

Interim Report 2011/12 Q2

1 April-30 September 2011 (6 months)

- Net revenue for the period grew by 15 percent to MSEK 1,094 (948), of which organic growth constituted 7 percent.
- Operating profit amounted to MSEK 92 (61), not including items of a one-time character in the amount of MSEK –2 during the second quarter, equivalent to an increase of 51 percent. The operating margin grew to 8.4 percent (6.4).
- Demand was good during the period. Good demand was recorded during the second quarter as well, with limited impact of the financial and political turbulence during the quarter.
- Profit after finance items increased to MSEK 84 (60). Profit after taxes increased to MSEK 63 (45).
- Earnings per share after dilution amounted to SEK 2.81 (2.05) and for the most recent twelve-month period to SEK 5.36 (4.61 for the 2010/11 financial year).
- The return on equity for the most recent twelve-month period was 22 percent (15) and the equity ratio stood at 43 percent (40).

1 July–30 September 2011 (quarter 2)

- Net revenue for the quarter increased by 9 percent to MSEK 539 (494), 5 percent of which was organic growth.
- Operating profit increased to MSEK 47 (35), not including items of a non-recurring character, which made for an operating margin of 8.7 percent (7.1). The margin for the second quarter is thus the highest recorded by the Group for any one single quarter.

Net revenue and profit

Lagercrantz Group's net revenue for the first six months (1 April-30 September 2011) of the 2011/12 financial year amounted to MSEK 1,094 (948), equivalent to an increase by 15 percent. Organic growth was 7 percent and 8 percent measured in local currency. Revenue grew by 9 percent to MSEK 539 (494) during the second quarter (1 July-30 September 2011), with organic growth accounting for 5 percent thereof.

Demand during the six-month period was good. Good growth in demand was recorded for the second quarter as well, compared to the year before. The rate of growth was somewhat lower than during the first quarter, which can be explained by a slightly hesitant mood in parts of the Group's markets, likely caused by certain customers preparing for lower order bookings as a consequence of the current financial and political uncertainty. This pattern was noted towards the end of the period in certain export-oriented industrial sectors where the Group is active. By area, demand was good during the quarter compared to the previous year in division Electronics and in the software area within division Communications, while it was stable in the other areas.

Operating profit for the first six months amounted to MSEK 92 (61) and the operating profit margin increased to 8.4 percent (6.4), not including a one-time item of MSEK -2 during the second quarter relating to a provision for a potential cost in a legal dispute. The reported operating profit amounted to MSEK 90, equivalent to an operating margin of 8.2 percent. The earnings improvement is explained by higher revenue, improved gross margin and a sharp focus on costs. Businesses acquired during the past year also contributed to the improvement.

During the second quarter, operating profit increased to MSEK 47 (35), not including non-recurring items. The operating margin was 8.7 percent (7.1), which is the highest margin during a quarter to date. Foreign exchange effects in the operating result amounted to MSEK -2 (-3) during the first six months, and to MSEK 0 (-3) during the second quarter.

Profit after finance items for the first six months amounted to MSEK 84 (60), including the above mentioned one-time item. The net of finance items was impacted by foreign exchange effects of MSEK 1 (3), MSEK 1 (2) of which during the second quarter.

Profit after taxes amounted to MSEK 63 (45) for the first six months of the year, equivalent to earnings per share after dilution of SEK 2.81 (2.05). Earnings per share after dilution for the most recent twelve-month period amounted to SEK 5.36, compared to SEK 4.61 for the 2010/11 financial year.

The return on capital employed for the most recent twelve-month period was 21 percent, compared to 15 percent during the corresponding year-ago period. The corresponding figures for return on equity were 22 and 15 percent, respectively.

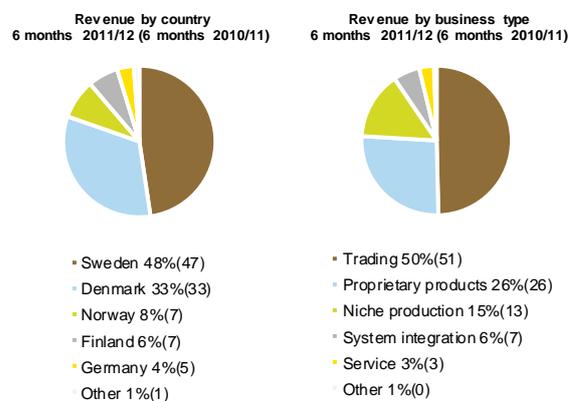
Equity per share amounted to SEK 25.70, compared to SEK 24.60 at the beginning of the financial year. The equity ratio was 43 percent compared to 42 percent at the beginning of the financial year. A dividend was paid during the period in the amount of MSEK 50, equivalent to SEK 2.25 per share.

