

ANNUAL REPORT 2002 / 2003

**Lagercrantz
Group** ●

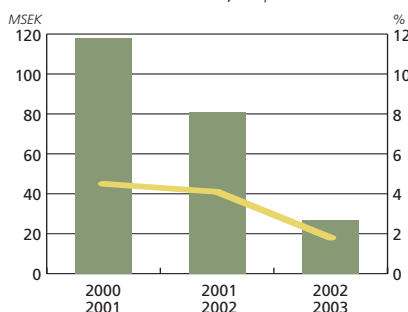
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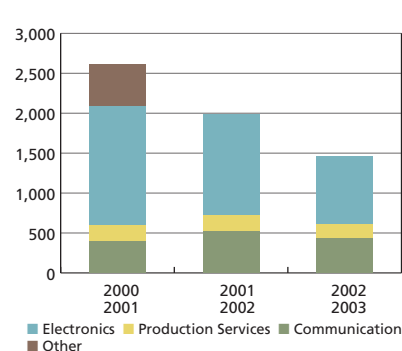
The Year in Brief

- Net revenues decreased to MSEK 1 463 (1 983) as a result of weak demand.
- Operating income amounted to MSEK 27 (81).
- Cash flow from current operations was MSEK 70 (158).
- The Group's equity ratio after repurchases of own shares stands at 56 percent (53).
- After the period's repurchases of own shares Lagercrantz owns 10 percent of the number of shares outstanding and 7.4 percent of the votes.
- Further cost-containment action will have a positive effect on earnings during the current year.
- The German company Unitronic AG was acquired.
- Earnings per share amounted to SEK 0.34 (1.96).

OPERATING INCOME, MSEK
OPERATING MARGIN, percent



REVENUES BY DIVISION, net revenues, MSEK, 12 months



Lagercrantz Group in Brief

- Within well defined niches and in partnership with customers and producers, Lagercrantz Group offers products and solutions in electronics and communication that contribute to the competitiveness of customers.
- The common denominator for customers is that they are producers. Lagercrantz does not address the consumer market.
- Lagercrantz is a leading player on the Nordic market. Aside from Denmark, Finland, Norway and Sweden, the Company also has operations in Poland, Switzerland, United Kingdom, Germany and Hong Kong.
- The Lagercrantz Group consists of the parent company, Lagercrantz Group AB with its three divisions, Electronics, Production Services and Communication.
- The Company has been listed on the O-list of the Stockholm Stock Exchange since September 2001.



Lagercrantz offers a broad mix of products and services, "from component to solutions." The Company works with personal sales and therefore has extensive knowledge of the customer's needs. Decentralized business responsibility promotes an effective decision-making process and the business acumen of its employees. Lagercrantz is active in specific product segments with a clear niche focus.



"Demand increased in security and industrial communication. This was well in line with the expectations we had, and continue to have, for new growth areas."

*Jan Friis, President & CEO,
Lagercrantz Group AB*

PRESIDENT'S STATEMENT

Strong Growth in New Areas

THE YEAR THAT WENT

The past year was marked by continued economic weakness. This led to lower sales and profitability, especially for division Electronics.

And yet, there was quite a bit to celebrate in the way Lagercrantz performed during the year. A number of companies in the Group managed to turn losses into profit. This is true of consulting companies Delphi and Uniweb, and of software company Betech Data. ACTE Components in England achieved profitability during the latter part of the year, and Heath Comm in Finland showed a clearly positive earnings trend.

Our German subsidiary Unitronic, which was acquired during 2002, reinforced our conviction during its first months in Lagercrantz that this is a very successful acquisition.

We also continued to streamline operations and lowered the level of our overhead by MSEK 30 on an annual basis. Together with last year's savings of MSEK 70, this means that we have implemented aggregate cost reduction to the tune of MSEK 100.

We also acquired a number of important agencies, and are continuing to focus operations.

At the same time it has to be said that the market was very weak overall. Demand has not declined further, however, but has stabilized at a low level. Towards the end of the year some glimmers of light were discernible in some of our markets.

Revenues amounted to MSEK 1,463, which is a decline of 26 percent. Operating income dropped to MSEK 27 (81).

In order to adapt the organization to the weak market, we retained our sharp focus on lowering costs. Our personnel were reduced by about 80 persons during the year. We lowered our overhead and introduced a salary freeze for managers and many of the employees. These savings contributed to our ability to generate a positive result despite the very grim economic situation. At the same time I have to concede that our present level of profitability is far from satisfactory.

After financial year-end a renewed cost-containment and streamlining program was implemented in division Electronics.

These actions are expected to lower the cost level by about MSEK 15 on an annual basis.

NEW GROWTH AREAS

Even though overall demand was weak, the development was positive in a number of markets. Demand strengthened in security and industrial communication, and in niche production the market was not as weak as for components. This pattern was well in line with the expectations we had, and continue to have, for new growth areas.

Growth in the area of industrial communication is, in part, linked to the fact that the GSM technology used in mobile telephones has a broad range of industrial applications. One example is a toll road system being built in Germany (see page 20). Electronic solutions are an important element of our operations in industrial communication.

Our security operations in Heath Comm increased its sales as planned, and that reinforces our perception of security as an area of strong growth.

STRATEGY

There are a number of reasons for our current profitability problems, especially in division Electronics. One reason is obviously the depressed state of the economy. But structural changes are also part of the explanation. The most important of these is the move of certain types of electronic production from the Nordic Region, in the first instance to Eastern Europe and the Far East.

The effect is that the prerequisites for profitability have deteriorated for distribution of standard-type electronic components. Even in an improved economic climate it may be difficult to attain satisfactory margins.

In the entire group, Lagercrantz is therefore conducting a process to adapt operations to the changing world around us. For Electronics this process includes adjustment of the product line in the direction of less standard components and more special components and electronic solutions. Increased focus on special components and electronic solutions has several advantages: The requirements for competence are higher, something we see as a competitive advantage for Lagercrantz. It also offers opportunities for better margins. We have narrowed our focus in this direction during the year and we have already seen certain positive effects of this on our margins.

As a consequence of this change in direction, division Components changed its name to Electronics at the end of the financial year.

Increased concentration on electronic solutions also has consequences for our sales work, which is now aimed at several more levels of the organizations of our customers. At the same time we are continuing to build our network of partners in order to allow us to offer a broad range of solutions. The entire process is permeated by a sharp focus on efficiency.

Our German subsidiary Unitronic already has a strong

leaning towards electronic solutions, and plays an important role as an example and role model for other parts of the Group.

ORGANIZATION

We continued the efforts aimed at further focusing our operations. One example of this is the formation of the Heath Comm Group in the Nordic Region. Coordination and common control of the Nordic units strengthen our opportunities of meeting efficiently the growing demand for security solutions.

PERSONNEL

The dismal economy, savings measures and the ongoing transformation of the Group, place extraordinary demands on our employees. I want to take this opportunity of thanking our employees for their valuable contributions and for the constructive willingness to change they have displayed during the year. Lagercrantz's employees are the company's most vital resource. It is their collective competence that makes it possible for us to offer products and services that raise the competitiveness of our customers.

FUTURE

Lagercrantz continues to strive for profitable growth. This will be accomplished through a sharper focus on value added for our customers, in part in the field of industrial communication, by offering electronic solutions. In order to improve the offering further, we are actively working on strengthening our network of partners.

Our ambition is to also strengthen our position as an international supplier of special components and solutions. In part, this will be accomplished through acquisitions. The regions that are still of interest are in the first instance Europe and Asia. Among other things, we see opportunities for further growth in the Nordic Region, where we have a long-standing history, and in the United Kingdom and Germany, where we have now established ourselves successfully.

The development of the economy is difficult to judge, but even if the market stays at the current level, I am convinced that our steps to improve efficiency, our transformation process and our initiatives in new growth areas will lead to improved results.



Jan Friis
President & CEO

The Lagercrantz Share

The Lagercrantz Group's class B share has been listed on the O-list of the Stockholm Stock Exchange since September 3, 2001, at which time Lagercrantz was spun off from Bergman & Beving. As of March 31, 2003 the share capital amounted to SEK 55 728 464, divided into 1 106 502 class A shares and 26 757 730 class B shares. Each share has a nominal value of SEK 2. Class A shares entitle their holders to ten votes, while class B shares entitle their holders to one vote. Both classes of shares entitle their holders to the same rights with respect to the Company's assets and earnings.

The Articles of Incorporation allow for conversion of class A shares to class B shares. During the period April 1, 2002 to March 31, 2003 8 320 class A shares were converted to class B shares.

THE SHARE'S PERFORMANCE

The market value of the Lagercrantz share dropped from SEK 33.50 on April 2, 2002 to SEK 16.50 on March 31, 2003, the last trading day of the financial year. This is equivalent to a decline of 51 percent. This can be compared with the SAX All Share index which dropped by 40 percent and the Carnegie Small Cap index which dropped by 38 percent during the same period.

The Lagercrantz share reached its peak market price, SEK 35.50, at the end of March 2002 and its lowest quotation, SEK 13.30, in October 2002.

TRADING VOLUME ON THE EXCHANGE

A total of 7.9 million shares, equivalent to just over MSEK 150, changed hands during the year. Almost 32 000 shares, for a total value of just over SEK 740 000, were traded on average each day. The rate of turnover of the average number of shares outstanding was 30 percent on an annual basis. The average rate of turnover on the O-list of the Stockholm Stock Exchange during the calendar year was 70 percent.

REPURCHASE OF OWN SHARES

During the financial year, 1 862 723 class B shares were repurchased. Repurchases were made at the average price of SEK 18.31 per share. Lagercrantz's holding of repurchased shares constitutes 2 786 423 shares, equivalent to 10 percent of the number of shares outstanding, with 7.4 percent of the votes, at the end of the financial year.

CANCELLATION OF SHARES

The Board of Directors proposes cancellation of repurchased shares (not including the 798 000 shares securing the Company's undertaking vis á vis holders of option). The maximum number of shares proposed to be cancelled is 1 950 000.

RENEWED REPURCHASE PROGRAM

The Board of Directors has decided to propose to the regularly scheduled Annual General Meeting to be held in August 2003 to give the Board of Directors a mandate – such mandate to remain in effect until the next following regularly scheduled Annual General Meeting – to acquire own shares to such an extent that the Company's total holding of shares held in treasury at no time exceeds 10 percent of the shares outstanding in the Company. The proposed mandate applies to repurchases over the Stockholm Stock Exchange. Under the proposal, the Board of Directors will have the opportunity of using repurchased shares for payment in connection with acquisitions.

INCENTIVE PROGRAM

In December 2001, the Board of Directors proposed to award to 28 members of senior management a total of 798 000 personnel options. To make this possible, an extra general meeting of shareholders held December 17, 2001 resolved a transfer of up to 800 000 class B shares in the Company in connection with the possible redemption of these options.

The redemption price has been set at SEK 32.80, which is equivalent to 110 percent of the average market price of the Lagercrantz share during the period December 3 through December 7, 2001. The options can be exercised during the period July 19, 2004 until February 18, 2005. The redemption price of SEK 32.80 can be compared to the Company's average cost of repurchased shares, which amounted to SEK 19.88 per share. If all outstanding personnel options are exercised in full, the number of shares outstanding increases by 3 percent and the number of votes by 2.2 percent.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 0.90 per share for the 2002/2003 financial year.

EVOLUTION OF SHARE CAPITAL

Event	Class A					Class B				
	Change number	Number of shares	Proportion of share capital	Number of votes	Proportion of votes	Change number	Number of shares	Proportion of share capital	Number of votes	Proportion of votes
IB		1,840,286	7%	18,402,860	41%		26,023,946	93%	26,023,946	59%
2001/2002 Conversion of class A to class B shares	-725,464	1,114,822	4%	11,148,220	29%	+725,464	26,749,410	96%	26,749,410	71%
2002/2003 Conversion of class A to class B shares	-8,320	1,106,502	4%	11,065,020	29%	+8,320	26,757,730	96%	26,757,730	71%

PRICE PERFORMANCE

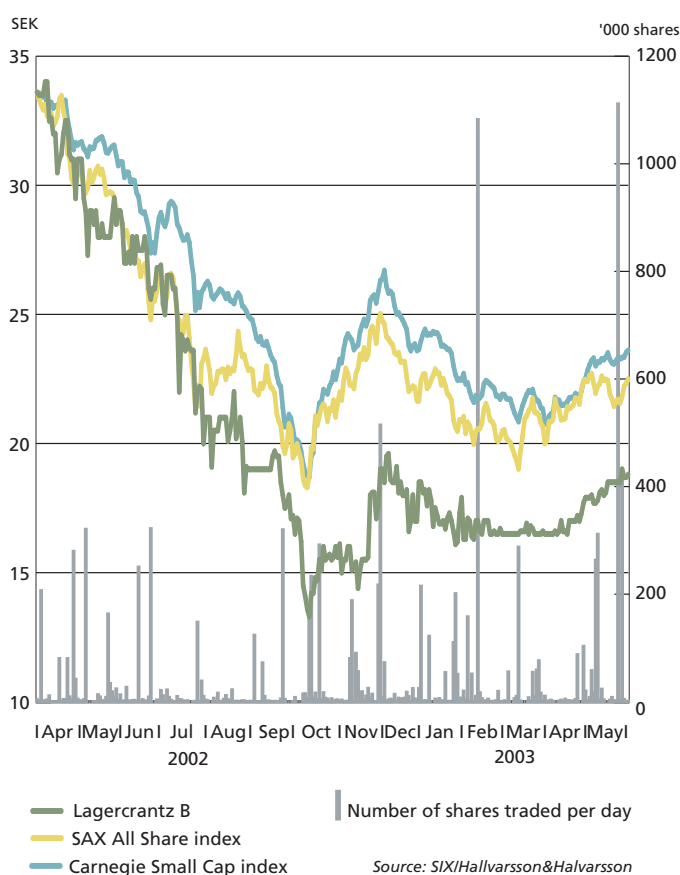


TABLE OF KEY FINANCIAL INDICATORS

	2002/2003
Earnings per share, SEK	0.34
P/E ratio	49
Dividend, SEK	0.90*
Dividend yield, %	5.5
Last bid price, SEK	16.50
Average number of shares outstanding after repurchases (Class A and B)	26,561,385
Number of shares outstanding at year-end (Class A and B)**	27,864,232
Number of shareholders at year-end	3,270

*As proposed by the Board of Directors **Including repurchased shares

OWNERSHIP STRUCTURE

Major owners in Lagercrantz Group as of April 30, 2003

Shareholder	Number of A shares	Number of B shares	Capital %	Votes %
Robur Fonder	0	4,207,850	16.8	12.0
Pär Stenberg	279,152	999,722	5.1	10.8
Anders Börjesson (with family)	350,966	20,500	1.5	10.1
Tom Hedelius (with family)	335,966	5,400	1.4	9.6
AMF Fonder	0	2,360,000	9.4	6.7
Handelsbanken	0	2,134,900	8.5	6.1
Alecta	0	1,407,440	5.6	4.0
Carl T. Sæve (with family)	30,000	1,094,252	4.5	4.0
SEB	0	857,800	3.4	2.5
Metroland BVBA NL	0	700,000	2.8	2.0
Odin Fonder	0	600,000	2.4	1.7
Öresund, Investment AB	0	579,888	2.3	1.7
Riksbankens jubileumsfond	0	558,600	2.2	1.6
Stiftelsen för kunskaps och kompetensutveckling	0	500,000	2.0	1.4
Fonden Pecunia	0	399,500	1.6	1.1
S I F	0	380,000	1.5	1.1
SKANDIA	0	340,241	1.4	1.0
Torsten Fardell	15,000	153,000	0.7	0.9
Fidelity	0	300,000	1.2	0.9
Total 19 largest shareholders	1,011,084	17,599,093	74.2	79.1
Total other owners	95,418	6,372,214	25.8	20.9
Total*	1,106,502	23,971,307	100.0	100.0
Lagercrantz Group AB (repurchases)	0	2,786,423		
Total	1,106,502	26,757,730		

* Not including shares held in treasury.

