

**Quarterly Report (9 months)  
1 April – 31 December 2006**

- Net revenues for the 9-month period increased by 20 percent to MSEK 1,417 (1,177). Net revenues grew by 31 percent to MSEK 530 during the third quarter (405).
- Income after financial items increased by 49 percent to MSEK 61 (41). During the third quarter, earnings increased by 69 percent to MSEK 22 (13).
- The profit margin before taxes grew to 4.3 percent (3.5 percent) for the nine-month period.
- Income after taxes increased to MSEK 44 (29), MSEK 15 of which was generated during the third quarter (10).
- The return on equity was 13.8 percent for the most recent 12-month period (10.2 percent).
- Earnings per share increased to SEK 1.86 (1.21) for the first nine months of the financial year.

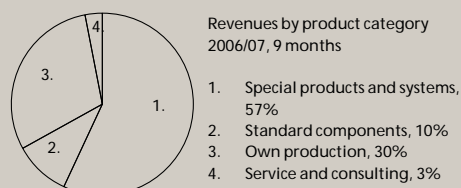
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Current  
reporting period  
1 Apr–31 Dec  
2006



## GROUP STRUCTURE FROM 1 APRIL 2006

From the 2006/07 financial year, which began 1 April 2006, the Group is organised in three divisions: Electronics, Mechatronics and Communications. Comparative data for the preceding year have been adjusted to take this change into account.

## NET REVENUES AND RESULT

Net revenues of the Lagercrantz Group during the first 9 months of 2006/07 (1 April–31 December 2006) increased by 20 percent to MSEK 1,417 (1,177). MSEK 208 of the increase in revenues was derived from acquired companies. During the third quarter consolidated net revenues increased by 31 percent to MSEK 530 (405), MSEK 100 of which was derived from acquired businesses.

During the third quarter Communications was the largest division in terms of revenues for the first time. As a result the Group now displays a more even distribution of revenues among the divisions.

Operating income for the nine-month period increased by 57 percent to MSEK 66 (42), equivalent to an operating margin of 4.7 percent (3.6 percent). Operating income during the third quarter amounted to MSEK 24 (13), equivalent to a margin of 4.5 percent (3.2 percent). Especially division Communications recorded earnings that were better than during prior periods. Acquired, as well as since before existing businesses, contributed to the Group's improvement in earnings.

Income after financial items for the period April–December 2006 increased by 49 percent to MSEK 61 (41), equivalent to a profit margin of 4.3 percent (3.5 percent). Changed foreign exchange rates impacted consolidated income by approximately MSEK 0 (1) during the period.

Earnings per share increased by 54 percent to SEK 1.86 (1.21) during the nine-month period.

Order bookings during the period increased compared to the preceding year.

## PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The return on capital employed for the most recent 12-month period was 15.1 percent, compared to 13.4 percent for the 2005/06 financial year. The corresponding data for return on equity were 13.8 percent and 10.2 percent, respectively.

Cash flow from current operations amounted to MSEK 7 (62) for the nine-month period. During the third quarter cash flow amounted to MSEK 54. Cash flow was thus stronger than in earlier quarters this year, among else due to improvements in working capital.

Corporate acquisitions impacted cash and cash equivalents by approximately MSEK 160. Other investments in non-current assets were made in a gross amount of MSEK 27 (14). No shares were repurchased during the period.

The Group's financial net liabilities at the end of the period amounted to MSEK 224. Net liabilities has increased during the year, primarily as a result of financing raised for acquisitions. Shareholders equity per share amounted to SEK 16.90, compared to SEK 16.60 at the beginning of the financial year. The equity ratio at the end of the period was 37 percent, compared to 52 percent at the beginning of the financial year.

	Net revenues			Operating income		
	9 months Apr-Dec 2006/07	9 months Apr-Dec 2005/06	12 months 2005/06	9 months Apr-Dec 2006/07	9 months Apr-Dec 2005/06	12 months 2005/06
MSEK						
Electronics	544	549	745	14	9	22
Mechatronics	387	248	331	24	16	15
Communications	486	380	532	29	19	28
Parent company/Consolidation items	-	-	-	-1	-2	-8
<b>GROUP TOTAL</b>	<b>1 417</b>	<b>1 177</b>	<b>1 608</b>	<b>66</b>	<b>42</b>	<b>57</b>

## 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: Industrial wireless communication - 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 one of the leading in sales of industrial and marine PCs.

Net revenues for the third quarter declined to MSEK 175 (186). For the nine-month period net revenues amounted to MSEK 544 (549).

Operating income amounted to MSEK 2 (3) during the period, equivalent to a margin of 1.1 percent (1.6 percent) and for the nine-month period to MSEK 14 (9).