At the end of the period the net financial liability amounted to MSEK 243, including a pension liability of MSEK 50; the levels were unchanged from the beginning of the year. The Group's net debt equity ratio was 0.4.

Cash flow and capital expenditures

Cash flow from operating activities amounted to MSEK 45 (-14) during the first six months of the financial year. Capital investments in non-current assets amounted to MSEK 8 (7), gross. No shares were repurchased during the financial year.

Distribution of revenue



Divisions

MSEK	Net revenue					Operating result				
	Q 2 2011/12	Q 2 2010/11	6 months 2011/12	6 months 2010/11	12 months 2010/11	Q 2 2011/12	Q 2 2010/11	6 months 2011/12	6 months 2010/11	12 months 2010/11
Electronics	152	138	301	271	586	10	5	20	11	30
<i>Operating margin</i>	-	-				6.6%	3.6%	6.6%	4.1%	5.1%
Mechatronics	218	199	445	370	740	29	23	58	38	77
<i>Operating margin</i>	-	-				13.3%	11.6%	13.0%	10.3%	10.4%
Communications	169	157	348	307	703	11	11	20	20	53
<i>Operating margin</i>	-	-				6.5%	7.0%	5.7%	6.5%	7.5%
Parent company/Consolidation items	-	-	-	-	-	-5	-4	-8	-8	-13
Group total	539	494	1,094	948	2,029	45	35	90	61	147
<i>Operating margin</i>						8.3%	7.1%	8.2%	6.4%	7.2%
Financial items						-3	-1	-6	-1	-10
PROFIT BEFORE TAXES						42	34	84	60	137

Net revenue and profit by division, second quarter

Electronics

Net revenue for the quarter increased by 10 percent to MSEK 152 (138). Overall, the businesses in the Nordic countries showed strong sales growth, while the business in Germany experienced some decline in sales compared to the previous year. Businesses acquired during the past year also contributed to the increase in revenue.

Demand during the second quarter was good compared to the previous year, especially in systems and solutions sales for embedded electronics. Stable demand was experienced compared to the first quarter of the financial year.

Operating profit for the quarter amounted to MSEK 10 (5), equivalent to an operating margin of 6.6 percent (3.6). The gradual improvement in margin for the division is a result of efforts to raise the value added of the companies' sales, improved efficiency and a phasing out of lower-margin products.

Mechatronics

Net revenue for the quarter increased by 10 percent to MSEK 218 (199). Increased revenue was especially pronounced in the businesses in the area of niche production, while the revenue was stable for our own product companies compared to the preceding year. Businesses acquired during past year also contributed to the increase in revenue.

Demand was stable during the quarter compared to the preceding year. Compared to the first quarter of the financial year, a measure of cautiousness was noted among certain

customers, resulting in somewhat weaker demand. This was seen towards the end of the period among some export-oriented industrial customers, who have lowered their rate of demand somewhat, albeit from high levels.

Operating profit for the quarter amounted to MSEK 29 (23), which is equivalent to an operating margin of 13.3 percent (11.6). This margin is the highest to date for the division during a single quarter.

Communications

Net revenue for the first quarter increased by 8 percent to MSEK 169 (157). A strong sales trend was noted in the areas of software and access, while the level was stable in the area of digital image transmission.

Market demand during the quarter compared to the preceding year was strong in the software area and stable in other areas. Compared to the first quarter this year, stable demand was noted in the division's business areas.

Operating profit for the quarter amounted to MSEK 11 (11), equivalent to an operating margin of 6.5 percent (7.0).

Other financial information

Parent Company and consolidation items

The Parent Company's internal net revenue for the first six months of the financial year amounted to MSEK 14 (12) and profit after finance items was MSEK 156 (23). This result includes exchange rate adjustments on intra-Group lending in the amount of MSEK 2 (-1), and dividends from subsidiaries in the amount of MSEK 168 (20). Changes in

pension assumptions affected the result by MSEK –1. Investments in non-current assets were made in an amount of MSEK 0 (0), net. Of the Parent Company's committed credit facility of MSEK 400, MSEK 139 (189) was utilised at the end of the period. The Parent Company held liquid funds in the amount of MSEK 0 (0). The Parent Company's equity ratio stood at 62 percent (56). Among other consolidation items for the second quarter is found a one-time item in the amount of MSEK 2 relating to a provision for potential costs in connection with a legal dispute.