Size classes

Number of shares	Number of shareholders	Capital %	Votes %
1 - 500	2,071	1.3	0.9
501 - 1,000	525	1.5	1.1
1,001 - 10,000	551	5.8	5.9
10,001 - 50,000	65	5.0	5.1
50,001 - 100,000	14	3.6	2.6
100,001 -	44	82.8	84.3
Total	3 270	100.0	100.0

Holding by category

	%
Legal entities	7.4
Private individuals	92.6
Total	100.0
Of which Swedish residents	96.7

Business Concept, Objectives and Strategies

VISION

Lagercrantz is to be a growth-oriented, profitable, international, knowledge-based company in the fields of electronics and communications solutions.

BUSINESS CONCEPT

Within well defined niches, and in partnership with customers and producers, Lagercrantz Group offers products and solutions in electronics and communication that contribute to the competitiveness of customers.

OBJECTIVES

Lagercrantz Group has three basic over-riding objectives:

Growth

Long-term earnings growth, expressed as income after financial items of at least 15 percent.

Profitability

The goal is for the return on equity to be at least 25 percent.

To achieve this goal, Lagercrantz measures profitability internally as income after financial items relative to working capital. This control measure is well suited to the nature of the operations, and is easy to use at all levels of the Company.

Development

As a complement to the financial goals, there is an operative development goal according to which the Company is to conduct development that supports growth and profitability. Goals for individual development projects are set internally and are followed up at division level at recurring development meetings.

STRATEGIES

To secure the goals with respect to growth, profitability and development, the Group has formulated a number of strategies:

Well-defined niches

Lagercrantz shall operate within specific product segments with a clear niche focus. Within these niches, Lagercrantz must have what it takes to achieve market leadership. As an element of offering more refined products and services, the proportion of products manufactured in-house has increased as well as the service content.

The Group consciously chooses to represent technologically eminent producers with a narrow and unique line of products. The high technology content makes it necessary to cooperate with a local partner with high technology competence. Lagercrantz is a refining link between producer and customer.

Clear expansion strategy

Lagercrantz is to expand in three different ways: through organic growth, through acquisitions in present markets and through acquisitions in new geographic markets.

Organic growth means to grow with existing customers, to cultivate markets actively to attract new customers, to coordinate the key agencies and work actively to get new agencies in selected product areas. An important way of creating growth is to offer customers solutions to a greater extent.

Acquisitions in existing markets will strengthen the market positions in attractive niches, and add technical competence in existing areas. Acquisitions can also be made to get into new, expansive niches with high added value. In both cases it is highly important for the acquired company to have well established customer relationships and that they represent attractive producers. Successful acquisitions add competent employees, suppliers and new customers.

Our geographic expansion has its focus on Europe and Asia. This expansion can be by acquisition or by partnerships with companies with a similar strategy in new markets for Lagercrantz. The primary ambition is to grow in those international markets where Lagercrantz is already represented, however. Geographic expansion is important to maintain proximity to existing customers, who are expanding internationally, and to strengthen the relationships with our suppliers. A well developed network of contacts among producers in Asia is also an important strength when we offer our customers electronic solutions.

Personal sales

Personal sales are an important success factor. Through long-standing relationships, with competence and flair for business, we have created a great deal of trust among our customers. These long-standing relationships often give the customer relationship the character of partnerships which makes it possible for us to enter the customer's development process at an early stage, thereby enabling us to offer tailor-made solutions. The aggregate breadth of the offerings from the different divisions, which can be summarized in the expression "From component to solutions," also makes it possible for us to offer unique solutions.

Lagercrantz conducts sales to several levels of the customers' organizations. As the emphasis increasingly shifts towards solutions and less standard components, sales increasingly get the character of idea sales aimed at customers' corporate management.

Coming in early in this process has several advantages. It is an effective way of creating long-term customer relationships and of laying a foundation for future sales. It also opens opportunities for giving advice about how products and services can increase the customer's competitiveness.

Personal sales place high demands on credibility, competence and products, in combination with documented good references.

Decentralized business responsibility

The organization is distinguished by strong decentralization with autonomy for the subsidiaries. The Group sets the framework, but business decisions are made at the local level, where the greatest knowledge exists about customers, products and producers.

Short decision-making channels create favorable conditions for adapting to customer and market demands. All subsidiaries manage their operations in line with clear economic indicators and ratios. Each unit's involvement with customers is evaluated on the basis of the Group's profitability model, and profitability is followed up on a continuous basis.

A strong entrepreneurial spirit prevails among the subsidiaries, and personal involvement is encouraged. Each subsidiary operates under its own name, which strengthens both employee commitment and relations with the customers. The decentralized organization also contributes to helping acquired companies to be integrated successfully into the Group.

STRONG CORPORATE CULTURE

The corporate culture of the Lagercrantz Group can be summarized in five key concepts:

Simplicity means short decision-making channels, working in a well-planned and concentrated manner, and an ability to simplify the approach to problems to what is really important. The tools used to analyze the operations are also simple.

Efficiency is to do the right things and to do things right. It is matter of working in a focused and methodical manner, and to devote time to activities that generate a high degree of target fulfillment.

Willingness to change among the employees is important for success. In order to remain competitive, high demands are placed on the ability to adapt quickly to market conditions and to satisfy and exceed customer requirements.

Freedom and responsibility. Lagercrantz employees are innovative, creative and willing to assume responsibility. Each employee possesses a unique potential. Operations are based on the competence and motivation contributed by all employees.

Business acumen is all about building relationships, possessing a winner instinct and a willingness to work as part of a team. All employees in the Lagercrantz Group are regarded as sales personnel.



Solution for video communication delivered by Lagercrantz subsidiary STV.

Market and Products

MARKET

The electronics and communications markets as a whole are quite extensive. Lagercrantz's strategy is to focus on interesting niches in special components, electronic solutions and communications products within this broad market. Concentration to a number of niches is deemed to provide the best opportunities for profitability as well as growth. Examples of such niches are displays and sensors in division Electronics, complex wiring harnesses in Production Services, and equipment for video conferences and solutions for design in Communication.

In addition to these, new and interesting growth areas have been identified. One such area is industrial communication, often abbreviated M2M, another is security.

M2M

Wireless industrial communication, M2M, is to a large extent based on the same GSM technology used in mobile telephones, and GPS technology used for navigation and geographic positioning. Compared to mobile telephony, M2M, also called telematics, is a relatively immature market, however, with great potential for growth. According to analysis firm e-principles, the market for wireless communication between machines will grow ten-fold over the next five years (see diagram).

There are applications for M2M in a number of different areas. Examples are communicating electrical utility meter readers and parking meters. Other examples are various applications for vehicles, such as navigation, toll road collection, traffic information and cargo scanning. The technology is also used for med-

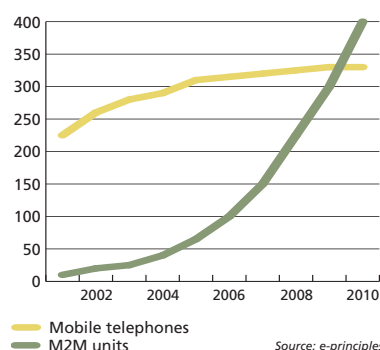
ical applications and industrial process control. Lagercrantz cooperates with a number of leading suppliers in the field of industrial communication.

Electronic solutions are an important part of Lagercrantz's offer in industrial communication. Lagercrantz's broad competence in electronics makes it possible to offer tailor-made and cost-efficient solutions.

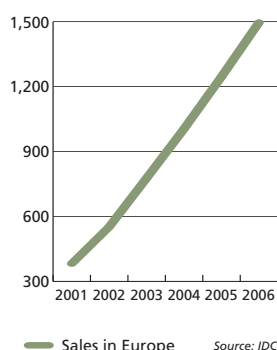
SECURITY

Security is another important growth area. One example of an interesting niche market is security solutions for computer networks. The ever expanding IT systems and the growing need to

M2M UNITS AND MOBILE TELEPHONES IN EUROPE, million units



SALES OF SECURITY MODULES FOR COMPUTER NETWORKS, million USD



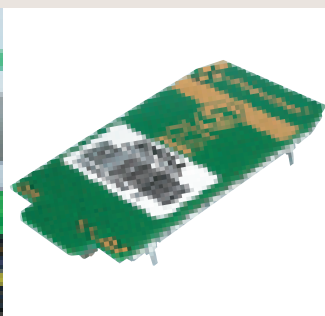
FROM COMPONENT TO SOLUTIONS



1. Electronic components
A broad range of special and standard components.



2. Displays
Different types of displays and LCD screens.



3. M2M modules
GSM modules for wireless industrial communication between machines, with applications in a number of different areas.



4. Industrial PC
Mobile PC computers for, among other things, rescue service and heavy industry.



5. Measure and test
Measuring and testing systems for, among other, the telecom industry.

protect the information in the systems fuels the growth in the market for security solutions. The market can be divided into two sectors, one of which is solutions based on software, the other being installed modules with a combination of hardware and software. Lagercrantz is active in the latter of these two markets.

The module solution has several advantages for the user. It is, for instance, simple to install, independent of operating system and can be monitored remotely. These advantages make the module market the one that is expected to grow faster of the two in the years ahead.

The Western European market for computer network security modules was worth close to SEK 5 billion last year, according to analysis company IDC, who predicts average annual market growth of over 30 percent for the next four years (see diagram).

PRODUCTS – FROM COMPONENT TO SOLUTIONS

Lagercrantz Group offers its customers products and solutions in electronics and communication that contribute to their competitiveness. The common denominator for the customers is that they are producers. Lagercrantz Group does not address the consumer market. The Company is active in specific product segments with a clear niche focus.

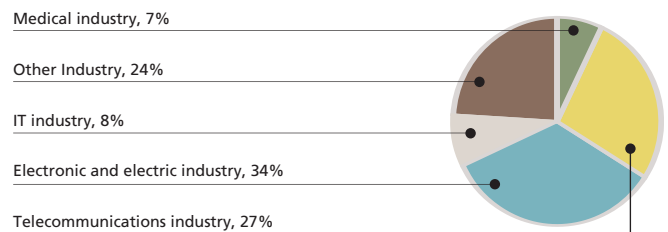
PRODUCT AND SERVICE OFFERINGS

Lagercrantz Group is one of the leading suppliers of special components and modules in electronics in the Nordic Region.

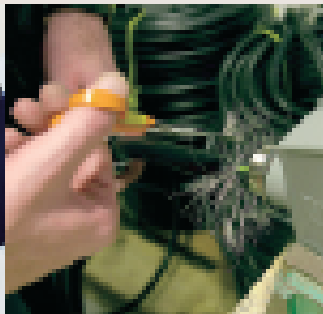
Examples of special components marketed by Lagercrantz are micro-processors, sensors and displays. Other examples of products are GSM modules for communication and GPS modules for navigation. Lagercrantz also has its own production of complex wiring harnesses for, among other things, wind power stations and industrial robots, and wiring harnesses for monitoring systems for temperature in radio base stations.

Lagercrantz Group is increasingly working on providing solutions for its customers. Examples of this are in security for computer networks, and in satellite and video communication, such as turnkey solutions for distance training delivered to universities. Lagercrantz also offers solutions in electronics, including everything from development and design to production for companies that normally do not have electronics as the mainstay of their business. An example of this is heat exchangers in buildings controlled by electronics developed by Lagercrantz.

THE GROUP'S REVENUES BY CUSTOMER SEGMENT, percent



6. Development and design of electronic applications
Total solutions in, among other, industrial communication.



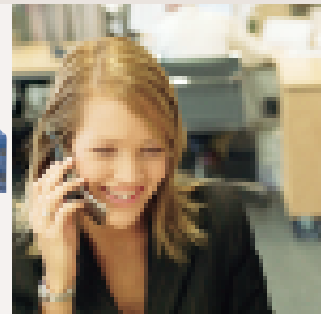
7. Wiring harnesses
Customized wiring harnesses for, among other things, robots, industrial elevators, wind power stations, trains and vending machines.



8. Video communication
Turnkey solutions for, among other things, video communication and distance training at universities.



9. Data security
Security solutions for computer networks based on modules with a combination of hardware and software.



10. Customer service solutions
Solutions for streamlining operations, such as customer service and IT departments.

Organization and Competence

ORGANIZATION

The Group's operations are divided into three divisions: Electronics, Production Services and Communication. The business conducted therein is described on pages 12–17.

At the end of the financial year Electronics changed its name from the former Components. The reason for the name change was the transformation process that is ongoing in the Group, whereby operations are increasingly focused on special components, electronic solutions and niche markets, rather than on standard components.

Production Services conducts niche production of wiring harnesses and kindred products. Operations are based on a high degree of efficiency, flexibility and proximity to the customer.

Communication is active in three areas: Security, Communication and Infrastructure, and Software and Consulting. During the year the Heath Comm companies in Sweden, Norway, Denmark and Finland were combined in a Nordic group focused on security. The objective behind this is to further improve the offer to the customers in the Nordic market.

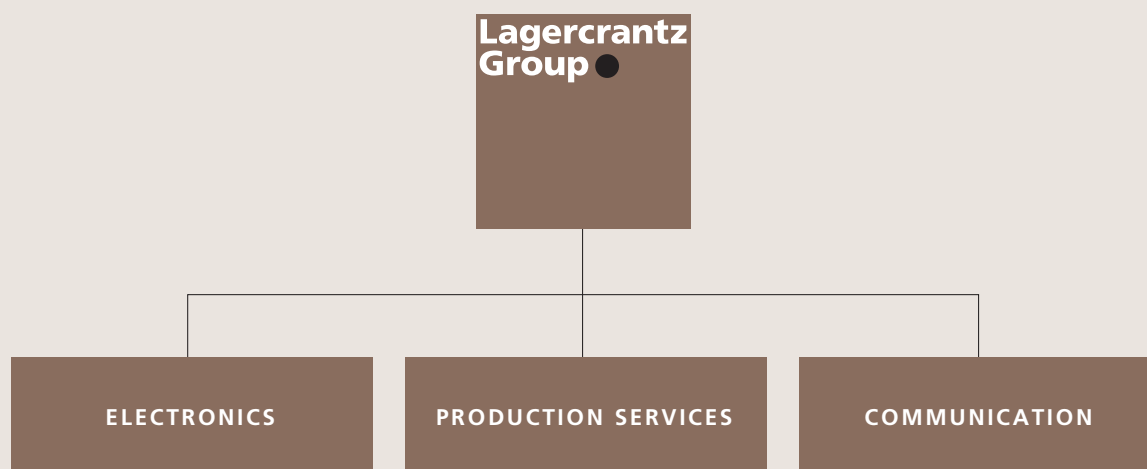
The Lagercrantz Group is organized in divisions, which in

turn consist of a number of companies. The Group has a total of 24 operating companies operating in well-defined niches. Lagercrantz operates according to the concept “small scale operations on a large scale.” The business requires decision-making close to the customers and the suppliers. Important business transactions are consummated by Lagercrantz employees in direct contact with customers and suppliers. In order for this to work a decentralized organization is of the essence.

