GROUP TOTAL	431	387	1608	21	15	57

Divisions



ELECTRONICS

The division is a value-creating distributor of niche components and systems in electronics. Sales are based on customer-adapted solutions where components are designed into customers' products. The division's orientation is into two product areas: Wireless industrial communication (M2M) - where the division, among other things, is a leading distributor of GSM modules in northern Europe - and Embedded systems, where the division, among other things, is a leader in sales of industrial and marine PCs.

Net revenues for the first quarter decreased slightly to MSEK 183 (187) due to a weaker beginning of the quarter compared to the preceding year. The positive trend in order bookings in the division's main areas continued during the period, especially in the field of Embedded systems.

Operating income amounted to MSEK 4 (6), equivalent to a margin of 2.2 percent (3.2). The reason for the decline is a lower volume.

The transformation of the businesses in the direction of growth niches with increased value added and more solution sales continues. Clear improvements are seen in certain businesses in Poland, Denmark, England, Finland and Germany. In other places the change takes more time.

MECHATRONICS

The division is a leading manufacturer of customised cable harnesses and kindred products for customers primarily in the electric and manufacturing industries. The products tailor-made to meet customers' stringent requirements. The division is also a leading producer of electric connection systems for the Nordic market. The division is also deals in electromechanical and passive components, connectors and electrical components.

Net revenues for the first quarter increased to MSEK 99 (86). The increase in revenues was recorded during the latter part of the quarter and is due primarily to the consolidation of the Elpress group from June, but also to commencement of deliveries in Denmark relating to previously taken orders in the wind power market segment.

Operating income during the quarter amounted to MSEK 5 (7), equivalent to an operating margin of 5.1 percent (8.1). The decline in earnings is due to a lower result in the division's trading operations compared to the preceding year.

The inclusion of the Elpress group and a more rapid rate of deliveries in the Danish operations will have a positive effect on revenues and earnings compared to the start of the year.

COMMUNICATIONS

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

Net revenues for the first quarter increased to MSEK 149 (114). The increase is due primarily to continued success in selling CAD software and access products for marine communication, but also to the fact that Nordic Alarm is included from April.

Operating income increased to MSEK 6 (3) during the period, equivalent to an operating margin of 4.0 percent (2.6). The increase is due primarily to higher revenues and stronger margins in several areas.

Continued growth is seen for the division, especially in CAD software, video conferencing solutions and technical security, during the current year.



ACCOUNTING POLICIES AND COMMENTS

This interim report has been compiled 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 policies applied are those presented in the Annual Report for 2005/2006.

NET REVENUES

– quarterly data	2006/07				2005/06
	Q1	Q4	Q3	Q2	Q1
MSEK					
Electronics	183	196	186	176	187
Mechatronics	99	83	78	84	86
Communications	149	152	141	125	114
Parent Company/Consolidation items	-	-	-	-	-
GROUP TOTAL	431	431	405	385	387

OPERATING INCOME

– quarterly data	2005/06				
	Q1	Q4	Q3	Q2	Q1
MSEK					
Electronics	4	13	3	0	6
Mechatronics	5	-1	3	6	7
Communications	6	9	7	9	3
Parent Company/Consolidation items	6	-6	0	-1	-1
GROUP TOTAL	21	15	13	14	15

CONSOLIDATED INCOME STATEMENT

MSEK	3 months	3 months	Rolling 12 months	Financial year
	Apr-Jun 2006/07	Apr-Jun 2005/06	Jul-Jun 2005/06	Apr-Mar 2005/06
Net revenues	431	387	1 652	1 608
Cost of goods sold	-327	-301	-1 293	-1 267
Gross income	104	86	359	341
Selling costs	-60	-49	-193	-182
Administrative expenses	-29	-24	-117	-112
Research and development	-1	-1	-6	-6
Other operating income	8	4	21	17
Other operating costs	-1	-1	-1	-1
OPERATING RESULT	21	15	63	57
<i>(of which depreciation)</i>	<i>(-5)</i>	<i>(-4)</i>	<i>(-18)</i>	<i>(-15)</i>
Financial income	1	1	4	4
Financial expenses	-3	-1	-8	-6
RESULT AFTER FINANCIAL ITEMS	19	15	59	55
Taxes	-5	-5	-16	-16
RESULTAT FOR THE PERIOD	14	10	43	39
Result attributable to:				
Parent company shareholders	14	10	43	39
Minority interest	0	0	0	0
Net result for the period	14	10	43	39
Earnings per share, SEK	0.59	0.42	1.80	1.63
Weighted number of shares outstanding after repurchases (thousands)	23 678	24 078	23 823	23 923
Number of shares outstanding after the period's repurchases (thousands)	23 678	24 078	23 678	23 678