Employees

At the end of the period the number of employees in the Group was 738, which can be compared to 731 at the beginning of the financial year.

Share capital

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

Classes of shares	
Class A shares	1 094 654
Class B shares	22 078 655
Repurchased B shares	-977 000
Total	22 196 309

Lagercrantz holds 977,000 class B shares in treasury, which is equivalent to 4.2 percent of the number of shares outstanding, and 3.0 percent of the votes in Lagercrantz. The average acquisition cost of the repurchased shares amounts to SEK 25.57 per share. Shares held in treasury cover, inter alia, the Company's obligation under outstanding option programmes, where a total of 685,000 options have been acquired by managers and members of senior management (awards 2008, 2009 and 2010) with a strike price of SEK 36.80, SEK 29.70 and SEK 41.00, respectively. The strike price for the 2009 and 2010 programmes has been adjusted to account for the dividend paid during the year. After the end of the period 180,000 options with a strike price of SEK 57.20 were issued by the Group and acquired by managers and members of senior management. The quotient value per share is SEK 2.11.

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 in accordance with the provisions of RFR 2 Accounting for legal entities. For the Group and the Parent Company the same accounting policies and calculation methods have been applied as in the most recent Annual Report.

PRI Pensionsgaranti [a provider of credit insurance and administrative services for occupational pension provisions] has decided to update its life expectancy assumptions, which means that companies with a pension liability per ITP 2 [a pension agreement for private-sector salaried employees] under own management, will have an increase in their pension liability by about 7 percent in a legal entity.

Lagercrantz Group's assumptions are based on the Swedish Financial Supervisory Authority's regulations on life expectancy assumptions in the calculation of pension liability according to IAS 19. This means that the pension liability at the Group level does not change due to PRI's amended assumptions. However, the Parent Company applies the Swedish Act on Safeguarding Pension Obligations when calculating defined benefits pension plans instead of applying IAS 19. The Parent Company's pension liability rose by MSEK 1 as a result of amended life expectancy assumptions.

Related party disclosures

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

Events after the end of the period

No events of significance for the Company have occurred after the balance sheet date of 30 September 2011.

Risks and uncertainty factors

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. At present there is uncertainty due to fiscal problems in many part of the world. Until now, this uncertainty has mainly affected the financial markets and it remains unclear what the real economic effects will be. In view of the uncertain situation, the Group has adopted a cautious stance with respect to costs and has increased its vigilance in assessing changes in the world around us. 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. In other respects reference is made to the 2010/11 Annual Report. The Parent Company is affected by

the above mentioned risks and uncertainty factors by virtue of its function as owner of its subsidiaries.

Affirmation

The Board of Directors and the President and CEO are of the opinion that this Semi-annual Report provides a true and fair picture of the Company's and the Group's business operations, financial position and results, and describes significant risks and uncertainty factors facing the Company and the Group.

Stockholm, 8 November 2011

Anders Börjesson Chairman	Tom Hedelius Vice Chairman	Pirkko Alitalo Director
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Roger Bergqvist Director	Lennart Sjölund Director	Jörgen Wigh President, CEO and Director
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This report has not been subject to review by the Company's auditor.

Segment information per quarter

NET REVENUE MSEK	2011/12				2010/11	
	Q2	Q1	Q4	Q3	Q2	Q1
Electronics	152	149	166	149	138	133
Mechatronics	218	227	182	188	199	171
Communications	169	179	203	193	157	150
Parent company/Consolidation items	-	-	-	-	-	-
GROUP TOTAL	539	555	551	530	494	454

OPERATING PROFIT MSEK	2011/12				2010/11	
	Q2	Q1	Q4	Q3	Q2	Q1
Electronics	10	10	11	8	5	6
Mechatronics	29	29	20	19	23	15
Communications	11	9	17	16	11	9
Parent company/Consolidation items	-5	-3	-3	-2	-4	-4
GROUP TOTAL	45	45	45	41	35	26