There are several reasons for the lower business volume and earnings during the third quarter. Price competition in the market was severe in the area of wireless industrial communication and this affected sales as well as results. In embedded systems, a couple of units had a negative impact on sales from postponements of certain customer projects. Transformation work in the division with a clear focus on improving earnings and profitability continues.

### 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 are tailor-made to meet customers' stringent requirements. The division is also a leading producer of electric connection systems for the Nordic market. The division also deals in electromechanical and passive components, connectors and electrical components.

Net revenues for the third quarter increased by 95 percent to MSEK 152 (78). For the entire nine-month period revenues increased to MSEK 387 (248).

Operating income increased during the quarter to MSEK 9 (3), equivalent to an operating margin of 5.9 percent (3.8 percent) and during the nine-month period income rose to MSEK 24 (16).

Revenue and earnings growth compared to prior periods is due to the inclusion of the Elpress group, which was acquired during the current financial year, and the result of organic growth at the production units in Denmark and Finland, as well as the trading operations in Finland.

### 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 third quarter increased by 44 percent to MSEK 203 (141). For nine months net revenues increased to MSEK 486 (380).

Operating income increased during the quarter to MSEK 17 (7), equivalent to an operating margin of 8.4 percent (5.0 percent). For the first nine months of the financial year income increased to MSEK 29 (19).

Sales and operating income increased in all of the division's areas compared to prior quarters during the current year. In addition, acquired businesses K&K Active and K&K Sales, included since 1 November 2006, contributed to the increase during the third quarter.

## Financial development in brief



### 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	
MSEK	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Electronics	175	186	183	196	186	176	187
Mechatronics	152	136	99	83	78	84	86
Communications	203	134	149	152	141	125	114
Parent company/Consolidation items	-	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>530</b>	<b>456</b>	<b>431</b>	<b>431</b>	<b>405</b>	<b>385</b>	<b>387</b>

### OPERATING INCOME

– quarterly data		2006/07				2005/06	
MSEK	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Electronics	2	8	4	13	3	0	6
Mechatronics	9	10	5	-1	3	6	7
Communications	17	6	6	9	7	9	3
Parent company/Consolidation items	-4	-3	6	-6	0	-1	-1
<b>GROUP TOTAL</b>	<b>24</b>	<b>21</b>	<b>21</b>	<b>15</b>	<b>13</b>	<b>14</b>	<b>15</b>

### CONSOLIDATED INCOME STATEMENT

MSEK	3 months	3 months	9 months	9 months	Rolling 12 months	Financial year
	Oct-Dec 2006/07	Oct-Dec 2005/06	Apr-Dec 2006/07	Apr-Dec 2005/06	Jan-Dec 2006	Apr-Mar 2005/06
Net revenues	530	405	1 417	1 177	1 848	1 608
Cost of goods sold	-398	-319	-1 068	-921	-1 414	-1 267
<b>Gross income</b>	<b>132</b>	<b>86</b>	<b>349</b>	<b>256</b>	<b>434</b>	<b>341</b>
Selling costs	-71	-47	-192	-138	-236	-182
Administrative expenses	-35	-29	-95	-83	-124	-112
Research and development	-3	-1	-7	-3	-10	-6
Other operating income	2	4	13	11	19	17
Other operating costs	-1	0	-2	-1	-2	-1
<b>OPERATING RESULT</b>	<b>24</b>	<b>13</b>	<b>66</b>	<b>42</b>	<b>81</b>	<b>57</b>
<i>(of which depreciation)</i>	<i>(-6)</i>	<i>(-4)</i>	<i>(-16)</i>	<i>(-11)</i>	<i>(-18)</i>	<i>(-15)</i>
Financial income	1	1	3	3	4	4
Financial expenses	-3	-1	-8	-4	-10	-6
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>22</b>	<b>13</b>	<b>61</b>	<b>41</b>	<b>75</b>	<b>55</b>
Taxes	-7	-3	-17	-12	-21	-16
<b>RESULTAT FOR THE PERIOD</b>	<b>15</b>	<b>10</b>	<b>44</b>	<b>29</b>	<b>54</b>	<b>39</b>
Result attributable to:						
Parent company shareholders	15	10	44	29	54	39
Minority interest	0	0	0	0	0	0
Net result for the period	15	10	44	29	54	39
Earnings per share, SEK	0.63	0.42	1.86	1.21	2.28	1.63
Weighted number of shares outstanding after repurchases (thousands)	23 678	23 854	23 678	24 003	23 678	23 923
Number of shares outstanding after the period's repurchases (thousands)	23 678	23 678	23 678	23 678	23 678	23 678