Financial development in brief



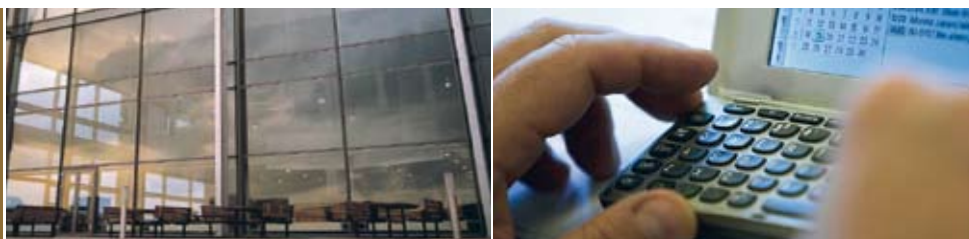
CONSOLIDATED BALANCE SHEET

MSEK	2006 06 30	2005 06 30	2006 03 31
ASSETS			
Goodwill	97	37	38
Other intangible non-current assets	82	22	25
Tangible non-current assets	106	97	95
Financial non-current assets	45	45	38
Inventories	231	201	185
Short-term receivables	399	322	316
Cash and cash equivalents	47	67	55
TOTAL ASSETS	1 007	791	752
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to the Parent Company's shareholders	402	398	393
Equity attributable to the minority	0	0	0
<i>Total shareholders' equity</i>	402	398	393
Long-term liabilities	86	72	76
Short-term liabilities	519	321	283
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 007	791	752
Interest-bearing assets	47	67	55
Interest-bearing liabilities	257	94	46

CONSOLIDATED CASH FLOW STATEMENT

MSEK	3 months Apr-Jun 2006/07	3 months Apr-Jun 2005/06	Financial year Apr-Mar 2005/06
Current operations			
Result after financial items	19	15	55
Adjustments for paid taxes, items not included in cash flow, etc.	-6	2	-3
Cash flow from current operations before changes in working capital	13	17	52
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories	-2	1	17
Increase(-)/Decrease(+) in operating receivables	-22	-13	-7
Increase(+)/Decrease(-) in operating liabilities	-14	-1	24
CASH FLOW FROM CURRENT OPERATIONS	-25	4	86
Investment operations			
Investments in business units	-130	-26	-28
Investments in other non-current assets, net	-16	-5	-17
CASH FLOW FROM INVESTMENT OPERATIONS	-146	-31	-45
Financing operations			
Dividends & repurchases of own shares	-	-	-28
Financing operations	164	15	-37
CASH FLOW FROM FINANCING OPERATIONS	-41	15	-65
CASH FLOW FOR THE PERIOD	-7	-12	-24
Liquid funds at beginning of period	55	78	78
Translation difference in liquid funds	-1	1	1
Liquid funds at end of period	47	67	55

Financial development in brief



CHANGE IN SHAREHOLDERS' EQUITY

MSEK

	Apr-Jun 2006/07	Apr-Jun 2005/06
Opening balance	393	374
Period's translation difference	-5	14
Net result for the period	14	10
Closing balance	402	398

KEY FINANCIAL INDICATORS

	3 months Apr-Jun 2006/07	3 months Apr-Jun 2005/06	2005/06	2004/05	2003/04	2002/03	Financial year 2001/02
Change in net revenues. %	11.4	0.0	5.9	-3.2	7.2	-26.2	-24.1
Operating margin. %	4.9	3.9	3.5	0.3	1.7	1.8	4.1
Profit margin. %	4.4	3.9	3.4	-0.1	1.5	1.1	4.0
Equity ratio. %	39.9	50.3	52.3	51.3	47.3	56.4	53.2
Debt equity ratio	0.6	0.2	0.1	0.2	0.3	0.2	0.3
Net debt equity ratio	0.5	0.1	0.0	0.0	0.0	0.0	-0.1
Interest coverage ratio	10	12	14	1	4	2	5
Net interest-bearing liabilities (+)/receivables (-). MSEK	210	27	-9	-5	2	-19	-44
Number of employees at end of period	737	551	543	512	585	573	652
Revenues outside Sweden. MSEK	314	246	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	23 678	24 078	24 078	25 078	26 941
Weighted number of shares outstanding after repurchases (thousands)	23 678	24 078	23 923	24 078	24 696	26 561	27 609
Operating result per share. SEK	0.88	0.62	2.38	0.17	1.09	1.02	2.93
Result per share, SEK	0.59	0.42	1.63	0.21	0.57	0.34	1.96
Cash flow per share, SEK	-0.29	-0.50	-1.00	-2.45	1.21	-2.03	-0.87
Shareholders' equity per share, SEK	17.00	16.50	16.60	15.50	16.70	17.60	18.00
Latest market price paid per share, SEK	28.80	21.00	30.10	19.50	22.60	16.50	34.00

Definitions are found on page 27 of the most recent Annual Report. Year 2004/05 onwards are recalculated in accordance with IFRS. Prior years have not been recalculated.

