

Interim Report 2009/10

1 April – 30 June 2009 (3 months)

- Net revenue for the quarter amounted to MSEK 434 (532).
- The Group's businesses continued to adapt operations to the lower demand during the quarter. Actions focused on measures to reduce costs and working capital.
- Operating profit for the first quarter 2009/10 amounted to MSEK 13 (33). The operating margin dropped to 3.0 percent (6.2).
- Profit after financial items amounted to MSEK 10 (31) and profit after taxes to MSEK 7 (22).
- Earnings per share amounted to SEK 0.32 (0.98). For the most recent twelve-month period earnings per share was SEK 2.39.
- Cash flow per share from operating activities amounted to SEK 6.36 for the most recent twelve-month period (SEK 6.15 for the 2008/09 financial year).
- The return on equity was 11 percent for the most recent twelve-month period (20 percent) and the equity ratio stood at 52 percent at the end of the period (49 percent at the beginning of the financial year).
- The Annual General Meeting will be held 31 August 2009. The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share.

Lagercrantz is a technology trading group in electronics, electrics, communications and adjacent areas. The Group works with value-adding sales in close proximity to its customers and commands market-leading positions in several expansive niches. Operations are organised in three divisions.

NET REVENUE AND PROFIT

Lagercrantz Group's net revenue for the first quarter 2009/10 (1 April – 30 June 2009) amounted to MSEK 434 (532). The decline in revenue during the quarter is explained by weaker demand in most of the Group's operating areas as a consequence of the current recession. Uncertainty surrounding the market's future development continues to be great. There has been a certain stabilisation of demand in some of the Group's businesses, whereas action continues in others to avert the effects of the downturn.

Adaptation of the Group's businesses operations continued during the quarter. Measures taken focus on activities to reduce costs and working capital.

Some fifty additional employees left the Group during the quarter. Staffing has thus been reduced by just over 110 persons since autumn 2008. Other measures include restructuring and integration of certain smaller operations in other units within the Group.

Capital efficiency-promoting action has had the effect of reducing inventories and trade receivables during the quarter.

Operating profit for the first quarter of 2009/10 amounted to MSEK 13 (33). The operating margin declined to 3.0 percent (6.2).

Profit after finance items amounted to MSEK 10 (31).

Exchange rate changes affected the Group's profit before taxes by a total of MSEK –2 (–1) during the quarter, a major portion of which affected operating profit.

The period's profit for the first quarter amounted to MSEK 7 (22), equivalent to earnings per share of SEK 0.32 (0.98).

Earnings per share for the most recent twelve-month period amounted to SEK 2.39, as against SEK 3.05 for the 2008/09 financial year.

PROFITABILITY AND FINANCIAL POSITION

The return on capital employed for the most recent twelve-month period was 13 percent, compared to 21 percent for the corresponding year-ago period. The corresponding figure for return on equity was 11 percent and 20 percent, respectively.

Shareholders' equity per share amounted to SEK 23.60, the same level as at the beginning of the financial year. The equity ratio at the end of the period stood at 52 percent, compared to 49 percent at the beginning of the year. The Group showed a financial net liability at the end of the period of MSEK 90, as compared with MSEK 78 at the beginning of the year. The Group's net debt equity is unchanged at 0.2.

CASH FLOW AND CAPITAL EXPENDITURES

The cash flow from operating activities amounted to MSEK –5 (–9) during the first quarter. Efforts to reduce capital tied up in the business lead to a decline in the Group's inventories and trade receivables of MSEK 45 during the first quarter. Capital expenditures in non-current assets amounted to MSEK 6, gross (4). No shares were repurchased during Q1.