Consolidated income statement

MSEK	3 months	3 months	6 months	6 months	Moving 12	Financial
	Jul-Sep 2011/12	Jul-Sep 2010/11	Apr-Sep 2011/12	Apr-Sep 2010/11	months Oct-Sep 2010/11	year Apr-Mar 2010/11
Net revenue	539	494	1,094	948	2,175	2,029
Cost of goods sold	-386	-357	-779	-683	-1,557	-1,461
GROSS PROFIT	153	137	315	265	618	568
Selling costs	-72	-64	-152	-132	-300	-280
Administrative expenses	-33	-34	-64	-64	-129	-129
Research and development expenses	-4	-4	-9	-8	-18	-17
Other operating income and operating expenses	1	0	0	0	5	5
OPERATING PROFIT	45	35	90	61	176	147
<i>(of which depreciation)</i>	<i>(-8)</i>	<i>(-7)</i>	<i>(-16)</i>	<i>(-14)</i>	<i>(-31)</i>	<i>(-29)</i>
Net finance items	-3	-1	-6	-1	-15	-10
PROFIT AFTER FINANCE ITEMS	42	34	84	60	161	137
Taxes	-10	-9	-21	-15	-41	-35
NET PROFIT FOR THE PERIOD	32	25	63	45	120	102
Earnings per share, SEK	1.44	1.14	2.84	2.05	5.42	4.63
Earnings per share after dilution, SEK	1.43	1.14	2.81	2.05	5.36	4.61
Average number of shares after repurchases ('000)	22,196	21,978	22,196	21,978	22,156	22,046
Weighted number of shares after repurchases & dilution ('000)	22,412	22,004	22,456	21,991	22,390	22,133
Number of shares after period's repurchases ('000)	22,196	21,978	22,196	21,978	22,196	22,196

In view of the strike price on outstanding call options during the period (SEK 36.80, SEK 29.70, and SEK 41.00) and the average market price of the share during the most recent 12-month period (54.30 SEK) when the option programmes were outstanding, there was a dilutive effect of 1.1 percent during the most recent 12-month period. For the six-month period and last quarter there was a dilutive effect of 1.2 percent and 1.1 percent respectively as the average market price of the share (SEK 57.50 and 52.20 SEK) was higher than the strike price for outstanding programmes.

Consolidated statement of recognised income and expense

MSEK	3 months	3 months	6 months	6 months	Moving 12	Financial
	Jul-Sep 2011/12	Jul-Sep 2010/11	Apr-Sep 2011/12	Apr-Sep 2010/11	months Oct-Sep 2010/11	year Apr-Mar 2010/11
Net profit for the period	32	25	63	45	120	102
Other total profit						
Change in fair value of hedging reserve	0	-1	0	0	1	1
Change in translation reserve	3	-13	13	-20	4	-29
RECOGNISED RESULT FOR THE PERIOD	35	11	76	25	125	74

Statement of consolidated financial position

MSEK	2011-09-30	2010-09-30	2011-03-31
ASSETS			
Goodwill	324	288	320
Other intangible non-current assets	182	166	185
Tangible non-current assets	87	66	91
Financial non-current assets	15	19	11
Inventories	238	217	223
Short-term receivables	432	410	398
Cash and cash equivalents	35	41	56
TOTAL ASSETS	1,313	1,207	1,284
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	571	486	545
Long-term liabilities	188	177	186
Current liabilities	554	544	553
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,313	1,207	1,284
Interest-bearing assets	35	41	56
Interest-bearing liabilities	278	331	299

Consolidated cash flow statement

MSEK	3 months Jul-Sep 2011/12	3 months Jul-Sep 2010/11	6 months Apr-Sep 2011/12	6 months Apr-Sep 2010/11	Moving 12 months Oct-Sep 2010/11	Financial year Apr-Mar 2010/11
Operating activities						
Result after finance items	42	34	84	60	161	137
Adjustment for paid taxes, items not included in cash flow, etc.	2	0	2	2	11	11
Cash flow from operating activities before changes in working capital	44	34	86	62	172	148
Cash flow from changes in working capital						
Increase(-)/Decrease(+) in inventories	7	0	-12	-18	-2	-8
Increase (-)/Decrease (+) in operating receivables	-15	-30	-34	-61	-21	-48
Increase (+)/Decrease (-) in operating liabilities	-1	4	5	3	28	26
Cash flow from operating activities	35	8	45	-14	177	118
Investing activities						
Investments in businesses	0	-45	0	-200	-78	-278
Investment in/disposals of other non-current assets, net	-4	-2	-8	-6	-21	-19
Cash flow from investing activities	-4	-47	-8	-206	-99	-297
Financing activities						
Dividend & repurchase of own shares	-50	-33	-50	-33	-50	-33
Financing activities	-7	60	-9	262	-32	239
Cash flow from financing activities	-57	27	-59	229	-82	206
CASH FLOW FOR THE PERIOD						
	-26	-12	-22	9	-4	27
Cash and cash equivalents at the beginning of the period	60	51	56	29	41	29
Exchange rate differences in cash and cash equivalents	1	2	1	3	-2	0
Cash and cash equivalents at the end of the period	35	41	35	41	35	56