Other information



PARENT COMPANY AND OTHER CONSOLIDATION ITEMS

The Parent Company's internal net revenues amounted to MSEK 5 (5) and the result after net financial items was MSEK -3 (9). This result includes exchange rate adjustments on intra-Group lending in an amount of MSEK -1 (0). Dividends from subsidiaries amounted to MSEK 0 (9) net.

The Parent Company has an approved committed credit facility of MSEK 250. MSEK 165 thereof was utilised compared to MSEK 0 at the beginning of the financial year. Other liquid funds amounted to MSEK 0 compared to MSEK 5 at the beginning of the financial year.

A property was sold in Denmark during the period, which gave rise to a capital gain of approximately MSEK 5. Lagercrantz conducted no business at the property in question.

EMPLOYEES

At the end of the period the number of employees in the Group was 737, which can be compared to 543 at the beginning of the period. The increase is explained by acquired businesses.

SHARE DISTRIBUTION AND REPURCHASES

The share capital at the end of the period amounted to MSEK 48.8. 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

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. The quotient value per share is SEK 2.00.

CORPORATE ACQUISITIONS

In February 2006 Lagercrantz Group acquired Nordic Alarm AB. The company is one of the leading players in technical security systems in Sweden. Nordic Alarm is specialised in delivering integrated security systems for high security objects. The company is expected to generate revenues in the order of MSEK 100 during calendar 2006 and it has approximately 50 employees. For the 2005 calendar year revenues were MSEK 67. The purchase money amounted to MSEK 33. Additional purchase money may be payable depending on the company's earnings. The closing took place 3

April 2006.

On 1 June 2006 producer of electrical connection systems, Elpress AB with subsidiaries, was acquired for MSEK 99. Historically, the company has shown stable profitability and is expected to generate calendar 2006 revenues of over MSEK 180, with a result after financial items, but before acquisition costs, in the range of MSEK 16. The Elpress group has approximately 150 employees.

The acquired businesses have affected consolidated net revenues and income before taxes during the period by about MSEK 41 and MSEK 2, respectively. Had both acquisitions been made 1 April 2006, the effect on net revenues and income before taxes had been MSEK 73 and MSEK 3, respectively.

The purchase money paid has resulted in intangible surplus values of MSEK 92, 63 percent of which is goodwill.

EVENTS AFTER THE BALANCE SHEET DATE 30 JUNE 2006

No significant events have occurred after the balance sheet date.

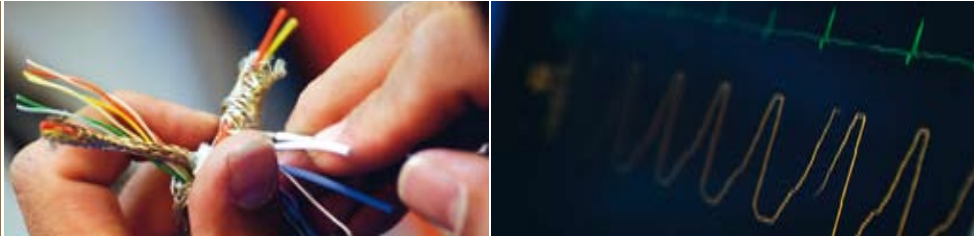
ANNUAL MEETING 2006

The 2006 Annual Meeting for the 2005/06 will be held at 4:00 p.m., 23 August 2006 at IVA conference centre, Grev Turegatan 16, Stockholm. The last day for filing notice to attend the Annual Meeting is 3:00 p.m., Friday, 18 August 2006. Notice may be given by mail, by telephone +46-8-700 66 70, by telefax +46-8-28 18 25, or by e-mail to info@lagercrantz.com.

Stockholm, 14 August 2006

Jörgen Wigh
President & Chief Executive Officer

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



LAGERCRANTZ GROUP IN BRIEF

Lagercrantz Group is a technology trading group in electronics, electrics, 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 electric and electro-mechanical components as well as production of cable harnesses and electric connection systems. Division Communications provides solutions in digital image transmission/technical security, design software and access products. Customers are primarily manufacturing companies.

Lagercrantz is today active in eight countries in Northern Europe and in Hong Kong.

The Group had revenues of more than 1 600 MSEK in 2005/06 and has approximately 750 employees.

CALENDAR

- Annual General Meeting 2006 23 August 2006
- Interim report for the period 1 April– 30 September 2006 7 November 2006
- Interim report for the period 1 April– 31 December 2006 8 February 2007
- Year-end report for the period 1 April 2006– 31 March 2007 9 May 2007

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