## Financial development in brief



### CONSOLIDATED BALANCE SHEET

MSEK	2006 12 31	2005 12 31	2006 03 31
<b>ASSETS</b>			
Goodwill	127	38	38
Other intangible non-current assets	95	24	25
Tangible non-current assets	98	97	95
Financial non-current assets	43	44	38
Inventories	235	210	185
Short-term receivables	419	310	316
Cash and cash equivalents	63	76	55
<b>TOTAL ASSETS</b>	<b>1 080</b>	<b>799</b>	<b>752</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Equity attributable to the Parent Company's shareholders	399	385	393
Equity attributable to the minority	0	0	0
<i>Total shareholders' equity</i>	<i>399</i>	<i>385</i>	<i>393</i>
Long-term liabilities	311	72	76
Short-term liabilities	370	342	283
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1 080</b>	<b>799</b>	<b>752</b>
Interest-bearing assets	63	76	55
Interest-bearing liabilities	287	85	46

### CONSOLIDATED CASH FLOW STATEMENT

MSEK	3 months Oct-Dec 2006/07	3 months Oct-Dec 2005/06	9 months Apr-Dec 2006/07	9 months Apr-Dec 2005/06	Financial year Apr-Mar 2005/06
<b>Current operations</b>					
Result after financial items	22	13	61	41	55
Adjustments for paid taxes, items not included in cash flow, etc.	10	1	5	1	-3
<b>Cash flow from current operations before changes in working capital</b>	<b>32</b>	<b>14</b>	<b>66</b>	<b>42</b>	<b>52</b>
<b>Cash flow from changes in working capital</b>					
Increase(-)/Decrease(+) in inventories	17	-9	-3	-8	17
Increase(-)/Decrease(+) in operating receivables	1	25	-64	-8	-7
Increase(+)/Decrease(-) in operating liabilities	4	29	8	36	24
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>54</b>	<b>59</b>	<b>7</b>	<b>62</b>	<b>86</b>
<b>Investment operations</b>					
Investments in business units	-29	-2	-160	-28	-28
Investments in other non-current assets, net	-4	-4	-6	-13	-17
<b>CASH FLOW FROM INVESTMENT OPERATIONS</b>	<b>-33</b>	<b>-6</b>	<b>-166</b>	<b>-41</b>	<b>-45</b>
<b>Financing operations</b>					
Dividends & repurchases of own shares	-	-10	-24	-28	-28
Financing operations	-5	-29	191	4	-37
<b>CASH FLOW FROM FINANCING OPERATIONS</b>	<b>-5</b>	<b>-39</b>	<b>167</b>	<b>-24</b>	<b>-65</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>16</b>	<b>14</b>	<b>8</b>	<b>-3</b>	<b>-24</b>
Liquid funds at beginning of period	46	61	55	78	78
Translation difference in liquid funds	1	1	0	1	1
Liquid funds at end of period	63	76	63	76	55

## Financial development in brief



### CHANGE IN SHAREHOLDERS' EQUITY

MSEK

	Apr-Dec 2006/07	Apr-Dec 2005/06
Opening balance	393	374
Repurchase of shares	-	-10
Dividend	-24	-18
Period's translation difference	-14	10
<b>Net result for the period</b>	<b>44</b>	<b>29</b>
Closing balance	399	385

### KEY FINANCIAL INDICATORS

	9 months Apr-Dec 2006/07	9 months Apr-Dec 2005/06	2005/06	2004/05	2003/04	2002/03	Financial year 2001/02
Change in net revenues. %	20.4	1.7	5.9	-3.2	7.2	-26.2	-24.1
Operating margin. %	4.7	3.6	3.5	0.3	1.7	1.8	4.1
Profit margin. %	4.3	3.5	3.4	-0.1	1.5	1.1	4.0
Equity ratio. %	36.9	48.2	52.3	51.3	47.3	56.4	53.2
Debt equity ratio	0.7	0.2	0.1	0.2	0.3	0.2	0.3
Net debt equity ratio	0.6	0.0	0.0	0.0	0.0	0.0	-0.1
Interest coverage ratio	9	16	14	1	4	2	5
Net interest-bearing liabilities (+)/receivables (-). MSEK	224	9	-9	-5	2	-19	-44
Number of employees at end of period	746	542	541	512	585	573	652
Revenues outside Sweden. MSEK	962	758	1 053	941	1 071	936	1 302
<b>Per-share data</b>							
Number of shares outstanding at end of period after repurchases (thousands)	23 678	23 678	23 678	24 078	24 078	25 078	26 941
Weighted number of shares outstanding after repurchases (thousands)	23 678	24 003	23 923	24 078	24 696	26 561	27 609
Operating result per share. SEK	2.79	1.75	2.38	0.17	1.09	1.02	2.93
Result per share, SEK	1.86	1.21	1.63	0.21	0.57	0.34	1.96
Cash flow per share, SEK	0.34	-0.12	-1.00	-2.45	1.21	-2.03	-0.87
Shareholders' equity per share, SEK	16.90	16.30	16.60	15.50	16.70	17.60	18.00
Latest market price paid per share, SEK	37.50	27.30	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 revenues amounted to MSEK 18 (15) and income after net financial items was MSEK 19 (3) for nine months. This result includes exchange rate adjustments on intra-Group lending in an amount of MSEK -2 (0). Dividends from subsidiaries amounted to MSEK 32 net (9).