| SEGMENT AND GROUP RECONCILIATION | Net revenue | | | Operating profit | | |
|---|----------------|----------------|----------------------|------------------|----------------|-----------------------|
| | Q 1 2009/10 | Q 1 2008/09 | 12 months 2008/09 | Q 1 2009/10 | Q 1 2008/09 | 12 months 2008/09* |
| MSEK | | | | | | |
| Electronics | 149 | 183 | 727 | 3 | 8 | 24 |
| Operating margin | | | | 2.0% | 4.4% | 3.3% |
| Mechatronics | 118 | 166 | 628 | 5 | 15 | 49 |
| Operating margin | | | | 4.2% | 9.0% | 7.8% |
| Communications | 167 | 183 | 783 | 8 | 12 | 52 |
| Operating margin | | | | 4.8% | 6.6% | 6.6% |
| Parent Company/Consolidation eliminations | | – | – | –3 | –2 | –20 |
| GROUP TOTAL | 434 | 532 | 2 138 | 13 | 33 | 105 |
| Operating margin | | | | 3.0% | 6.2% | 4.9% |
| Finance items | | | | –3 | –2 | –11 |
| PROFIT BEFORE TAXES | | | | 10 | 31 | 94 |

* Operating profit and operating margin for 2008/09 are shown including items affecting comparability.

NET REVENUE AND PROFIT BY DIVISION FOR THE FIRST QUARTER

Electronics

Net revenue for the quarter amounted to MSEK 149 (183). Most of the division's companies encountered lower demand due to the current state of the economy.

Adaptation of the businesses to the lower level of demand is ongoing. Among other things, there is a concentration of operations to the larger markets, product line development with focus on gross margins, cost-cutting action and slimming of the organisation.

Operating profit amounted to MSEK 3 (8), which is equivalent to an operating margin of 2.0 percent (4.4).

Mechatronics

Net revenue for the quarter amounted to MSEK 118 (166). Revenue declined across the board for the division's companies due to the economic trend. In some of the businesses certain stabilisation of demand was noted during the quarter.

Efforts to reduce costs and streamlining operations continued during the first quarter. Action included personnel reductions as well as working capital reduction.

Operating profit declined to MSEK 5 (15), equivalent to a margin of 4.2 percent (9.0).

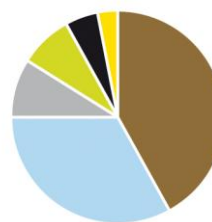
Communications

Net revenue amounted to MSEK 167 (183). Sales increased in the area of digital image/technical security. In the access area demand was stable for certain niched IT and telecom products. Other areas encountered weaker demand.

Action was taken in most of the division's units to adapt operations to the lower level of demand.

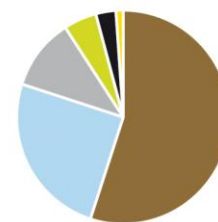
Operating profit for the first quarter amounted to MSEK 8 (12), equivalent to a margin of 4.8 percent (6.6).

Revenue by country
3 months 2009/10



Sweden 42%
Denmark 33%
Finland 9%
Norway 8%
Germany 5%
Other 3%

Revenue by business type
3 months 2009/10



Trading 55%
Proprietary products 25%
Niche production 11%
Systems integration 5%
Service 3%
Other 1%

PARENT COMPANY AND OTHER CONSOLIDATION ITEMS

The Parent Company's internal net revenue for the quarter amounted to MSEK 6 (7) and profit after net finance items was MSEK 55 (65). This result includes exchange rate adjustments on intra-Group lending of MSEK 1 (0). Dividend income from subsidiaries amounted to MSEK 59 (70).

Capital expenditures in non-current assets amounted to MSEK 0, net, (0). The Parent Company has a committed credit facility of MSEK 250. The positive balance at the end of the period was MSEK 3; at the beginning of the financial year the positive balance was MSEK 7. The Parent Company has a long-term acquisition credit in the amount of MSEK 69. There were liquid funds in the amount of MSEK 0 at the end of the period as compared with MSEK 0 at the beginning of the financial year. The Parent Company's equity ratio stood at 72 percent at the end of the period as against 65 percent at the beginning of the year.