EMPLOYEES

Lagercrantz employees possess a high degree of competence, both in terms of technology and business acumen. Together with depth of commitment, this competence is crucial to the continued success of the Group. Many Lagercrantz employees also have long-standing experience in the Group and have built up strong relationships with customers and suppliers.

A large majority of the sales representatives have solid technical educational backgrounds. Great importance is attached to further improvement of technical as well as business competence through continual competence development.



With an increasing emphasis on solutions, new requirements are placed on the employees. Sales work will increasingly include sales of ideas, concepts and solutions to management level counterparts at customer companies. It is important to develop employee competence to meet these requirements.

Lagercrantz strives for a good balance between female and male employees. At year-end the proportion of women in the Group was 44 percent.

At the end of the period the number of employees was 573, a decline from 652 the year before. The change is explained by personnel cutbacks in connection with streamlining, while a number of employees were added through the acquisition of Unitronic in Germany.

QUALITY

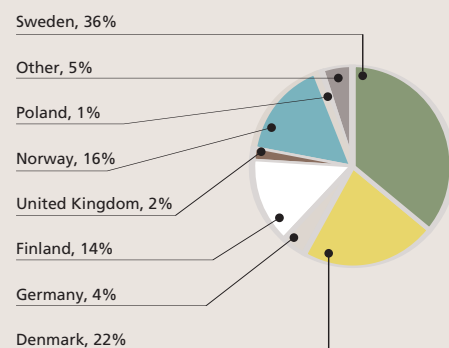
The quest for high quality and constant improvements in all parts of the business is a central theme in the development of Lagercrantz. Decentralized business accountability is one of the Group's main strategies, and hence the responsibility for quality work is totally decentralized. Most of the Group's companies have achieved quality certification according to ISO

9001 or ISO 9002. At a number of units upgrading to certification according to EN ISO 9001:2000 is in progress. The new ISO system is to a higher degree than before focused on customer utility, customer satisfaction and the processes of operations.

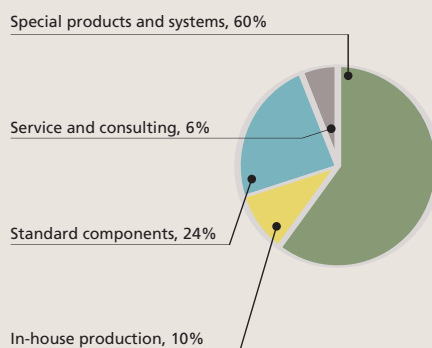
ENVIRONMENT

Lagercrantz assumes its share of the responsibility for improving the environment and contributing to a sustainable development. The precept of circulation and prudent use of natural resources are important elements of the Group's business activity. The environmental work is conducted within the framework of our business concept and is well integrated into the operative work. A high level of competence on the part of our employees, and constant development of our knowledge of the environmental effects of what we do, enables us to have a holistic approach to environmental issues. Environmental measures will be taken to the extent technically feasible, reasonable from the viewpoint of business economics and environmentally warranted. Responsibility for day-to-day environmental work rests with each individual company in the Group.

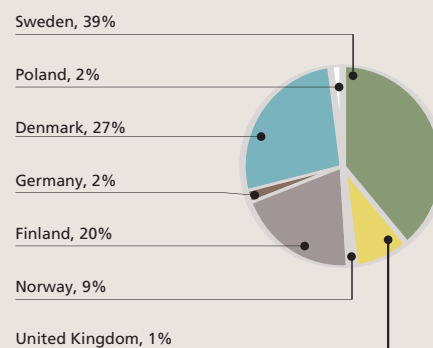
THE GROUP'S REVENUE
BY COUNTRY



THE GROUP'S REVENUE
BY PRODUCT CATEGORY

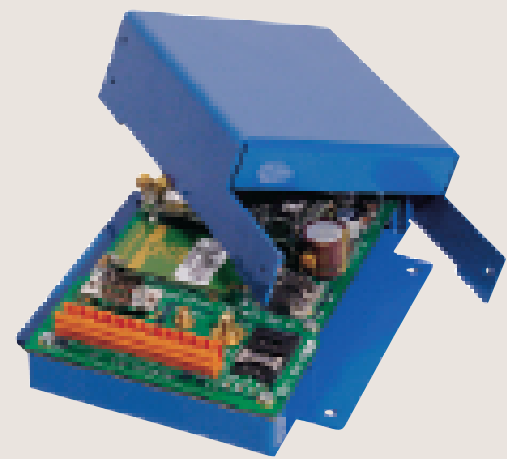


NUMBER OF EMPLOYEES IN
THE GROUP BY COUNTRY



ELECTRONICS delivers electronic components with related development and application support. The focus is on telecommunication, satellite communication, navigation, medical electronics, data and industrial communication.

With the support of Lagercrantz's subsidiary ACTE A/S, the Danish company York Refrigeration has developed a wireless monitoring module used for remote monitoring of refrigeration containers on ships. The monitoring module is based on a GPS/GPRS module delivered by ACTE.



FINANCIAL OVERVIEW

	02/03	01/02	00/01
Net revenues, MSEK	843	1,261	1,490
Operating income, MSEK	3	55	111
Number of employees at year-end	228	237	316

Stein Thorvaldsen,
Division Manager

COMPANIES IN THE DIVISION

Company	President	Country
ACTE A/S	Peter Bjørnskov	Denmark
2B-Electronics A/S ¹⁾	Mogens Nielsen	Denmark
ACTE Oy	Pekka Uusialho	Finland
ACTE AS	Jon Arne Kjærstad	Norway
ACTE Sp. z o.o.	Krzysztof Paramuszczak	Poland
ACTE AB	Thomas Lundell	Sweden
ACTE Ltd.	Mike Collen	United Kingdom
SECOS GmbH	Gerhard Wilp	Switzerland
Unitronic AG	Stefan Hauf	Germany
Lagercrantz Asia Co Ltd. ¹⁾	Leo Lee	Hong Kong

¹⁾ From April 1, 2003: previously a division of Production Services.

Electronics

Electronics is one of Northern Europe's leading players in special components and solutions, and industrial communication.

MARKET AND CUSTOMERS

Electronics represents a large number of suppliers. The product line was complemented during the year with a number of new basic agencies. The agreement for distribution of GSM modules in the Nordic Region for the world-leading French supplier Wavecom was expanded to include Germany, the United Kingdom and Poland.

The division's customers are found mainly in areas such as telecommunication, medical technology, offshore, computing and industrial communication. Among major customers can be noted Ascom Tateco, BT Industries, Kirk Telecom, Thrane & Thrane, Kitron, Tomra, Nokia and Tellabs.

In standard components Electronics competes with broad global suppliers such as Arrow, Eurodis and Memec. In special components the competitors are mainly local and regional niche players, such as Hans Følsgaard, Yleiselektronikka and Elektronikgruppen.

ORGANIZATION

Subsidiary 2B-Electronics was transferred April 1, 2003 to Electronics from division Production Services. 2B-Electronics offers electronic solutions, from development and design to production, and is judged to possess greater customer synergies with Electronics than with the other operations in Production Services. The large sales organization in Electronics provides broad contact areas with customers who demand electronic solutions.

OPERATING YEAR 2002/2003

Net revenues amounted to MSEK 843 (1 261), which was a drop of 33 percent. Operating income before items affecting comparability declined to MSEK 3 (55).

The division's market continued to be marked by low demand, in the Nordic Region as well as internationally. The most important explanation for this was the weak economy. In the Nordic Region demand continued to be somewhat dampened by the move of electronic production to Eastern Europe and the Far East. Cost containment work continued during the year. Savings during the 2002/2003 operating year included a personnel cutback of about 30 persons, which lowered the cost level by about MSEK 20 on an annual basis.

TRENDS AND THE FUTURE

The process of improving margins in the components business continues. This is accomplished by, among other things, narrowing the focus and giving priority to special components, electronic solutions and niche markets, rather than to standard components. Positive effects of this process began to be seen during the latter part of the year. To highlight the shift of main emphasis the division changed its name at the end of the financial year, from Components to Electronics.

Increased efforts in the field of industrial communication is contributing to raising the level of earnings. At the same time we believe that opportunities for growth in industrial communication are very good, particularly thanks to the use of GSM and GSP technology for industrial applications (see page 8). The division was early to establish itself in this product area and it has a strong position in the market. Market growth in the segment was high during the year, and is expected to stay that way going forward.

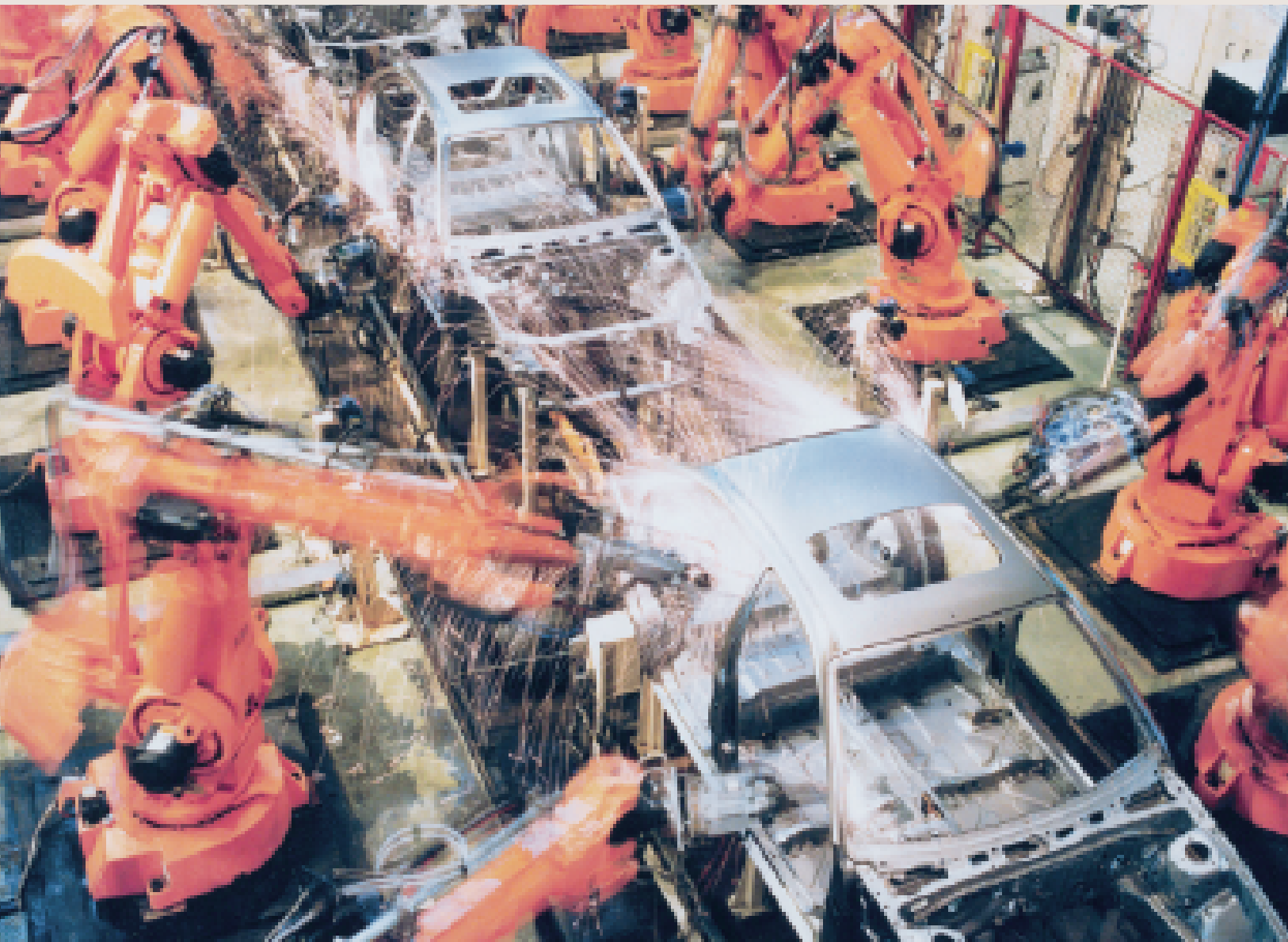
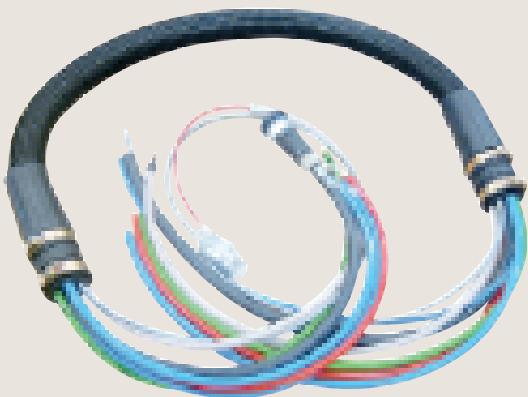
The division's international activities, that is outside of the Nordic Region, showed good development during the year. The U.K. company ACTE Ltd thus turned a loss last year to monthly incrementally positive results during the latter part of the year. The German company Unitronic was acquired during the year. This acquisition strengthens the division's international presence, at the same time as it involves a shift of emphasis in the direction of communication, a segment where Unitronic has a strong position. Among other things, the company is a supplier to the consortium that is building an extensive toll road system in Germany (see page 20).

Sales outside the Nordic Region accounted for about 15 percent of the division's net revenues. This was a substantial increase compared to the preceding year. The intention is to strengthen the international presence further, both through organic growth and through acquisitions. Interesting regions are found primarily in Europe and Asia. The prospects for further growth are deemed to be good in the United Kingdom and Germany, where the Group is already established.

The trend that certain types of electronic production moves away from the Nordic Region, in the first instance to Asia, is expected to continue. It remains Lagercrantz's ambition to follow key customers in this move and to further strengthen the network in Asia.

PRODUCTION SERVICES manufactures customized wiring harnesses and kindred products for, among other things, the electronic, telecommunications and engineering industries.

Lagercrantz's subsidiary Kablageproduktion i Västerås AB manufactures customized complex wiring harnesses for ABB Robotics that produces robots used by, among other, the auto industry.