Consolidated statement of changes in equity

MSEK	6 months Apr-Sep 2011/12	6 months Apr-Sep 2010/11	Financial year Apr-Mar 2010/11
Opening balance	545	494	494
Exercise of options on repurchased shares	-	-	10
Dividend	-50	-33	-33
Recognised result for the period	76	25	74
Closing balance	571	486	545

Key financial indicators

	Moving 12 months			Financial year	
	Oct-Sep 2010/11	2010/11	2009/10	2008/09	2007/08
Revenue	2,175	2,029	1,720	2,138	2,172
Change in revenue, %	19	18	-20	-2	10
Profit after taxes	120	102	42	68	91
Operating margin, %	8.1	7.2	3.9	4.9	6.0
Profit margin, %	7.4	6.8	3.4	4.4	5.6
Equity ratio, %	43	42	56	49	44
Return on capital employed, %	21	21	11	17	21
Return on equity, %	22	20	8	14	21
Debt equity ratio	0.5	0.5	0.1	0.3	0.4
Net debt equity ratio	0.4	0.4	0.1	0.2	0.2
Times interest earned	11	12	6	7	9
Net interest-bearing liabilities (+)/receivables (-), MSEK	243	243	38	78	93
Number of employees at end of period	738	731	608	742	763
Revenue outside Sweden, MSEK	1,440	1,355	1,155	1,486	1,496

Per-share data

	Moving 12 months			Financial year	
	Oct-Sep 2010/11	2010/11	2009/10	2008/09	2007/08
Number of shares outstanding end of period after repurchases ('000)	22,196	22,196	21,978	21,978	22,478
Weighted number of shares outstanding after repurchases ('000)	22,156	22,046	21,978	22,287	23,212
Weighted number of shares outstanding after repurchases & dilution ('000)	22,390	22,133	21,978	22,287	23,212
Operating profit per share after dilution, SEK	7.86	6.64	3.05	4.71	5.64
Earnings per share, SEK	5.42	4.63	1.91	3.05	3.92
Earnings per share after dilution, SEK	5.36	4.61	1.91	3.05	3.92
Cash flow from operations per share after dilution, SEK	7.91	5.33	3.96	6.15	5.17
Cash flow per share after dilution, SEK	-0.18	1.22	-1.37	-0.76	-0.60
Equity per share, SEK	25.70	24.60	22.50	23.60	20.40
Latest market price per share, SEK	44.20	61.75	31.50	23.50	28.80

Definitions will be found in the 2010/11 Annual Report.

Parent company income statement

MSEK	3 months Jul-Sep 2011/12	3 months Jul-Sep 2010/11	6 months Apr-Sep 2011/12	6 months Apr-Sep 2010/11	Moving 12 months Oct-Sep 2010/11	Financial year Apr-Mar 2010/11
Net revenue	7	6	14	12	27	25
Administrative expenses	-12	-9	-23	-17	-41	-35
Other operating income and operating expense	0	0	0	0	0	0
OPERATING RESULT	-5	-3	-9	-5	-14	-10
Financial income	162	12	172	32	175	35
Financial expense	-4	-3	-7	-4	-20	-17
PROFIT AFTER FINANCE ITEMS	153	6	156	23	141	8
Change untaxed reserves	0	0	0	0	1	1
Taxes	2	1	3	2	5	4
NET PROFIT FOR THE PERIOD	155	7	159	25	147	13
Other in recognised result	-	-	-	-	-	-
RECOGNISED RESULT FOR THE PERIOD	155	7	159	25	147	13

Parent company balance sheet

MSEK	2011-09-30	2010-09-30	2011-03-31
ASSETS			
Tangible non-current assets	0	0	0
Financial non-current assets	937	828	870
Short-term receivables	27	16	35
Cash and cash equivalents	0	0	0
TOTAL ASSETS	964	844	905
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	602	476	493
Untaxed reserves	2	2	2
Long-term liabilities	97	98	97
Current liabilities	263	268	313
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	964	844	905

This information is published in accordance with the Swedish Securities Market Act, the Swedish Act on Trading in Financial Instruments, or the body of regulations at NASDAQ OMX Stockholm. The information was submitted for publication on 8 November 2011 at 12:15 CET.

Reporting schedule

8 February 2012	Quarterly Report Q3 for the period 1 April 2011–31 December 2011
3 May 2012	Full year report for the 2011/12 financial year (1 April 2011–31 March 2012)
19 July 2012	Quarterly Report Q 1 for the period 1 April 2012-30 June 2012

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