EMPLOYEES

At the end of the period the number of employees in the Group was 693, which can be compared with 742 at the beginning of the financial year. The decrease is explained by measures taken in the Group.

SHARE DISTRIBUTION AND REPURCHASES

The share capital amounted to MSEK 48.9 at the end of the period. The distribution on classes of shares is as follows:

Classes of shares

| | |
|---------------------------------|-------------------|
| Class A shares | 1,094,654 |
| Class B shares | 22,078,655 |
| Class B shares held in treasury | -1,195,500 |
| Total | 21,977,809 |

Lagercrantz owns 1,195,500 class B shares, which is equivalent to 5.2 percent of the total number of shares outstanding and 3.6 percent of the votes in Lagercrantz. Shares held in treasury cover, inter alia, the Company's obligations under outstanding option programmes, where a total of 695,500 options have been acquired by members of senior management (awards 2006, 2007 and 2008) with a strike price of SEK 36.00, SEK 44.40 and SEK 36.80, respectively, per call option. The average acquisition cost for repurchased shares amounts to SEK 25.57 per share. The quotient value per share is SEK 2.11.

RISKS AND FACTORS OF UNCERTAINTY

The most important risk factors for the Group are the state of the economy, structural changes in the market, supplier and customer dependence, the competitive situation and foreign exchange trends. A broad and general downward economic trend and increased uncertainty has affected demand for most of the Group's companies. The Group is therefore taking a number of steps with respect to costs, working capital and capital expenditures and there is growing vigilance around the future development. Reference is made to the 2008/09 Annual Report for additional detail. The Parent Company is affected by the above mentioned risks and factors of uncertainty by virtue of its function as owner of its subsidiaries.

RELATED PARTY DISCLOSURES

Transactions between Lagercrantz and related parties that have had a significant effect on the Group's financial position and profit have not occurred.

ACCOUNTING POLICIES

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which is accordance with the provisions of RFR 2.2 Accounting for legal entities. For the Group and the Parent Company the same accounting principles and calculation methods have been applied as in the most recent Annual Report.

Starting in 2009/10, the Group applies IFRS 8 Operating segments and amendments to IAS 1 Presentation of Financial Statements, IAS 23 Borrowing Costs and IAS 27, which deals with matters such as reporting of dividend income from subsidiaries. None of these have a significant effect on the Group's reports or any effect on profit and financial position.

ANNUAL GENERAL MEETING 2009

The 2009 Annual General Meeting will be held 31 August 2009 at IVA conference centre, Grev Turegatan 16, Stockholm.

All shareholders of record five days before the Meeting may participate personally or via proxy. Notice should be given to the Company in accordance with what is stated in the notice.

EVENTS AFTER THE BALANCE SHEET DATE

No events of significance for the Company have occurred after the balance sheet date 30 June 2009.

Stockholm, 21 July 2009

Jörgen Wigh

President & CEO

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

| | |
|--|---|
| Reporting schedule | |
| 31 Aug. 2009 | Annual General Meeting for the 2008/09 financial year |
| 11 Nov. 2009 | Interim report for the period 1 April – 30 September 2009 |
| 9 Feb. 2010 | Interim report for the period 1 April – 31 December 2009 |
| 11 May 2010 | Year-end report for the period 1 April 2009 – 31 March 2010 |
| Lagercrantz Group in brief | |
| Lagercrantz Group is a technology trading group in electronics, electrics, communications and adjacent areas. The Group operates in a decentralised mode with value-creating sales in close proximity to its customers and markets and has a leading position in several expansive niches. | |
| For additional information, contact Jörgen Wigh, President & CEO, phone +46 (0)8 700 66 70 Niklas Enmark, CFO, phone +46 (0)8 700 66 70 | |
| Lagercrantz Group AB (publ) Box 3508, 103 69 Stockholm Phone: + 46 (0)8 700 66 70 · Fax + 46 (0)8 28 18 05 Organisation number 556282-4556, www.lagercrantz.com. | |