FINANCIAL OVERVIEW

	02/03	01/02	00/01
Net revenues, MSEK	183	198	204
Operating income, MSEK	7	9	26
Number of employees at year-end	190	188	243

Gunnar Almeling,
Division Manager

COMPANIES IN THE DIVISION

Company	President	Country
2B-Electronics A/S ¹⁾	Mogens Nielsen	Denmark
Elfac A/S	Kurt Schuster	Denmark
Enkom Oy	Marcus Käld	Finland
Finn-Crimp Oy	Marcus Käld	Finland
Kablageproduktion i Västerås AB ²⁾	Lars Wennerberg	Sweden
Kablageproduktion NorNet AB ²⁾	Lars Wennerberg	Sweden
Lagercrantz Asia Co Ltd. ¹⁾	Leo Lee	Hong Kong

¹⁾ Transferred April 1, 2003 to division Electronics.
²⁾ Mats Högback is President from April 1, 2003.

Production Services

Production Services conducts niche operations and manufactures wiring harnesses and similar products for, among other, the electronics, telecommunication and other engineering industries. Examples of products are wiring harnesses for robots, industrial elevators, wind power stations, trains and vending machines. The products are customized for each respective customer.

MARKET AND PRODUCTS

The division has four production facilities in Sweden, Denmark and Finland. Their strong local ties, combined with a high degree of flexibility, distinguish these businesses. Large and more complicated wiring harnesses are manufactured at these facilities, while simpler production is placed with partners in Asia. Major customers include ABB, Bombardier, Crisplant, NEG Micon and Thermo King.

Among competitors can be mentioned Connecto in Sweden and Finland, and SEM in Denmark. In local markets there are also a number of smaller niche players.

ORGANIZATION

Subsidiary 2B-Electronics was transferred April 1, 2003 to division Electronics. 2B-Electronics offers electronic solutions from idea to finished product, and is deemed to be a good fit with the components operations in Electronics. The business in 2B-Electronics showed a positive development for existing customers, but the Company's result was negative.

The subsidiary in Hong Kong, where Lagercrantz's stake is 51 percent, changed its name during the year to Lagercrantz Asia Ltd.

A common EDP system is being introduced. This gives the division more effective tools for continued improvements of, for instance, reporting, production planning and logistics manage-

ment, at the same time as the system facilitates cooperation between the companies in the division.

2002/2003 OPERATING YEAR

Net revenues amounted to MSEK 183 (198), which was a decline of 8 percent. Operating income before items affecting comparability decreased to MSEK 7 (9).

The divisions market continued to be weak, but towards the end of the year a certain pickup in demand was discernible. The weak market led to a number of bankruptcies by competitors in Denmark and Sweden. Customers displayed increased reluctance to make longer-term commitments, so the divisions order backlog shifted in the direction of more numerous but smaller orders. Further streamlining and cost containment was implemented during the year.

TRENDS AND THE FUTURE

The trend that companies are moving out production that is not part of the core business is expected to continue. This spells good opportunities for the division to expand its business, both with existing and new customers.

The intention is to complement the wiring harness business through acquisitions. The type of company of primary interest is niche producers of wiring harnesses or similar products, but with a strong position in their local market in the Nordic Region. Another strategy for growth is to expand the network of suppliers and partners in Asia.

At the same time, efforts to continually streamline existing production facilities continue. The combination of efficiency, flexibility and proximity to the customer is deemed to be crucial also in the future to making niche production in the Nordic Region competitive and profitable, especially when it comes to harnesses of medium and high complexity.

COMMUNICATION offers products such as satellite and video communication equipment, testing and measuring systems for the telecom industry as well as security and access solutions.

Lagercrantz's subsidiary Heath Comm has delivered a security solution for computer networks to the eastern health care region in Norway. The solution allows for safe and secure transfer of confidential information among hospitals, nursing homes and care centers.



FINANCIAL OVERVIEW

	02/03	01/02	00/01
Net revenues, MSEK	437	524	400
Operating income, MSEK	14	14	19
Number of employees at year-end	145	170	171

Steen Alexander,
Division Manager

COMPANIES IN THE DIVISION

Company	President	Country
Betech Data A/S	Steen Alexander	Denmark
Heath Comm A/S	Bertil Olsson	Denmark
Delphi Oy	Juhani Lamminmäki	Finland
Heath Comm Oy	Harri Joutvuo	Finland
Heath Comm AS	Per Dale	Norway
Heath Comm AB	Mikael Wretman	Sweden
Lagercrantz Communication AB	Gunnar Samuelsson	Sweden
STV Svenska Tele & Video Konsult AB	Kjell Eriksson	Sweden
Uniweb AB	Peter Stjernström	Sweden

Communication

Division Communication is active in three areas:

Security that provides security solutions for large computer networks;

Communication and Infrastructure that offers products and solutions in the access, testing, video and telecommunications areas;

Software and Consulting that offers solutions for customer and process management, and design.

Communication is a prominent niche player with great business and technological knowledge.

MARKET AND CUSTOMERS

Among the division's customers are Ericsson, Telenor, TeliaSonera, SwedBank and Scania. Customers also include public enterprises such as KTH, the Royal Institute of Technology, and Posten, the Swedish postal authority. Among suppliers are companies such as NetScreen, one of the world's foremost players in security solutions for computer networks, IXIA, a manufacturer of testing tools for data/IP traffic, and RAD, a maker of access solutions for telecom operators. Suppliers also include Polycom, a manufacturer of video communication systems, and Sattelcom, a maker of equipment for satellite communication. Competitors include Check Point (security), Polystar (Communication/Infrastructure) and PC Syscom (Software/Consulting).

ORGANIZATION

Efforts to focus the businesses in Communication continued during the year. Security solutions are now assembled in the Heath Comm group that operates in all four Nordic countries. Lagercrantz's offer in the security area has been significantly enhanced with the formation of this group. It is now possible to

offer Nordic solutions that are in demand by customers as well as suppliers. Betech Data in Norway was also set up to offer software solutions for computer-aided design.

OPERATING YEAR 2002/2003

Net revenues amounted to MSEK 437 (524), which was a drop of 17 percent since last year. Operating income amounted to MSEK 14, which is unchanged from the preceding year. The operating year was marked by the weak development in the telecom sector. The telecom operators had great difficulties, which had a detrimental effect on Communication's revenues. Existing customers curtailed their purchases and new customers failed to appear, which together made for loss of volume. The software and consulting part showed a positive development despite overall weakness in the economy. Sales of software solutions and design also displayed a strong development. Efforts to lower the division's costs continued.

TRENDS AND THE FUTURE

Good growth is expected for the next several years in the different areas of Communication. The need for secure and high-performance communications systems is on the rise. As data communication rises, so will the need for increased security. One example of this is secure handling of confidential information in areas such as health care and retailing.

Demand is expected to gain momentum in Communication and Infrastructure once the expansion in broadband and 3G resumes. The use of video conference solutions is expected to increase. Future prospects are also good for software solutions in mechanical design that promotes efficiency gains for customers. The trend that major Nordic companies want to use the same service and product supplier in the entire Nordic Region is positive for Communication.

Multi-Year Overview

The Lagercrantz Group was capitalized March 31, 2001. Certain data are therefore omitted. All comparative data for years 2000/2001 and earlier are presented on a pro forma basis based on the assumptions set forth in information in Lagercrantz Group AB's prospectus August 2001. The comparative data years 2000/2001 and earlier have also been adjusted for the effect of application of recommendation RR9 Income taxes, of the Swedish Financial Accounting Standards Council.

PRO FORMA STATEMENT OF INCOME

Amounts in MSEK	2002/2003	2001/2002	2000/2001	1999/2000	1998/1999
Net revenues	1,463	1,983	2,614	2,223	1,890
Operating income before depreciation and amortization	46	103	187	137	118
Depreciation and amortization	-19	-22	-24	-25	-21
Operating income before items affecting comparability	27	81	163	112	97
Items affecting comparability	–	0	-45	–	–
Operating income	27	81	118	112	97
Financial income and expense	-11	-2	-5		
Income after financial items	16	79	113		
Taxes & minority interest	-7	-25	-38		
Net income for the year	9	54	75		

BALANCE SHEET

Amounts in MSEK	3/31/2003	3/31/2002	3/31/2001	3/31/2000	3/31/1999
ASSETS					
Tangible fixed assets	23	–	–		
Intangible fixed assets	106	111	124	86	115
Financial assets	42	57	36	1	3
Other current assets	522	569	879	780	736
Liquid funds and short-term investments	110	172	196		
TOTAL ASSETS	803	909	1,235		
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity & minority interest	453	484	451		
Interest-bearing provisions and liabilities	91	128	279		
Non-interest-bearing provisions and liabilities	259	297	505	356	401
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	803	909	1,235		
Capital employed	544	612	730		
Pledged assets and contingent liabilities	38	45	52		

STATEMENT OF CASH FLOW

Amounts in MSEK	2002/2003	2001/2002	2000/2001
Income after financial items	16	79	113
Adjustment for paid taxes & items not included in cash flow	7	-41	32
Cash flow before changes in working capital	23	38	145
Cash flow from changes in working capital	47	120	58
Cash flow from current operations	70	158	203
Cash flow from investment operations	-24	-12	-108
Cash flow from current operations and investment operations	46	146	95
Cash flow from financing operations	-100	-170	
Cash flow for the year	-54	-24	

KEY FINANCIAL INDICATORS

	2002/2003	2001/2002	2000/2001	1999/2000	1998/1999
Change in net revenues, %	-26.2	-24.1	17.6	17.6	32.9
Operating margin, %	1.8	4.1	4.5	5.0	5.1
Operating margin not including items affecting comparability, %	1.8	4.1	6.2	5.0	5.1
Profit margin, %	1.1	4.0	4.3		
Return on capital employed, %	5.6	14.8	18.1		
Return on capital employed not including items affecting comparability, %	5.6	14.8	24.2		
Return on equity, %	1.9	11.6	16.6		
Return on equity not including items affecting comparability, %	1.9	11.6	23.3		
Equity ratio, %	56.4	53.2	36.5		
Debt equity ratio, times	0.2	0.3	0.6		
Net debt equity ratio, times	0.0	-0.1	0.2		
Times interest earned	2	5	7		
Times interest earned not including items affecting comparability, %	2	5	10		
Net interest-bearing liabilities (+) / receivables (-)	-19	-44	83		
Number of employees at year-end	573	652	827	624	688
Average number of employees	602	738	714	606	556
Payroll expenses including social benefits	306	381	290	253	211
Revenues outside Sweden	936	1,302	1,767	1,449	1,178

PER-SHARE DATA

	2002/2003	2001/2002	2000/2001	1999/2000	1998/1999
Number of shares outstanding at year-end ('000)	25,078	26,941	27,864		
Weighted number of shares outstanding after repurchases ('000)	26,561	27,609	27,864		
Operating income per share, SEK	1.02	2.93	4.23	4.02	3.48
Operating income per share not including items affecting comparability, SEK	1.02	2.93	5.85	4.02	3.48
Earnings per share, SEK	0.34	1.96	2.69		
Earnings per share not including items affecting comparability, SEK	0.34	1.96	3.77		
Shareholders' equity per share, SEK	17.60	18.00	16.16		
Cash flow per share, SEK	-2.03	-0.87			

DEFINITIONS

Average number of employees

Average number of annual employees during the year.

Cash flow per share

Cash flow in relation to weighted number of shares outstanding after repurchases.

Capital employed

Balance sheet total, less non-interest-bearing provisions and liabilities.

Change in net revenues

Change in net revenues in percent of previous year's net revenues.

Debt equity ratio

Interest-bearing liabilities in relation to shareholders' equity, plus minority interest.

Earnings per share

Income after taxes in relation to weighted number of shares outstanding after repurchases. The dilutive effect of the personnel option program is marginal.

Equity ratio

Shareholders' equity, plus minority interest in percent of balance sheet total.

Net debt equity ratio

Interest-bearing liabilities, less liquid funds and short-term investments in relation to shareholders' equity, plus minority interest.

Net interest-bearing liabilities

Interest-bearing liabilities, less liquid funds and short-term investments.

Operating margin

Operating income after depreciation in percent of net revenues.

Profit margin

Income after financial items, less share in affiliated company in percent of net revenues.

Return on capital employed

Income after financial items, plus interest expense, minus translation differences, minus minority

interest in percent of balance sheet total, less non-interest-bearing provisions and liabilities.

Return on equity

Income after taxes in percent of average shareholders' equity at the beginning of the year and at year-end.

Shareholders' equity per share

Shareholders' equity in relation to the number of shares outstanding at year-end.

Times interest earned

Income after financial items, plus interest expense, minus translation differences in relation to interest expense plus/minus translation differences.

All measures of return have been computed based on equity until March 31, 2002. The average of opening and closing equity has been used thereafter.

UNITRONIC

Breakthrough in Germany

Lagercrantz's German subsidiary Unitronic AG secured a breakthrough order during 2002/2003 in the field of industrial communication for electronic solution and components for building a new system, Lkw-Maut, for truck tolls on German freeways.

The system is based on the premise that trucks over 12 tons must pay a certain fee per kilometer. To monitor fee collection, GSM-based units are installed on such trucks, and detection units are installed at a large number of entrances to and exits from the toll road. A feature of the system is that the position of vehicles can be followed via a GPS system. The GSM units transmit information about vehicle movements to a central computer that processes fee collection.

The building of the system is led by a consortium that includes Deutsche Telekom, Daimler-Chrysler and French Cofiroute. Unitronic is the supplier of key components to the

consortium, such as GPS receivers and CPUs, and has also participated in the design phase. The consortium will deliver a total of 400 000 of the truck-mounted units. The units look much like an ordinary car radio.

The German authorities are expecting the system to generate annual revenue of over SEK 30 billion. Just short of half of this amount is destined for investment in infrastructure.

If the system is successful, this may open for more extensive expansion, both for smaller trucks in Germany and in other European countries.

The order value is expected to double Unitronic's revenue for 2003/2004. The company had revenues in calendar 2002 of about MSEK 130, with most of that from components and electronic solutions. In addition to Germany, Unitronic is active in Switzerland and Austria.

FACTS UNITRONIC:

Acquired by Lagercrantz in June 2002.

Number of employees: 28

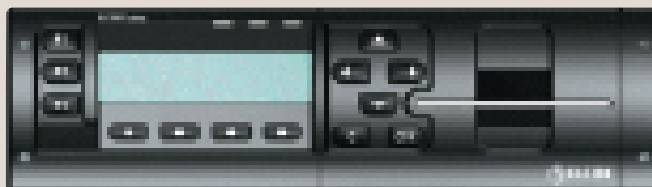
Revenues (calendar 2002): About MSEK 130

Operations in: Germany, Austria, Switzerland

Management: Rudolf Breiden, Michael Glemit, Stefan Hauf

Website: www.unitronic.de

GSM unit as
installed in trucks.



Risk and Risk Management

STATE OF THE MARKET

Lagercrantz is greatly affected by the state of the market. This is quite evident from the decrease in revenues in 2002/2003. The effect of the economy is greatest in division Components and slightly weaker in Production Services and Communication.

The single-most important factor for handling fluctuations in the market is flexibility. Lagercrantz attaches a great deal of importance to being prepared for swift and forceful action to lower overhead cost and adapt the organization to changes in demand.