The Parent Company has an approved credit facility in the amount of MSEK 250. MSEK 116 thereof was utilised, compared to MSEK 0 at the beginning of the financial year. The Company also has a long-term acquisition credit in the amount of MSEK 98, raised in conjunction with the acquisition of Elpress. In addition, the Company holds liquid funds in the amount of MSEK 1, compared to MSEK 5 at the beginning of the financial year.

### EMPLOYEES

At the end of the period the number of employees in the Group was 746, which can be compared to 541 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	1 095 998
Class B shares	23 318 234
Repurchased class B shares	-736 423
<b>TOTAL</b>	<b>23 677 809</b>

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. Of these, 255,000 shares are repurchased to meet the company's obligations in an incentive programme where the strike price is SEK 36.00 per option. 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

Acquired businesses have impacted consolidated net revenues by approximately MSEK 208 and consolidated income before taxes by MSEK 13, including acquisition costs, during nine months. If all acquisitions had been consummated by the beginning of the financial year, the effect on consolidated net revenues and income before taxes is estimated to have been MSEK 267 and MSEK 19, respectively.

The acquisitions have resulted in intangible surplus values of MSEK 151, 59 percent of which constitutes goodwill.

From 1 November 2006, companies K&K Active and K&K Sales in Finland are parts of the Group. K&K Active is a value-adding distributor of systems and components in telecommunication and for access networks.

### ELECTION COMMITTEE FOR ELECTION OF DIRECTORS

The Annual Meeting held 23 August 2006 resolved to authorise the Chairman of the Board of Directors to contact the largest shareholders by voting power as of 31 December 2006 requesting them to appoint members who – along with the Chairman of the Board of Directors – would constitute an election committee. In accordance herewith the following persons have been appointed to serve as members of the Election Committee before the Annual Meeting 2007: Anders Börjesson (Chairman of the Board of Directors), Tom Hedelius, Jan Andersson (representative of Robur fonder), Henrik Söderberg (representative of Skandia Liv) and Pär Stenberg. Suggestions to the Election Committee from shareholders may be submitted to the Company to be forwarded.

### ANNUAL MEETING 2007

The 2007 Annual Meeting for the 2006/07 financial year will be held at 4:00 p.m., 29 August 2007, at IVA conference centre, Grev Turegatan 16, Stockholm. Information about the Meeting will be sent to shareholders and will be available at the Company's website on a current basis.

### EVENTS AFTER THE BALANCE SHEET DATE 31 DECEMBER 2006

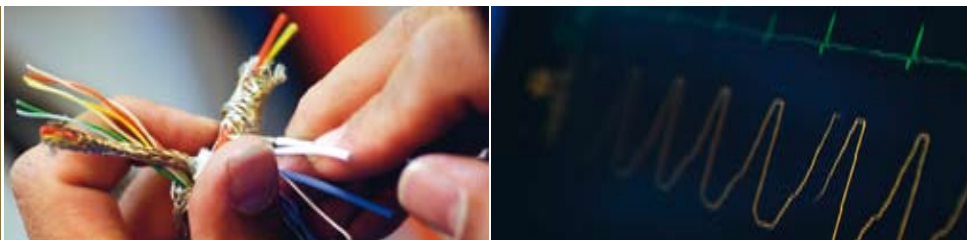
No significant events have occurred after the balance sheet date.

Stockholm, 8 February 2007  
Jörgen Wigh  
President & CEO

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



## Lagercrantz Group in brief



### 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 MSEK 1,600 in 2005/06 and has approximately 750 employees.

### CALENDAR

- |   |                |
|---|----------------|
| • Year-end report for the period 1 April 2006 – 31 March 2007 | 9 May 2007     |
| • Annual report 1 April 2006 – 31 March 2007                  | July 2007      |
| • Annual meeting for the financial year 2006/07               | 29 August 2007 |

### FOR FURTHER INFORMATION, CONTACT

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