This information is published in accordance with the Swedish Securities Market Act, the Swedish Act on Trading in Financial Instruments and the rules and regulations of NASDAQ OMX Stockholm. The information was released for publication at 12:20 a.m., 21 July 2009.

| NET REVENUE MSEK | 2009/10 | | | | 2008/09 |
|---|------------|------------|------------|------------|------------|
| | Q 1 | Q 4 | Q 3 | Q 2 | Q 1 |
| Electronics | 149 | 187 | 181 | 176 | 183 |
| Mechatronics | 118 | 140 | 163 | 159 | 166 |
| Communications | 167 | 201 | 213 | 186 | 183 |
| Parent Company/Consolidation eliminations | – | – | – | – | – |
| GROUP TOTAL | 434 | 528 | 557 | 521 | 532 |

| OPERATING PROFIT MSEK | 2009/10 | | | | 2008/09 |
|---|-----------|-----------|-----------|-----------|-----------|
| | Q 1 | Q 4 | Q 3 | Q 2 | Q 1 |
| Electronics | 3 | 7 | 3 | 6 | 8 |
| Mechatronics | 5 | 4 | 13 | 17 | 15 |
| Communications | 8 | 7 | 17 | 16 | 12 |
| Parent Company/Consolidation eliminations | –3 | –8 | –3 | –7 | –2 |
| GROUP TOTAL | 13 | 10 | 30 | 32 | 33 |

CONSOLIDATED INCOME STATEMENT

| MSEK | 3 months | 3 months | Moving 12 months | Financial year |
|--|-------------------|-------------------|-------------------|-------------------|
| | Apr.-June 2009/10 | Apr.-June 2008/09 | July–June 2008/09 | Apr.–Mar. 2008/09 |
| Net revenue | 434 | 532 | 2,040 | 2,138 |
| Cost of goods sold | –318 | –385 | –1,509 | –1,576 |
| GROSS PROFIT | 116 | 147 | 531 | 562 |
| Selling costs | –63 | –77 | –288 | –302 |
| Administrative expenses | –37 | –36 | –158 | –157 |
| Research and development expenses | –3 | –2 | –11 | –10 |
| Other operating income and operating expenses | 0 | 1 | 11 | 12 |
| OPERATING PROFIT | 13 | 33 | 85 | 105 |
| (of which depreciation) | (–6) | (–6) | (–25) | (–25) |
| Net finance items | –3 | –2 | –12 | –11 |
| PROFIT AFTER FINANCE ITEMS | 10 | 31 | 73 | 94 |
| Taxes | –3 | –9 | –20 | –26 |
| NET PROFIT FOR THE PERIOD | 7 | 22 | 53 | 68 |
| Earnings per share, SEK | 0.32 | 0,98 | 2,39 | 3.05 |
| Weighted number of shares outstanding after repurchases ('000) | 21,978 | 22,478 | 22,163 | 22,287 |
| Number of shares outstanding after period's repurchases ('000) | 21,978 | 22,478 | 21,978 | 21,978 |

In view of the strike price on outstanding call options during the period (SEK 36.00, SEK 44.40 and SEK 36.80) and the average market price of the share (SEK 24.63) during the most recent twelve-month period when the option programmes were outstanding, there was no dilutive effect during the most recent twelve-month period. Nor was there any dilutive effect during the latest quarter as the average market price (SEK 25.71) was lower than the strike price.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

| MSEK | 3 months | 3 months | Moving 12 months | Financial year |
|---|-------------------|-------------------|-------------------|-------------------|
| | Apr.-June 2009/10 | Apr.-June 2008/09 | July–June 2008/09 | Apr.–Mar. 2008/09 |
| Net profit for the period | 7 | 22 | 53 | 68 |
| OTHER TOTAL PROFIT | | | | |
| Change in fair value of hedging reserve | 1 | 2 | –4 | –3 |
| Change in translation reserve | –7 | 3 | 29 | 39 |
| RECOGNISED PROFIT FOR THE PERIOD | 1 | 27 | 78 | 104 |