DEPENDENCE ON INDIVIDUAL SUPPLIERS/AGENCY AGREEMENTS

Along with fluctuations in the market, the dependence on individual suppliers and agency agreements is the most important operating risk in Lagercrantz. Our suppliers are often the leaders within their respective product areas, so certain risks are involved when agency agreements are terminated.

The Lagercrantz Group has a large number of agencies. Some 20 of these are of significant economic importance and special action would have to be taken if anyone of them were to cease. It is entirely normal in the course of business for a number of agencies to cease and be added each year. The organization is highly experienced in dealing with these changes.

COMPETITION

Lagercrantz is active partly in mature markets, partly in growth markets, such as industrial communication and security. In the mature markets the risk of competition from new players is deemed to be limited. In the growth segment it is important to be an early entrant in new niches in order to achieve a strong market position and good profitability.

KEY PERSONS

Within Lagercrantz, there are a large number of key persons, who possess a high level of competence and also have strong and long-standing customer and supplier relationships. The fact that the number of key persons is large, makes the economic effect of losing such persons once in a while limited. Historically, the number of key persons who have tried to get away from the Company has been low.

CAPACITY TO HANDLE ACQUISITIONS

Acquisitions are an important element of our growth strategy. Each acquisition requires management resources and other efforts on the part of Lagercrantz's existing organization. Major acquisitions are difficult to map out, and it can be difficult to predict all problems. But the Group has a lot of experience from previous acquisitions and well-functioning routines for integration of acquired companies.

RELOCATION OF PRODUCTION FROM THE NORDIC REGION

There is a clear trend in the industry to move production of electronics from the Nordic countries to subcontractors in Asia. With this follows the risk that the manufacturer chooses other component suppliers, which may have a negative effect on division Electronics. Some of this loss of volume is compensated by Lagercrantz's strategy to follow the customers and to offer delivery of component deliveries also in Asia. Increased production by subcontractors at the same time means opportunities of offering the customers electronic solutions and taking care of relocated production with the aid of partners in Asia.

DIRECT SALES

The risk that customers choose to buy directly from producers is deemed limited. In part because customers try to deal with fewer suppliers, in part because it is not in the interest of producers to deal with a larger number of customers.

CURRENCY RISKS

Fluctuations in foreign exchange rates affect the Group's income and financial position to a limited degree. Currency risks that arise are eliminated to the greatest extent possible through currency clauses and invoicing in the same currency as the purchasing currency. The largest currency risk derives from future payment flows in connection with customer and supplier payments. Currency rate changes can also have an effect on earnings when the results of foreign subsidiaries are translated to Swedish kronor. The Group's purchases and sales in important foreign currencies amounted to MSEK 993 and MSEK 1 175, respectively, during the year. Borrowing in foreign currency is governed by the Group's finance policy.

Purchases/sales in important currencies

Amounts in SEK	Purchases	Sales
USD	380	305
EUR	502	287
NOK	44	190
DKK	67	393
Group total	993	1,175

SENSITIVITY ANALYSIS

The factors with the greatest impact on the Group's earnings for 2002/2003 are reported in the table below. The reported effects should only be seen as indications and do not include the effects of any action the Group may take to compensate. The analysis should be interpreted with caution since changes in the different parameters often interact.

Factor	Change, %	Effect on income before taxes, MSEK
Revenues	+/- 5	+/- 20
Personnel expenses	+/- 5	+/- 15
Exchange rate, USD	+/- 5	+/- 2
Exchange rate, EUR	+/- 5	+/- 8
Gross margin	+/- 1	percentage point +/- 15

UNIWEB

Quick savings for customers

Uniweb was one of the subsidiaries in Lagercrantz that, despite a weak market, recorded a very positive earnings trend during the year. This is explained in part by successful cost containment action, and also by strong customer relationships.

Uniweb delivers solutions that simplify and streamline different types of processes. Operations are divided into three business areas:

Customer Service offers customer service solutions to handle customer contacts.

IT Service Management offers systems for making IT departments, helpdesks and change and asset management more efficient.

Workflow Solutions makes internal information processes more efficient, for example in the form of support systems for quality processes.

Uniweb has large competitors, such as IBM, Hewlett-Packard, Computer Associates and more. Its market position is still strong. In customer service solutions, Uniweb is one of the leading players in Sweden. An important reason for the small company's ability to compete is the sharp focus on a number of niches.

Another important success factor, particularly in a weak economy, is that Uniweb's solutions often lead to quick and clear savings for the customers. This makes the payback period on the investments short.

Among interesting projects can be noted a system for automating and integrating problem and case management for SwedBank. Svenska Spel has introduced a customer-unique case management system from Uniweb, and Scania selected a solution from Uniweb that provides assistance to Scania customers wherever they are located in Europe.

FACTS UNIWEB:

Number of employees: 28
Revenues: About MSEK 45
President: Peter Stjärnström
Website: www.uniweb.se

Uniweb delivers solutions for making things such as customer service and IT departments more efficient.



Administration Report April 1, 2002 – March 31, 2003

The Board of Directors and the President of Lagercrantz Group AB (publ), organization number 556282-4556, hereby submit their Annual Accounts and consolidated financial statements for the 2002/2003 operating year.

OPERATIONS

Lagercrantz Group AB (publ) is a trading company in electronics and communication. The Group's products are distinguished by their high technology content. The Group is active in specific product segments with a clear niche focus. Operations are conducted in three divisions: Electronics, Production Services and Communication.

NET REVENUES AND INCOME

Net revenues declined to MSEK 1 463 (1 983). Operating income amounted to MSEK 27 (81) with an operating margin of 1.8 percent (4.1). Income before financial items amounted to MSEK 16 (79). The declining USD exchange rate during the year has burdened the Group's net of financial items by MSEK 8.

Earnings per share were SEK 0.34 (1.96).

The market situation for the Group's business was stable during the year. A continued low level of order bookings in division Electronics resulted in weak earnings performance for the Group, however. Further cost-containment action and streamlining will therefore be undertaken in Electronics during the first quarter of 2003/2004. These actions will lower the cost level by approximately MSEK 15 on an annual basis.

Positive effects of the Group's initiatives in the area of industrial communication (M2M) were recorded during the latter part of the year. This area is expected to contribute significantly to the Group's future earnings performance.

DIVISION ELECTRONICS

Net revenues amounted to MSEK 843 (1 261). Operating income amounted to MSEK 3 (55), with an operating margin of 0.4 percent (4.4).

The market for the division's operations was stable but weak during the year. The cost-containment program initiated during the early part of the year was completed. The year's cost-containment program included staff reduction by 30 persons and a lower cost level on an annual basis by MSEK 20.

The process of improving profitability continues. A weak economy with low demand had a negative effect on operations. Structural changes, such as moving production to sites outside the Nordic Region, also had a negative effect on results.

Initiatives within the division in the growth area of industrial communication (M2M) continue. The year was marked by increased focus on electronic solutions, a stronger international presence and continuing streamlining of the Group's product offerings.

A significant increase in order bookings in the area of indus-

trial communications has yet to be delivered. A positive effect on earnings of this development will be seen during the current year.

It may also be noted that, as an indication of the shift of main focus in the operations of the division, its name was changed from Components to Electronics at the end of the year.

DIVISION PRODUCTION SERVICES

Net revenues amounted to MSEK 193 (198). Operating income amounted to MSEK 7 (9), with an operating margin of 3.8 percent (4.5).

The cable harness business, which manufactures customized wiring harness products, was stable during the year, with good profitability.

The 2B Electronics business, which offers total solutions for electronics applications, generated a negative result during the year.

This investment in the Group's ability to add value has been well received in the marketplace, however, and the 2B Electronics companies in Denmark and Hong Kong were transferred to division Electronics effective as of April 1, 2003.

We believe that the opportunities for developing customer synergies and new projects will increase by integrating the holistic concept of 2B Electronics in a broader sales organization.

DIVISION COMMUNICATION

Net revenues amounted to MSEK 437 (524). Operating income was MSEK 14 (14), with a profit margin of 3.2 percent (2.7).

The operations of the division are organized in three areas: Security, Communication and Infrastructure, and Software and Consulting.

The Security area provides security solutions for large data networks. This business is established throughout the Nordic Region via the Heath Comm group, and revenues amounted to about MSEK 90. A significant increase in revenue and income is expected for the current year.

The Communication and Infrastructure area offers products and solutions in the following areas: access and test, video and telecommunications. The area's revenues amount to MSEK 175. It enjoys a leading market position in the Swedish market.

Software and Consulting builds solutions for customer service and process management, and also provides consulting services and solutions in the area of design. Revenues amounted to about MSEK 175 and the profitability was good. This business saw a very positive development during the year and we are expecting more of the same for the current year.

PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The return on capital employed for the most recent 12-month period was 5.6 percent, as compared with 14.8 percent for the preceding financial year. The corresponding data for return on equity were 1.9 percent and 11.6 percent.

The equity ratio at the end of the period was 56 percent, as compared with 53 percent at the beginning of the financial year.

Shareholders' equity per share amounted to SEK 17.60, as compared with SEK 18.00 at the beginning of the financial year.

Cash flow from current operations for the period amounted to MSEK 70 (158). The Group's financial net claim amounted to MSEK 19, as compared with MSEK 44 at the beginning of the financial year.

Investments in plant and equipment amounted to MSEK 18 (17).

CORPORATE ACQUISITIONS

In June 2002 an agreement was concluded to acquire all shares outstanding in Unitronic AG, Germany. The company is a niche supplier of special components and modules, with a focus on the area of industrial communication. Annual revenues amount to about MSEK 130.

EMPLOYEES

At the end of the period the number of employees in the Group was 573, as compared to 652 at the beginning of the period.

REPURCHASE AND CANCELLATION OF OWN SHARES

A total of 1 862 723 own class B shares were repurchased during the year. These shares were repurchased at an average price of SEK 18.31 per share. Lagercrantz thus holds 2 786 423 class B shares in treasury, which is equivalent to 10.0 percent of the number of shares outstanding and 7.4 percent of the votes in Lagercrantz.

The Board of Directors proposes cancellation of shares held in treasury at the end of the financial year (not to include the 798 000 shares that secure the Company's undertaking towards option holders). The maximum number of shares to be cancelled is proposed to be 1,950,000 shares.

The Board of Directors proposes to the regularly scheduled Annual General Meeting that the Board of Directors be granted a mandate to repurchase own shares. The proposal would give the Board of Directors a mandate to repurchase up to ten percent of the shares outstanding, the mandate to remain valid until the next following regularly scheduled Annual General Meeting. Repurchases shall be effected over the Stockholm Stock Exchange. The mandate to the Board of Directors is proposed to include the option of using repurchased shares as payment in conjunction with corporate acquisitions, or to sell shares in ways other than over the Stockholm Stock Exchange to finance corporate acquisitions.

ENVIRONMENTAL IMPACT

Responsibility for improving the environment and participation to promote a sustainable development are important starting-points for the Group's business. The Group's companies are constantly working on finding ways to reduce the environmental impact of its operations based on the specific conditions of each company. The Group is not involved in any environmentally related disputes.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors of Lagercrantz consists of five Directors, including the Company's President. The Board of Directors held four regularly scheduled Board of Directors meetings and one statutory meeting during the 2002/2003 financial year. In addition hereto, strategy issues were discussed at a separate meeting. The Company's economic and financial position, and its capital expenditure activities, are discussed at each Board of Directors meeting. The Board of Directors is furnished with information in writing about the Company's business and other information of importance to the Company on a regular basis. The Board of Directors has rules of procedure that are confirmed on an annual basis at the statutory Board of Directors meeting immediately following the regularly scheduled Annual General Meeting of shareholders. The rules of procedure also contain instructions for the President and Chief Executive Officer.

Within the Board of Directors there is a compensation committee and an audit committee. The task of the compensation committee is to decide on compensation to members of senior management. Members of the compensation committee are Anders Börjesson, Chairman of the Board of Directors, Tom Hedelius, Vice Chairman of the Board of Directors, and Jan Friis, President and CEO. Jan Friis does not participate in proposals regarding compensation to the President and CEO. The audit committee consists of the aggregate Board of Directors and to assure that the needs for information to the Board of Directors with respect to the audit process are met, the Company's auditors report once per year on the findings of their audit and their assessments of the Group's internal controls.

A nomination committee consisting of representatives for the largest shareholders was appointed during the year. The nomination committee includes Marianne Nilsson (Robur Fonder), Pär Stenberg, Tom Hedelius and Anders Börjesson, the convener of the committee.

PARENT COMPANY

The Parent Company's internal net revenue amounted to MSEK 28 (31) and income after financial items was MSEK 1 (9). This result includes exchange rate gains on intra-Group lending in the amount of MSEK 4 (1).

Financing in the Parent Company consists of an approved committed credit facility in the amount of MSEK 250, the same credit as at the beginning of the financial year. MSEK 36 of this facility was utilized at year-end, as against MSEK 68 at the beginning of the financial year. There were also liquid funds in the amount of MSEK 13 at year-end, as against MSEK 0 at the beginning of the financial year.

DIVIDEND

The Board of Directors proposes a dividend of SEK 0.90 per share. The aggregate dividend payment will then amount to MSEK 23. The proposal of the Board of Directors for allocation of earnings is found on page 37.

Statements of Income

Amounts in MSEK	Note	GROUP		PARENT COMPANY	
		4/1/2002 –3/31/2003	4/1/2001 –3/31/2002	4/1/2002 3/31/2003	4/1/2001 3/31/2002
Net revenues	1	1,463	1,983	28	30
Cost of goods sold		-1,088	-1,489	–	–
Gross income		375	494	28	30
Selling costs		-257	-302	–	–
Administration costs		-99	-116	-30	-33
Income items affecting comparability	3	–	13	–	–
Expense items affecting comparability	3	–	-13	–	-6
Other operating income	4	9	6	–	–
Other operating expense	5	-1	-1	–	–
Operating income	2, 6, 7, 8, 12	27	81	-2	-9
Result from financial items					
Result from securities and receivables which are fixed assets	9	0	0	9	22
Interest income and similar items	10	6	18	0	4
Interest expense and similar items	11	-17	-20	-6	-8
Income after financial items		16	79	1	9
Year-end appropriations					
Change in untaxed reserves		–	–	-1	-2
Income before taxes		16	79	0	7
Taxes on the year's result	13	-6	-25	-3	-2
Minority interest		-1	–	–	–
NET INCOME FOR THE YEAR		9	54	-3	5
Earnings per share, SEK		0.34	1.96		
Number of shares outstanding after the year's repurchases ('000)		25,078	26,941		
Weighted number of shares outstanding after the year's repurchases ('000)		26,561	27,609		
<i>In view of the redemption price and the current share price, outstanding options have no dilutive effect.</i>					

Balance Sheets

		GROUP		PARENT COMPANY	
Amounts in MSEK	Note	3/31/2003	3/31/2002	3/31/2003	3/31/2002
ASSETS					
Fixed assets					
<i>Intangible fixed assets</i>					
Goodwill	14	21	–	–	–
Other intangible assets	15	2	–	–	–
		23	–	–	–
<i>Tangible fixed assets</i>					
Buildings, land & land improvements	16	75	75	–	–
Leasehold improvements	17	1	1	–	–
Plant and machinery	18	6	5	–	–
Equipment, tools, fixtures and fittings	19	24	30	1	1
		106	111	1	1
<i>Financial assets</i>					
Shares in Group companies	20	–	–	351	154
Due from Group companies	21	–	–	208	347
Other long-term securities holdings		0	0	–	–
Deferred tax claim	27	40	55	–	–
Other long-term receivables	22	2	2	–	–
		42	57	559	501
Total fixed assets		171	168	560	502
Current assets					
Inventories, etc.					
Raw materials and consumables		19	17	–	–
Work in progress		7	4	–	–
Finished products and goods for resale		203	220	–	–
Advance payments to suppliers		1	2	–	–
		230	243	–	–
<i>Short-term receivables</i>					
Accounts receivable		252	277	–	–
Due from Group companies		–	–	14	29
Tax claims		14	–	–	–
Other receivables		8	27	2	10
Prepaid expenses and accrued income	23	18	22	1	1
		292	326	17	40
<i>Short-term investments</i>					
		0	0	–	–
<i>Cash and bank balances</i>					
		110	172	13	0
Total current assets		632	741	30	40
TOTAL ASSETS		803	909	590	542

Amounts in MSEK	Note	GROUP		PARENT COMPANY	
		3/31/2003	3/31/2002	3/31/2003	3/31/2002
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	24				
Restricted equity					
Share capital		56	56	56	56
Restricted reserves		9	2	0	–
		65	58	56	56
Unrestricted equity					
Unrestricted reserves		368	372	265	322
Net income for the year		9	54	-3	5
		377	426	262	327
Total shareholders' equity		442	484	318	383
Minority interest					
Minority interest		11	–	–	–
Untaxed reserves	25	–	–	3	2
Provisions					
Provisions for pensions and similar obligations	26	47	44	–	–
Deferred tax liability	27	23	31	–	–
Other provisions	28	7	5	–	–
Total provisions		77	80	–	–
Long-term liabilities					
Committed credit facility	29	42	80	36	68
Other liabilities to credit institutions	30	5	5	–	–
Due to Group companies		–	–	107	20
Other long-term liabilities		1	1	–	–
Total long-term liabilities		48	86	143	88
Current liabilities					
Liabilities to credit institutions		1	0	–	–
Advance payments from customers		2	2	–	–
Accounts payable		102	106	1	0
Due to Group companies		–	–	115	59
Tax liabilities		–	12	3	2
Other liabilities		45	46	4	–
Accrued expenses and prepaid income	31	75	93	3	8
Total current liabilities		225	259	126	69
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		803	909	590	542
Pledged assets					
For own liabilities and provisions					
Real estate mortgages		1	1	–	–
Corporate mortgages		37	44	–	–
		38	45	–	–
Contingent liabilities					
Guaranty undertakings, FPG/PRI		0	0	42	42
Other guarantees		–	–	–	–
		0	0	42	42

Statements of Cash Flow

Amounts in MSEK	Note	GROUP		PARENT COMPANY	
		4/1/2002 –3/31/2003	4/1/2001 –3/31/2002	4/1/2002 3/31/2003	4/1/2001 3/31/2002
Current operations					
Income after financial items	32	16	79	1	9
Adjustments not included in cash flow, etc.	33	35	-13	8	-7
		51	66	9	2
Current taxes		-28	-28	0	0
Cash flow from current operations before changes in working capital		23	38	9	2
Cash flow from changes in working capital					
Increase(–)/Decrease(+) in inventories		26	141	–	–
Increase(–)/Decrease(+) in operating receivables		60	171	21	-19
Increase(+)/Decrease(–) in operating liabilities		-39	-192	28	81
Cash flow from current operations		70	158	58	64
Investment operations					
Acquisition of subsidiaries	34	-9	–	-97	-1
Acquisition of tangible fixed asset		-18	-17	0	-1
Disposal of tangible fixed asset		3	5	–	–
Investment in financial assets		–	–	–	-108
Disposal of/decrease in financial assets		–	0	142	–
Cash flow from investment operations		-24	-12	45	-110
Financing operations					
Repurchase of own shares		-34	-21	-34	-21
Dividend paid		-24	–	-24	67
Utilization of committed credit facility		–	–	–	67
Repayment of other liabilities		-42	-149	-32	–
Cash flow from financing operations		-100	-170	-90	113
Cash flow for the year		-54	-24	13	67
Liquid funds at beginning of year		172	196	0	0
Exchange rate difference in liquid funds		-8	0	–	–
Liquid funds at year-end		110	172	13	67
Change in net loan liability/claim					
Net loan liability (+)/claim (–) at beginning of year		-44	83		
Repayment of interest-bearing liabilities		-42	-149		
Change in provision for pensions		5	-2		
Change in liquid funds		62	24		
Net loan liability (+)/claim (–) at end of year		-19	-44		

Notes with Accounting Principles and Comments to the Financial Statements

General accounting principles

The Financial statements have been compiled in accordance with the Swedish Annual Accounts Act and in accordance with the recommendations and Emerging Issues Task Force statements of the Swedish Financial Accounting Standards Council.

Consolidated accounting

The consolidated financial statements include the Parent Company and all companies in which the Parent Company directly or indirectly owns more than 50 percent of the votes. The consolidated financial statements have been compiled in accordance with the recommendation of the Swedish Financial Accounting Standards Council (RR 1:00) on consolidated accounting and applying the purchase method of accounting. The use of this method means that the assets and liabilities of acquired subsidiaries are reported at market value in accordance with a concurrent acquisition analysis. If the cost of the shares in a subsidiary exceeds the estimated market value of the company's net assets according to the acquisition analysis, the difference is carried as goodwill. Consolidated equity includes the Parent Company's equity and that portion of equity in the subsidiaries which has been earned subsequent to the time of acquisition. Companies acquired during the year are included in the consolidated income statement with value from the time after the acquisition. Companies sold during the year are included for the period they have been part of the Group.

Translation of foreign subsidiaries or other foreign businesses

In compiling the consolidated financial statements, foreign subsidiaries are translated according to the current rate method. This means that assets and liabilities are translated using the year-end rate of exchange and all items in the income statement are translated using the year's average rate of exchange. Translation differences are carried directly to equity without affecting the year's income.

Translation differences

Translation differences attributable to loans in foreign currency raised for the purpose of hedging subsidiary net assets are reported – after deduction of taxes – directly against equity, where also the corresponding translation difference is reported. Similar reporting is applied to translation differences on long-term loans to foreign subsidiaries, which are regarded as additional investment in the subsidiaries.

Revenue recognition

Sales revenue is recorded upon delivery of products and services according to the terms and conditions of each respective customer contract and is equivalent to the sales amount after deduction of value added tax, returns, discounts and rebates. Revenue from projects in progress is reported gradually as projects are completed. If the costs to complete such a contract are estimated to exceed remaining revenue, a provision is set aside to cover the estimated loss.

Year-end appropriations and untaxed reserves

The consolidated statement of income and balance sheet are reported without year-end appropriations and untaxed reserves. The year-end appropriations in individual companies have been allocated so that the tax portion is included in the Group's tax expense, while the remainder is included in consolidated net income for the year. Untaxed reserves have been allocated so that the deferred tax liability is reported as a provision, while the remainder is reported among untaxed reserves. The deferred tax liability has been allocated so that the deferred tax liability is reported as a provision, while the remainder is reported among restricted reserves. The deferred tax liability has been calculated individually for each company, as a rule using the local tax rate for the following year. If the rate of taxation is changed, the change in the tax liability is taken as a tax expense for the year.

Taxes

In the consolidated financial statements, taxes consist of current taxes as well as deferred taxes. Current taxes are calculated based on taxable income for the current period. Deferred taxes are calculated on the difference between amounts reported in the Group and taxable residual values. Deferred taxes are taxes calculated on temporary differences to be paid in the future. The calculation takes place without discounting to present value and using the applicable tax rate in each respective country. Due consideration is given to the value of tax loss carryforwards based on the extent to

which they will result in lower tax payments in the future.

Items affecting comparability

The income effects of certain events and transactions of a significant nature are specified within each respective level of result. Examples of such events and transactions are capital gain or loss on sale of business segments and significant fixed assets, write-downs and restructuring costs.

Borrowing costs

Borrowing costs are charged to income in the period to which they are applicable, regardless of how loan proceeds were used.

Inventories

Inventories are carried at the lower of cost and market according to the first-in-first-out method (FIFO). Due consideration is given to the risk of obsolescence. In the case of semi-finished and finished goods manufactured in-house, cost consists of direct manufacturing costs and a reasonable markup for indirect manufacturing costs.

Receivables

Receivables are carried in the amount by which, after individual assessment, they are expected to be collected.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency have been translated using the year-end rate of exchange. Translation differences on operating receivables and operating liabilities are included in operating income, whereas the difference between financial receivables and liabilities are reported among financial items. To the extent receivables and liabilities are hedged by futures contracts, they are translated using the future rate of exchange.

Intangible assets

Costs for research and development

Expenditure for research aimed at obtaining new scientific or technical knowledge is expensed as incurred. Expenditure for development, where the research result or other knowledge is applied to produce new or improved products or processes, is reported as an asset in the balance sheet. The reported value includes expenditure for materials, direct expenses for salaries and indirect expenses attributable to an asset in a reasonable and consistent manner.

Other intangible assets

Intangible assets acquired by the company are reported at cost, less accumulated amortization and writedowns. Expenditure for internally generated goodwill and trademarks are reported in the income statement as incurred.

Principles of depreciation of fixed assets

Depreciation according to plan is based on the original cost of the asset, less estimated residual value and depreciation is charged over the estimated useful life of the asset.

The following depreciation periods are applied:

	Group	Parent Company
<i>Tangible fixed assets</i>		
Buildings	15–50 years	N/A
Leasehold improvements	20 years	N/A
Plant and machinery	3–5 years	N/A
Equipment, tools, fixtures and fittings	3–5 years	5 years
<i>Intangible fixed assets</i>		
Goodwill	5–10 years	N/A
Other	5–10 years	N/A

Amortization of goodwill for periods exceeding five years is done for strategic acquisitions on new markets, or where major synergies and market advantages have been identified.

Writedowns

The reported values for the Group's assets are examined at each year-end to determine if there are any indications of a need for writedowns. If such indication exists, the recovery value of the asset is computed as the higher of the value in use and the net sales value. A writedown is performed if the recovery value is below the reported value. Writedowns are reversed if

there is a change in the method of computation used to determine the recovery value. A writedown of goodwill is reversed only if the writedown was caused by a specific external event not expected to be of a recurring character and if the increase in recovery value is directly attributable to the reversal of the effect of the specific event.

Leasing

Significant financial leasing contracts are reported in the consolidated balance sheet as a fixed asset and liability, and in the income statement the leasing cost is allocated to operating expense (depreciation) and interest. Other leasing undertakings are reported according to the rules for operational leasing, that is outside the balance sheet where the entire cost is reported as operating expense. There are no significant financial leasing contracts at present.

Warranty costs

Estimated costs for product warranties are included in operating costs when the products in question are sold.

Provisions

Provisions are accounted for in accordance with RR 16 Provisions, contingent liabilities and assets in the balance sheet when the company has a formal or informal undertaking as a result of an event that has occurred and it is probable that an outflow of resources will be required to settle the undertaking and a reliable estimate of the amount can be made. Discounting to present value is performed to take the timing effects of future payments into account. Accounting for pension commitments follows the standard accounting practices applied in each respective country.

Short-term investments and liquid funds

Liquid investments are valued in accordance with the Swedish Annual Accounts Act at the lower of cost and market. Cash and bank balances are classified as liquid funds, and also short-term financial investments subject to only insignificant risk of fluctuation in value, are traded in an open market in known amounts, or have a maturity of less than three months from the time of acquisition.

NOTE 1 NET REVENUES BY BUSINESS SEGMENT AND GEOGRAPHIC MARKET

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
<i>Net revenues by business segment</i>		
Electronics	843	1,261
Production Services	183	198
Communication	437	524
	1,463	1,983
<i>Net revenues by geographic market</i>		
Sweden	527	681
Denmark	319	430
Norway	240	356
Finland	203	415
United kingdom	32	5
Germany	60	22
Poland	16	15
Rest of Europe	36	21
Rest of world	30	38
	1,463	1,983

NOTE 2 EMPLOYEES, PERSONNEL EXPENSES AND FEES TO BOARD OF DIRECTORS AND AUDITORS

Average number of employees

	4/1/2002 –3/31/2003	of whom men	4/1/2001 –3/31/2002	of whom men
Parent Company				
Sweden	6	67%	4	75%

	4/1/2002 –3/31/2003	of whom men	4/1/2001 –3/31/2002	of whom men
Subsidiaries				
Sweden	228	65%	280	66%
Denmark	165	47%	218	48%
Norway	54	67%	74	64%
Finland	119	49%	146	51%
United kingdom	8	75%	5	80%
Germany	11	55%	–	–
Poland	11	64%	11	45%
Total in subsidiaries	596	57%	734	57%
Group total	602	56%	738	57%

Salaries, other compensation and social benefits

	4/1/2002 – 3/31/2003			4/1/2001 – 3/31/2002		
	Salaries and compen- sation	Social benefits	of which pension costs	Salaries and compen- sation	Social benefits	of which pension costs
Parent Company	5	3	1 ¹⁾	5	3	1 ¹⁾
Subsidiaries	228	70	24	264	109	26
Group total	233	73	25²⁾	269	112	27

¹⁾ Of the Parent Company's pension costs 1 (1) refers to the group Board of Directors and President. There are no outstanding pension obligations.

²⁾ Of the Group's pension costs, 4 (3) refers to the group Board of Directors and President. The Group's pension obligations to this group amount to 1 (0).

Salaries, other compensation by country and among directors, etc. and other employees

	4/1/2002 – 3/31/2003		4/1/2001 – 3/31/2002	
	Directors and President	Other employees	Directors and President	Other employees
Parent Company				
Sweden	3 (–)	2 (–)	3 (–)	2 (–)
Subsidiaries				
<i>in Sweden</i>	6 (0)	71 (2)	6 (0)	91 (2)
Sweden total	9 (0)	73 (2)	9 (0)	93 (2)
Outside Sweden				
Denmark	8 (0)	62 (1)	10 (–)	68 (0)
Norway	3 (–)	25 (0)	4 (0)	33 (1)
Finland	3 (0)	37 (1)	3 (–)	44 (1)
United kingdom	1 (–)	2 (–)	1 (–)	2 (–)
Germany	2 (–)	6 (0)	– (–)	– (–)
Poland	1 (–)	1 (–)	0 (–)	2 (–)
Subsidiaries total	18 (0)	133 (2)	18 (0)	149 (2)
Group total	27 (0)	206 (4)	27 (0)	242 (4)

In parentheses (of which bonuses, etc.)

The group Board of Directors and President includes the President & CEO and Executive Vice Presidents. The Parent Company's President & CEO receives compensation in another Group company than the Parent Company and is therefore reported among subsidiaries.