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

| MSEK | 30 June 2009 | 30 June 2008 | 31 Mar. 2009 |
|---|--------------|--------------|--------------|
| ASSETS | | | |
| Goodwill | 191 | 166 | 192 |
| Other intangible non-current assets | 112 | 100 | 114 |
| Tangible non-current assets | 58 | 52 | 56 |
| Financial non-current assets | 22 | 29 | 23 |
| Inventories | 231 | 257 | 240 |
| Short-term receivables | 323 | 415 | 364 |
| Cash and cash equivalents | 69 | 75 | 60 |
| TOTAL ASSETS | 1,006 | 1,094 | 1,049 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Equity | 519 | 486 | 518 |
| Long-term liabilities | 156 | 175 | 162 |
| Current liabilities | 331 | 433 | 369 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 1,006 | 1,094 | 1,049 |
| Interest-bearing assets | 69 | 75 | 69 |
| Interest-bearing liabilities | 159 | 210 | 159 |

CONSOLIDATED CASH FLOW STATEMENT

| MSEK | 3 months Apr.-June 2009/10 | 3 months Apr.-June 2008/09 | Financial year Apr.-Mar. 2008/09 |
|---|-------------------------------|-------------------------------|-------------------------------------|
| <i>Operating activities</i> | | | |
| Profit after finance items | 10 | 31 | 94 |
| Adjustment for paid taxes, items not included in cash flow, etc. | -10 | -7 | 1 |
| Cash flow from operating activities before changes in working capital | 0 | 24 | 95 |
| <i>Cash flow from changes in working capital</i> | | | |
| Increase(-)/Decrease(+) in inventories | 8 | -19 | 17 |
| Increase (-)/Decrease (+) in operating receivables | 37 | 13 | 95 |
| Increase (+)/Decrease (-) in operating liabilities | -50 | -27 | -70 |
| Cash flow from operating activities | -5 | -9 | 137 |
| <i>Investing activities</i> | | | |
| Investments in businesses | -1 | -33 | -57 |
| Investment in/disposals of other non-current assets, net | -6 | -4 | -20 |
| Cash flow from investing activities | -7 | -37 | -77 |
| <i>Financing activities</i> | | | |
| Dividend & repurchase of own shares | - | - | -45 |
| Financing activities | 22 | 42 | -32 |
| Cash flow from financing activities | 22 | 42 | -77 |
| CASH FLOW FOR THE PERIOD | 10 | -4 | -17 |
| Cash and cash equivalents at the beginning of the period | 60 | 79 | 79 |
| Exchange rate differences in cash and cash equivalents | -1 | 0 | -2 |
| Cash and cash equivalents at the end of the period | 69 | 75 | 60 |

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

| MSEK | Apr.-June 2009/10 | Apr.-June 2008/09 | Apr.-Mar. 2008/09 |
|----------------------------------|-------------------|-------------------|-------------------|
| Opening balance | 518 | 459 | 459 |
| Dividend | - | - | -34 |
| Repurchase of own shares | - | - | -11 |
| Recognised profit for the period | 1 | 27 | 104 |
| Closing balance | 519 | 486 | 518 |