Compensation to members of senior management

Preparation and decision-making process

With respect to compensation to the President & CEO and other members of senior management the Board of Directors has appointed a compensation committee consisting of the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors and the President & CEO. The President & CEO does not participate in proposals for his own compensation.

Principles

Fees are paid to the Chairman of the Board of Directors and to members of the Board of Directors according to resolution of the Annual General Meet-

ing of shareholders. No separate fees are paid for committee work. Compensation to the President & CEO and other members of senior management consists of basic salary, variable compensation, other benefits, pension and financial instruments, etc. Other members of senior management are defined as the two persons who together with the President & CEO make up Group management. For the composition of Group management, refer to page 39.

The distribution between basic salary and variable compensation will be in proportion to the officer's responsibility and authority. For the President & CEO the variable compensation is maximized to 20 percent of their basic salary. In addition thereto a further bonus premium may be payable up to 20 percent of the bonus awarded provided the amount received is used to acquire shares in Lagercrantz Group AB. For other members of senior management the variable compensation is maximized to 30 percent of the basic salary. In addition thereto a further bonus premium may be payable up to 20 percent of the bonus awarded, provided the amount received is used to acquire shares in Lagercrantz Group AB.

The variable compensation is based on the Company's income. Pension benefits and compensation in the form of financial instruments, etc. and other benefits to the President & CEO and other members of senior management are paid as a part of the total compensation. Group management enjoys only fee-based pension plans. Pension cost refers the cost that has affected the year's income. For more information about pensions, see below.

Compensation and other benefits during the year

A fee of SEK 750 000 has been paid to the Board of Directors, of which the Chairman receives SEK 250 000, the Vice Chairman 200 000 and other members SEK 150 000 each. No member of the Board of Directors has received compensation in addition to the Board of Directors fee.

Compensation and other benefits, including social benefits to the Chief Executive Officer, were paid in an amount of SEK 2 407 000 (2 414 000). In addition, the Company paid for a pension annuity in the amount of SEK 456 000 (588 000).

Compensation and other benefits, including social benefits to other members of senior management, were paid in an amount of SEK 2 671 000 (2 669 000). In addition, the Company paid for a pension annuity in the amount of SEK 622 000 (564 000).

Bonus

No bonus was paid to the President & CEO or other members of Group management, neither for the 2002/2003 financial year, or for the 2001/2002 financial year. The principles for awarding bonuses are set forth above.

Financial instruments, etc.

In December 2001 the Board of Directors proposed to award 798 000 personnel options to 28 members of senior management in the Group. To make this possible, the extra general meeting of shareholders held December 17 resolved that the Company will convey up to 800 000 class B shares in the Company in connection with any redemption of these personnel options. The redemption price is set at SEK 32.80, equivalent to 110 percent of the average market price of the Lagercrantz share during the period December 3 – 7, 2001. These options can be exercised during the period July 19, 2004 – February 18, 2005.

At the time of subscription an external valuation was made and the Board of Directors of Lagercrantz Group AB is of the opinion that the valuation is fair. If all personnel options are awarded, the number of shares outstanding increases by 3.0 percent and the number of votes increases by 2.2 percent. Given its repurchase of own shares, Lagercrantz has secured the Company's undertaking pursuant to the option program for members of senior management resolved by the extra general meeting of shareholders held December 17. The options have been awarded without consideration. In conjunction herewith the President & CEO was awarded 120 000 options and the other 2 members of Group management were awarded 80 000 options each.

Pensions

The retirement age for the President is 58 years. The fee-based pension premium for 2002/2003 amounts to SEK 456 000. The retirement age of other members of senior management is 60 years. Pension is paid equivalent to the ITP plan and is fee-based.

Severance payment

The period of notice for the President is 12 months when termination is at the initiative of the Company and 6 months when termination is at the

initiative of the President. In the case of termination is at the initiative of the Company, the President is entitled to a severance payment equivalent to one year's salary in addition to salary during the period of notice. No severance payment is payable in the case of termination at the initiative of the President. The period of notice for the other members of Group management is 12 months when termination is at the initiative of the Company and 6 months when termination is at the initiative of the employee. In the case of termination is at the initiative of the Company, the other members of Group management are entitled to a severance payment equivalent to one year's salary in addition to salary during the period of notice. No severance payment is payable in the case of termination at the initiative of the employee. The severance payment is not prorated against other income.

Fees and reimbursement to auditors

	Group		Parent Company	
	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
KPMG				
Audit assignments	2	2	0.3	0.3
Other assignments	1	0	0.3	0.1
Other auditors				
Audit assignments	0	0	–	–
Other assignments	0	0	–	–

NOTE 3 ITEMS AFFECTING COMPARABILITY

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Market listing costs	–	-4
Closing and restructuring costs	–	-9
Costs affecting comparability	–	-13
Recovery of previously written down receivables	–	13
Income affecting comparability	–	13
Parent Company		
Market listing costs	–	-4
Closing and restructuring costs	–	-2
Costs affecting comparability	–	-6

NOTE 4 OTHER OPERATING INCOME

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Capital gains on equipment	0	2
Rental income	4	3
Other	5	1
	9	6

NOTE 5 OTHER OPERATING EXPENSE

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Capital loss on equipment	-1	-1
	-1	-1

NOTE 6 DEPRECIATION AND AMORTIZATION OF TANGIBLE AND INTANGIBLE FIXED ASSETS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
<i>Depreciation and amortization according to plan by class of asset</i>		
Goodwill and other intangible assets	-1	-
Buildings and land	-1	-2
Leasehold improvements	-1	-1
Plant and machinery	-2	-1
Equipment, tools, fixtures and fittings	-14	-18
	-19	-22
<i>Amortization according to plan by function</i>		
Cost of goods sold	-4	-4
Selling expenses	-9	-11
Administration expenses	-6	-7
	-19	-22
Amortization of goodwill is reported as selling expenses.		
Parent Company		
<i>Depreciation according to plan by class of asset</i>		
Equipment, tools, fixtures and fittings	0	0
	0	0
<i>Amortization according to plan by function</i>		
Administration expenses	0	0
	0	0

NOTE 7 LEASING FEES RELATING TO OPERATIONAL LEASING

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Leasing fees paid during the financial year	8	7
<i>Amounts of future annual payments:</i>		
1 year after current financial year	6	7
2 year after current financial year	4	5
3 year after current financial year	2	3
4 year after current financial year	1	1
5 year after current financial year	1	1
	14	17
Parent Company		
Leasing fees paid during the financial year	2	1
<i>Amounts of future annual payments:</i>		
1 years after current financial year	2	2
2 years after current financial year	1	2
More than 3 years after current financial year	-	-
	5	5

NOTE 8 OPERATING INCOME BY OPERATING SEGMENT

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
<i>Operating income by operating segment</i>		
Electronics	3	55
Production Services	7	9
Communication	14	14
Parent Company/Consolidation eliminations	3	3
	27	81

NOTE 9 RESULT FROM SECURITIES AND RECEIVABLES THAT ARE FIXED ASSETS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Interest income	0	0
	0	0
Parent Company		
Interest income from Group companies	15	17
Translation differences	4	-
Writedowns	-10	-
Dividend income	-	5
	9	22

NOTE 10 OTHER INTEREST INCOME AND SIMILAR ITEMS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Interest	6	17
Other	-	1
	6	18
Parent Company		
Interest	0	3
Other	-	1
	0	4

NOTE 11 INTEREST EXPENSE AND SIMILAR ITEMS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Interest expense, PRI	-2	-2
Other interest expense	-5	-18
Foreign exchange losses	-8	0
Other	-2	0
	-17	-20
Parent Company		
Interest expense to Group companies	-2	-2
Other interest expense	-4	-6
Other	0	0
	-6	-8

NOTE 12 TRANSLATION DIFFERENCES AFFECTING EARNINGS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Translation differences affecting operating earnings	-7	1
Financial translation differences	-8	1
	-15	2
Parent Company		
Financial translation differences	4	1
	4	1

NOTE 13 TAXES ON INCOME FOR THE YEAR

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
<i>Current tax expense (–)/tax income (+)</i>		
Tax expense for the period	0	-14
Adjustment of taxes attributable to prior years	1	-2
	1	-16
<i>Deferred tax expense (–)/tax income (+)</i>		
Deferred taxes on temporary differences	-12	-25
Deferred taxes on change of capitalized tax value of tax loss carryforward	5	16
	-7	-9
Total reported tax expense in the Group	-6	-25
<i>Reconciliation of effective tax</i>		
Income before taxes	16	79
Tax according to Parent Company's tax rate, 28%	-4	-22
Effect of other tax rates for foreign subsidiaries	-1	0
Amortization of Group goodwill	0	–
Non-deductible expenses	-2	-1
Non-taxable revenue	0	0
Taxes attributable to prior years	1	–
Increase in tax loss carryforward without corresponding capitalization of deferred taxes	–	-2
Total effective taxes	-6	-25
Parent Company		
<i>Current tax expense (–)</i>		
Tax expense for the period	-3	-2
Total reported tax expense in the Group	-3	-2
<i>Reconciliation of effective tax</i>		
Income before taxes	0	7
Tax according to current tax rate, 28%	0	-2
Effect of writedowns	-3	–
Non-deductible expenses	0	0
Total effective taxes	-3	-2
<i>Tax items carried directly to equity</i>		
Current tax component of group contribution	2	–

NOTE 14 GOODWILL

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
<i>Accumulated cost</i>		
Opening balance	–	–
Purchases	22	–
Translation difference	0	–
	22	–
<i>Accumulated depreciation according to plan</i>		
Opening balance	–	–
Amortization according to plan for the year	-1	–
	-1	–
Closing balance	21	–

NOTE 15 OTHER INTANGIBLE ASSETS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
<i>Accumulated cost</i>		
Opening balance	–	–
Purchases	2	–
Reclassification	–	–
	2	–
<i>Accumulated amortization according to plan</i>		
Opening balance	–	–
Amortization according to plan for the year	0	–
	0	–
Closing balance	2	–

NOTE 16 BUILDINGS, LAND AND LAND IMPROVEMENTS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
<i>Accumulated cost ¹⁾</i>		
Opening balance	96	96
Purchases	–	1
Translation difference	2	-1
	98	96
<i>Accumulated depreciation according to plan</i>		
Opening balance	-21	-19
Amortization according to plan for the year	-1	-2
Translation difference	-1	0
	-23	-21
Closing balance	75	75
Tax assessment value, buildings (in Sweden)	13	13
Tax assessment value, land (in Sweden)	0	0

¹⁾ Opening balances include capitalized interest

NOTE 17 LEASEHOLD IMPROVEMENTS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
<i>Accumulated cost</i>		
Opening balance	3	4
Purchases	1	0
Sales and disposals	-1	-1
Translation difference	0	0
	3	3
<i>Accumulated depreciation according to plan</i>		
Opening balance	-2	-2
Sales and disposals	1	1
Amortization according to plan for the year	-1	-1
	-2	-2
Closing balance	1	1

NOTE 18 PLANT AND MACHINERY

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
<i>Accumulated cost</i>		
Opening balance	12	12
Purchases	0	0
Reclassification	-1	–
Translation difference	0	0
	11	12
<i>Accumulated depreciation according to plan</i>		
Opening balance	-7	-6
Reclassification	4	–
Depreciation according to plan for the year	-2	-1
	-5	-7
Closing balance	6	5

NOTE 19 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
<i>Accumulated cost</i>		
Opening balance	156	158
Purchases	12	14
Sales and disposals	-28	-16
Reclassification	-12	–
Translation difference	1	0
	129	156
<i>Accumulated depreciation according to plan</i>		
Opening balance	-126	-119
Sales and disposals	25	11
Reclassification	11	–
Depreciation according to plan for the year	-14	-18
Translation difference	-1	0
	-105	-126
Closing balance	24	30
Parent Company		
<i>Accumulated cost</i>		
Opening balance	1	–
Purchases	0	1
	1	1
<i>Accumulated depreciation according to plan</i>		
Opening balance	0	–
Depreciation according to plan for the year	–	–
	0	0
Closing balance	1	1

NOTE 20 SHARES IN GROUP COMPANIES

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Parent Company		
<i>Accumulated cost</i>		
Opening balance	154	153
Purchases from other Group companies	170	–
External acquisitions	30	1
Shareholder contribution	7	–
	361	154
<i>Accumulated writedowns</i>		
Opening balance	–	–
Writedowns for the year	-10	–
	-10	–
Closing balance	351	154

Specification of the Parent Company's and the Group's holdings of shares in Group companies

Subsidiary ^{2)/} Org. no. / Registered office	Number of shares	Stake in % ¹⁾	Book value
Acte Systems AB, 556600-8032, Solna, Sweden	500	100.0	1
Acte Systems AS, 927 714 574, Bergen, Norway	600	100.0	1
Acte Components Ltd, 4209447, Hampshire, UK	49,999	100.0	7
Acte AS, 923 148 442, Oslo, Norway	5,000	100.0	44
Acte AB, 556213-2406, Solna, Sweden	50,000	100.0	41
Acte Oy, 239 992 Helinki, Finland	300	100.0	25
B2B Tech AB, 556595-0887, Sollentuna, Sweden	2,863,036	100.0	18
Delphi Oy, 534.538, Espoo, Finland	300	100.0	19
Lagercrantz Asia Ltd, Hong Kong	20,000	51.0	0
Finn-Crimp Oy, 1750567-0, Korsholm, Finland	1,250	100.0	8
Heath Comm AB, 556552-1217, Solna, Sweden	500	100.0	1
Heath Comm AS, 933 199 665, Bergen Norway	7,000	100.0	13
Heath Comm Oy, 444 356, Vantaa, Finland	6,000	100.0	3
Kvadern 1-2 AB, 556201-1154, Hässelby, Sweden	5,000	100.0	7
Lagercrantz Communication AB, 556260-2127, Sollentuna, Sweden	1,000	100.0	0
STV Sv Tele & Video Konsult AB, 556307-4565, Stockholm, Sweden	65,000	100.0	8
Uniweb AB, 556072-5771, Sollentuna, Sweden	5,000	100.0	2
Unitronic AG, HRB 40042, Düsseldorf, Germany	78,336	51.0	22
BBE A/S, 81 74 67 10, Copenhagen, Denmark	6	100.0	131
Acte A/S, 71 28 89 19, Copenhagen, Denmark	2	100.0	–
Acte Poland Sp Z o.o., 5 753, Warszawa, Poland	2	100.0	–
Elfac A/S, 17 46 50 31, Silkeborg, Denmark	1	100.0	–
2B Electronics A/S, 81 50 38 18, Copenhagen, Denmark	5,000	100.0	–
Enkom Oy, 645 489, Vasa, Finland	150	100.0	–
Heath Comm A/S, 25 12 54 44, Copenhagen, Denmark	500	100.0	–
Acte Systems A/S, 25 13 24 40, Denmark	500	100.0	–
BD Grafikk AS, 840 090 892, Oslo, Norway	500	100.0	–
Scandcomp Denmark APS, 17 07 40 40, Copenhagen, Denmark	200	100.0	–
Lagercrantz A/S 17 83 92 33 Copenhagen, Denmark	25,000	100.0	–
Betech Data Development A/S, 20 38 92 73, Copenhagen, Denmark	2	100.0	–
Betech Data A/S, 10 51 07 32, Copenhagen, Denmark	1	100.0	–
Acte Holding AB, 556420-0003, Stockholm, Sweden	150,000	100.0	–
Kablageproduktion i Västerås AB, 556509-1096 Västerås, Sweden	5,000	100.0	–
Cable Commercial i Västerås AB, 556375-1030, Västerås, Sweden	5,000	100.0	–
Kablageproduktion Nornet AB, 556566-1997, Norberg, Sweden	1,000	100.0	–

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¹⁾ Refers to ownership stake of capital, which is also equivalent to the proportion of votes for the total number of shares outstanding.

²⁾ Subsidiaries are reported at book value; other companies are owned indirectly via subsidiaries.

NOTE 21 RECEIVABLES FROM GROUP COMPANIES

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Parent Company		
<i>Accumulated cost</i>		
Opening balance	347	248
Incremental receivables	114	266
Receivables paid	-257	-166
Translation difference	4	-1
Closing balance	208	347

NOTE 22 OTHER LONG-TERM RECEIVABLES

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
<i>Accumulated cost</i>		
Opening balance	2	2
Incremental receivables	0	1
Receivables paid	0	-1
Closing balance	2	2

NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Prepaid rent	4	5
Prepaid insurance premiums	1	1
Other items	13	16
	18	22
Parent Company		
Prepaid rent	1	1
Prepaid insurance premiums	0	0
Other items	0	0
	1	1

NOTE 24 SHAREHOLDERS' EQUITY

	Share capital	Restricted reserves	Unrestricted equity
Group			
Closing balance per preceding year's balance sheet	56	2	426
Dividend			-24
Repurchase of own shares			-34
Transfer between restricted and unrestricted equity		8	-8
Net income for the year			9
Translation difference for the year		-1	8
Closing balance	56	9	377
Parent Company			
Closing balance per preceding year's balance sheet	56	–	327
Dividend			-24
Repurchase of own shares			-34
Transfer between restricted and unrestricted equity		0	0
Group contribution			-6
Tax effect of group contribution			2
Net income for the year			-3
Closing balance	56	0	262

Specification of the year's translation difference in equity

Translation difference, incremental investment in subsidiaries	3
Translation difference for the year in foreign subsidiaries	4
Total translation difference for the year	7

Specification of accumulated translation difference in shareholders' equity

Opening accumulated translation difference	16
Translation difference for the year	7
Closing accumulated translation difference	23

The share capital amounted to MSEK 55.7 at year-end. A total of 8 320 class A shares were converted to class B shares during the reporting period. The distribution on classes of shares is as follows thereafter:

Class of share	Shares outstanding	Number of votes
Class A shares (10 votes)	1,106,502	11,065,020
Class B shares (1 vote)	26,757,730	26,757,730
Class B shares held in treasury	-2,786,423	-2,786,423
Total	25,077,809	35,036,327

Nominal value of shares is SEK 2 each.

Incentive program

For details regarding incentive program, refer to Note 2.

NOTE 25 UNTAXED RESERVES

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Parent Company		
Timing difference reserve, 2004 allocation	1	–
Timing difference reserve, 2003 allocation	2	2
	3	2

NOTE 26 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Provision for PRI pensions	43	42
Other pension provisions	4	2
	47	44
<i>Pledged assets for pension obligations</i>	<i>None</i>	<i>None</i>
Parent Company		
Provision for PRI pensions	44	–
Provisions set aside during the period	3	–
Closing balance	47	–
<i>Pledged assets for pension obligations</i>	<i>None</i>	<i>None</i>
The Parent Company has guaranteed the PRI liabilities of subsidiaries.		

NOTE 27 PROVISIONS FOR DEFERRED TAXES

	Deferred tax claim	Deferred tax liability	Net
Group, March 31, 2003			
Buildings and land	–	-9	-9
Other fixed assets	19	–	19
Other provisions	1	–	1
Untaxed reserves	–	-12	-12
Other	2	-2	–
Loss carryforward	18	–	18
	40	-23	17
Group, March 31, 2002			
Buildings and land	–	-8	-8
Other fixed assets	36	–	36
Other provisions	2	–	2
Untaxed reserves	–	-21	-21
Other	4	-2	2
Loss carryforward	13	–	13
	55	-31	24

Unreported deferred tax claims

Deferred tax claims relating to deficits for tax purposes in the amount of 2 have not been reported.

Change in deferred taxes in temporary differences and tax loss carryforwards

	Opening balance	Reported via income statement	Closing balance
Group			
Buildings and land	-8	-1	-9
Other fixed assets	36	-17	19
Other provisions	2	-1	1
Untaxed reserves	-21	9	-12
Other	2	-2	–
Loss carryforward	13	5	18
	24	-7	17

The Company reports no deferred taxes on temporary differences attributable to investments in subsidiaries. Any effects in the future will be reported when the Company can no longer control the reversal of such differences, or when it for other reasons is no longer probable that reversal will take place within the foreseeable future.

NOTE 28 OTHER PROVISIONS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Restructuring costs	–	4
Other	7	1
	7	5
Opening balance	5	
Provisions set aside during the period	6	
Amounts utilized during the period	-3	
Unutilized amounts reversed during the period	-1	
Closing balance	7	

NOTE 29 COMMITTED CREDIT FACILITY

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Approved limit	257	275
Unutilized portion	-215	-195
Credit facility utilization	42	80
Parent Company		
Approved limit	250	250
Unutilized portion	-214	-182
Credit facility utilization	36	68

NOTE 30 OTHER LONG-TERM LIABILITIES TO CREDIT INSTITUTIONS

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Maturity, 1–5 years from year-end	1	1
Maturity, later than 5 years from year-end	4	4
	5	5

NOTE 31 ACCRUED EXPENSES AND PREPAID INCOME

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Personnel expenses	39	39
Accrued interest expense	1	2
Prepaid income	14	13
Other items	21	39
	75	93
Parent Company		
Personnel expenses	1	1
Accrued interest expense	1	2
Prepaid income	–	0
Other items	1	5
	3	8

NOTE 32 INTEREST PAID AND RECEIVED

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Interest income	7	18
Interest expense	-6	-19
Parent Company		
Interest income	17	19
Interest expense	-6	-8

NOTE 33 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Depreciation and amortization	19	22
Restructuring costs	6	-36
Translation differences	9	–
Change in interest allocation	1	0
Other items	0	1
	35	-13
Parent Company		
Depreciation and amortization	0	0
Writedowns	10	–
Translation differences	-4	–
Dividend not paid	–	-5
Change in interest allocation	2	-2
	8	-7

NOTE 34 CAPITAL EXPENDITURES IN SUBSIDIARIES

A 51 percent stake in Unitronic AG was acquired during the year and the remainder of subsidiary Delphi OY. The total value of acquired assets and liabilities, purchase money and effect on the Group's liquid funds was as follows:

	4/1/2002 –3/31/2003	4/1/2001 –3/31/2002
Group		
Intangible fixed assets	-18	
Tangible fixed assets	-2	
Inventories	-14	
Other current assets	-24	
Provisions	4	
Current liabilities	17	
Minority interest	9	
Total purchase money	-28	–
Portion of purchase money not paid	2	
Liquid funds in acquired companies	17	
Cash flow attributable to capital expenditures in subsidiaries	-9	–

Specification of major acquisitions

In June an agreement was concluded to acquire all outstanding shares in electronics supplier Unitronic AG. Possession was taken on September 1, 2002 of 51 percent of the shares. The price for this 51-percent stake was MSEK 20. Possession was taken of the remaining 49 percent of the shares on April 1, 2003. An estimated supplementary purchase money amount of MSEK 2 has been capitalized.

ALLOCATION OF EARNINGS

The Board of Directors and the President propose that the funds available for distribution, SEK 261 832 081, be allocated as follows (SEK):

Dividend to the shareholders SEK 0.90 x 25,077,809 shares	22,570,028
To be carried forward	239,262,053
Total	261,832,081

MSEK 0 of the Group's unrestricted capital of MSEK 377 is proposed for transfer to restricted reserves.

Stockholm, June 17, 2003

Anders Börjesson
Chairman

Pirkko Alitalo

Tom Hedelius
Vice Chairman

Lennart Sjölund

Jan Friis
President & CEO

Audit Report

To the Annual General Meeting of Lagercrantz Group AB with organization number 556282-4556.

We have examined the Annual Accounts, the consolidated financial statements, the accounting records and the management by the Board of Directors and the President of Lagercrantz Group AB for the financial year April 1, 2002 – March 31, 2003. Responsibility for the accounting records and management rests with the Board of Directors and the President. Our responsibility is to render our opinion on the Annual Accounts, the consolidated financial statements and the management based on our audit.

The audit has been performed in accordance with generally accepted auditing standards in Sweden. This means that we have planned and performed the audit in such a way as to get reasonable assurance that the Annual Accounts and the consolidated financial statements contain no material errors. The audit procedure includes examination of a sample of supporting documentation for amounts and other information in the accounting records. An audit also includes a test of the accounting principles, and the Board of Directors' and the management's application thereof, and forming an opinion of the aggregated information contained in the Annual Accounts

and the consolidated financial statements. We have also examined significant decisions, actions and circumstances in the company to allow us to form an opinion as to whether any Director or the President is liable for damages to the company, or in any other way has acted contrary to the Companies Act, the Annual Accounts Act or the Articles of Association. We are of the opinion that our audit gives us a reasonable ground for our statements below.

The Annual Accounts and the consolidated financial statements are prepared in accordance with the Annual Accounts Act and therefore provide a true and fair picture of the Company's and the Group's performance and financial position in accordance with generally accepted accounting standards in Sweden.

We recommend that the Annual General Meeting adopt the Statement of Income and the Balance Sheet for the Parent Company and the Group, deals with the earnings in the Parent Company in accordance with the recommendation contained in the Administration Report and that the members of the Board of Directors and the President be granted discharge from liability for the financial year.

Stockholm, June 17, 2003

Thomas Thiel
Authorized Public Accountant

George Pettersson
Authorized Public Accountant

Board of Directors, Management and Auditors

BOARD OF DIRECTORS



Anders Börjesson, born 1948.

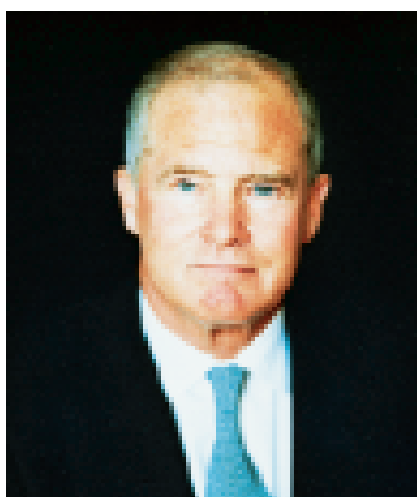
Chairman

Chairman in Addtech AB, Boomerang AB, Cibes Lift AB and Cibenon AB.

Vice Chairman in Bergman & Beving AB.

Director in Terrakultur AB.

Ownership (family): 350 966 class A shares and 20 500 class B shares.



Tom Hedelius, born 1939.

Vice Chairman

Doctor h.c. Economics. Honorary Chairman in Svenska Handelsbanken AB. Chairman in Anders Sandrews stiftelse, Bergman & Beving AB, Industrivärden AB and Svenska le Carbone.

Vice Chairman in Addtech AB, Jan Wallanders och Tom Hedelius stiftelse.

Director in SCA AB and Volvo AB.

Ownership: 335 966 class A shares and 5 400 class B shares.



Lennart Sjölund, born 1949.

Director

Chairman in ErySave AB.

Director in Jolife AB, Quicktool AB, Bergman & Beving Meditech AB and Kopparbergs Bryggeri AB.

Ownership: 13 000 class B shares.



Pirkko Alitalo, born 1949.

Director

Director in Svenska Handelsbanken AB.

Ownership: 5 000 class B shares.



Jan Friis, born 1948.

Director

President and Chief Executive Officer.

Director in Helge Lønhardt A/S.

Ownership: 10 000 class B shares.

Options: 120 000.



MANAGEMENT

Jan Friis, born 1948.
President & CEO
Ownership: 10 000 class B shares.
Options: 120 000.

Mattias Sonnenfeld, born 1961.
Senior Executive Vice President
Ownership: 400 class B shares.
Options: 80 000.

Per Ikov, born 1961.
Senior Executive Vice President, CFO
Ownership: 2 100 class B shares.
Options: 80 000.

AUDITORS

George Pettersson, born 1964.
Authorized Public Accountant
KPMG
The Company's auditor since 2001.

Thomas Thiel, born 1947.
Authorized Public Accountant
KPMG
The Company's auditor since 2001.

Deputy Auditors

Carin Rytøft Drangel, born 1959.
Authorized Public Accountant
KPMG. The Company's auditor since 2001.

Björn Sande, born 1960.
Authorized Public Accountant
KPMG. The Company's auditor since 2001.

Welcome to the Annual General Meeting!

Notice is hereby given to the shareholders in Lagercrantz Group AB (publ) to attend the regularly scheduled Annual General Meeting to be held at 4:00 p.m., Tuesday, August 26, 2003 at IVA Conference Center (Wallenbergsalen), Grev Turegatan 16, Stockholm.

NOTICE OF PARTICIPATION

Shareholders who wish to participate in the proceedings of the Annual General Meeting must

- be entered in the share register maintained by VPC AB not later than Friday, August 15, 2003, and
- file notice of their desire to attend not later than 3:00 p.m., Wednesday, August 20, 2003 under address Lagercrantz Group AB (publ), P.O. Box 3508, SE-103 69, Stockholm, Sweden, telephone +46-8-700 66 70, fax +46-8-28 18 05, or info@lagercrantz.com.

Such notice must contain name of shareholder, personal registration number (organization number), address, telephone and number of shares represented.

In order to exercise their voting rights, shareholders whose shares are registered in the name of a bank's trust department, or in the name of a stockbroker as nominee, must temporarily register their shares in their own name. Such registration must be completed not later than by Friday, August 15, 2003.

Shareholders who have changed their name, address or account number should immediately report such change to their custodian or to their institution of account (bank). A special form for the purpose is available at all Swedish bank branch offices.

PAYMENT OF DIVIDEND

The resolutions of the Annual General Meeting will include the date by which shareholders must be registered in the share register maintained by the VPC AB in order to be entitled to receive dividend. The Board of Directors has proposed Monday, August 20, 2003 as record date.

On the condition that the Annual General Meeting adopts this proposal, dividends will be disbursed by VPC AB Wednesday, September 3, 2003 to shareholders of record.

REPORTING SCHEDULE

Interim Report April 1 – June 30, 2003	August 26, 2003
Interim Report April 1 – September 30, 2003	November 12, 2003
Interim Report April 1 – December 31, 2003	February 10, 2004
Year-end Financial Report April 1 – March 31, 2003	May 11, 2004
Annual Report 2003/2004	July 2004

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