KEY FINANCIAL INDICATORS

| | Moving 12 months | | Financial year | | |
|--|------------------|---------|----------------|---------|---------|
| | 2009/10 | 2008/09 | 2007/08 | 2006/07 | 2005/06 |
| Revenue | 2,040 | 2,138 | 2,172 | 1,974 | 1,608 |
| Change in revenue, % | -6.0 | -1.6 | 10.0 | 22.8 | 5.9 |
| Profit after taxes | 53 | 68 | 91 | 65 | 39 |
| Operating margin, % | 4.2 | 4.9 | 6.0 | 5.0 | 3.5 |
| Profit margin, % | 3.6 | 4.4 | 5.6 | 4.6 | 3.4 |
| Equity ratio, % | 52 | 49 | 44 | 39 | 52 |
| Return on capital employed, % | 13 | 17 | 21 | 18 | 13 |
| Return on equity, % | 11 | 14 | 21 | 16 | 10 |
| Debt equity ratio | 0.3 | 0.3 | 0.4 | 0.6 | 0.1 |
| Net debt equity ratio | 0.2 | 0.2 | 0.2 | 0.4 | 0.0 |
| Times interest earned | 6 | 7 | 9 | 9 | 14 |
| Net interest-bearing liabilities (+) / receivables (-), MSEK | 90 | 78 | 93 | 161 | -9 |
| Number of employees at end of period | 693 | 742 | 763 | 751 | 541 |
| Revenue outside Sweden, MSEK | 1,401 | 1,486 | 1,496 | 1,352 | 1,053 |

Per-share data

| | Moving 12 months | | Financial year | | |
|--|------------------|---------|----------------|---------|---------|
| | 2009/10 | 2008/09 | 2007/08 | 2006/07 | 2005/06 |
| Number of shares outstanding at end of period after repurchases ('000) | 21,978 | 21,978 | 22,478 | 23,678 | 23,678 |
| Weighted number of shares outstanding after repurchases ('000) | 22,163 | 22,287 | 23,212 | 23,678 | 23,923 |
| Operating profit per share, SEK | 3.84 | 4.71 | 5.64 | 4.18 | 2.38 |
| Earnings per share, SEK | 2.39 | 3.05 | 3.92 | 2.75 | 1.63 |
| Cash flow from operations per share, SEK | 6.36 | 6.15 | 5.17 | 3.21 | 3.59 |
| Cash flow per share, SEK | -0.14 | -0.76 | -0.60 | 1.69 | -1.00 |
| Equity per share, SEK | 23.60 | 23.60 | 20.40 | 18.20 | 16.60 |
| Latest market price per share, SEK | 28.00 | 23.50 | 28.80 | 33.50 | 30.10 |

Definitions will be found in the 2008/09 Annual Report.

PARENT COMPANY INCOME STATEMENT

| | 3 months | 3 months | Moving 12 months | Financial year |
|--|-------------------|-------------------|-------------------|-------------------|
| MSEK | Apr.-June 2009/10 | Apr.-June 2008/09 | July-June 2008/09 | Apr.-Mar. 2008/09 |
| Net revenue | 6 | 7 | 25 | 26 |
| Administrative expenses | -8 | -9 | -31 | -32 |
| Other operating income and operating expense | 0 | 0 | 0 | 0 |
| OPERATING RESULT | -2 | -2 | -6 | -6 |
| Financial income | 59 | 70 | 135 | 146 |
| Financial expense | -2 | -3 | -62 | -63 |
| PROFIT AFTER FINANCE ITEMS | 55 | 65 | 67 | 77 |
| Taxes | 1 | 1 | 3 | 3 |
| NET PROFIT FOR THE PERIOD | 56 | 66 | 70 | 80 |

PARENT COMPANY BALANCE SHEET

| MSEK | 30 June 2009 | 30 June 2008 | 31 Mar. 2009 |
|---|--------------|--------------|--------------|
| ASSETS | | | |
| Tangible non-current assets | 0 | 0 | 0 |
| Financial non-current assets | 624 | 648 | 611 |
| Short-term receivables | 54 | 41 | 52 |
| Cash and cash equivalents | - | 0 | 7 |
| TOTAL ASSETS | 678 | 689 | 670 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity | 491 | 445 | 435 |
| Long-term liabilities | 105 | 100 | 123 |
| Current liabilities | 82 | 144 | 112 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 678 | 689 | 670 |
| Pledged assets and contingent liabilities | 30 | 47 | 50 |