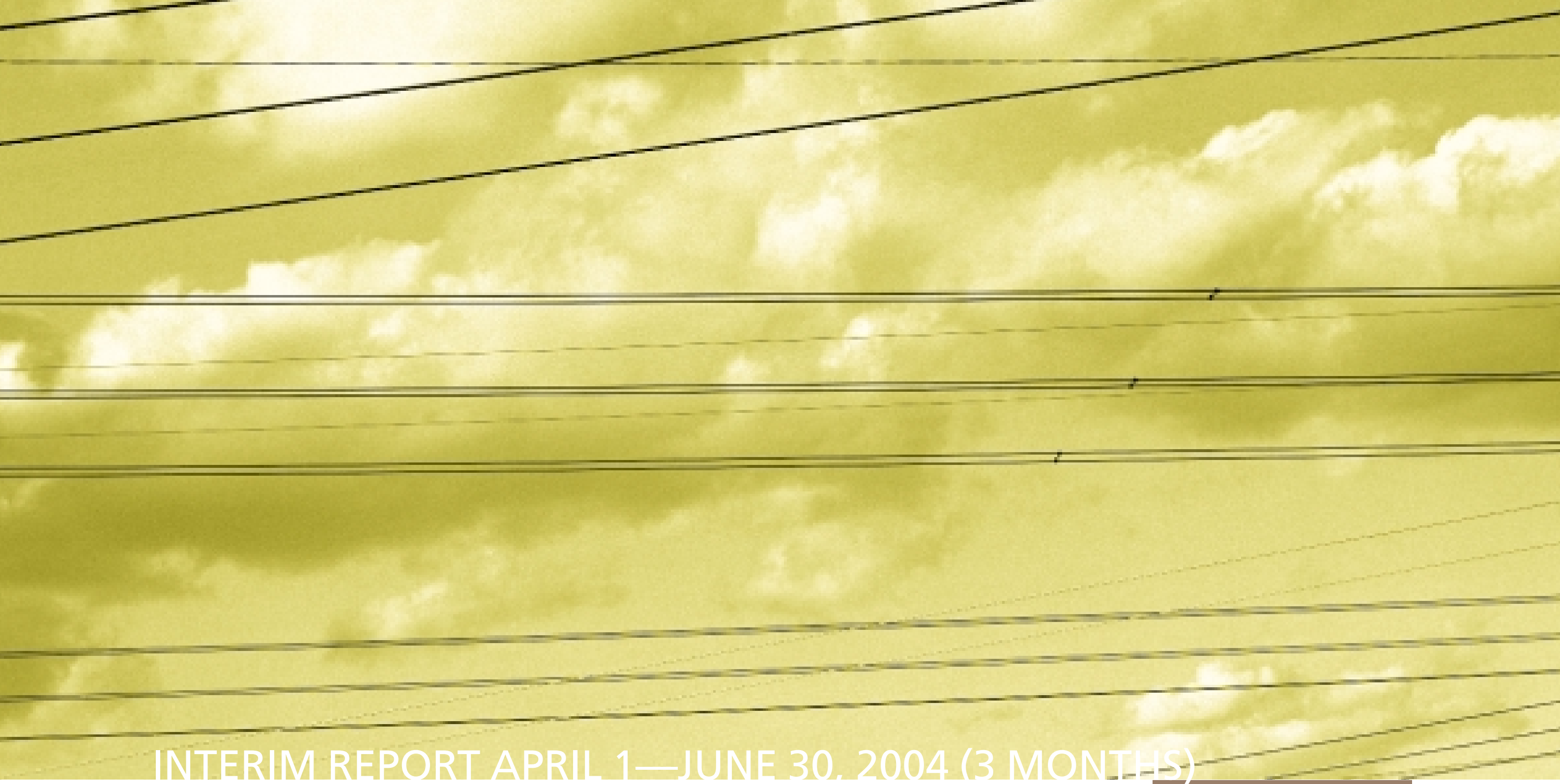


INTERIM REPORT APRIL 1—JUNE 30, 2004 (3 MONTHS)

Lagercrantz Group

- Net revenues increased to MSEK 387 (374).
- Income after tax totalled MSEK 0 (2).
- Earnings per share amounted to SEK 0.00 (0.08).
- New President & Chief Executive Officer and new divisional management in Electronics from May 2004.
- Measures being taken to restore profitability in division Electronics.

"A new divisional management team and a plan for growth are two important initiatives that have been taken to date in division Electronics."

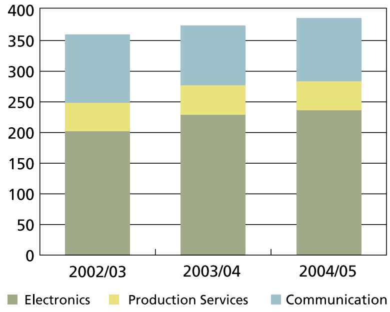
Since I took up the post of President and Chief Executive Officer in May 2004, the most important issue for me has been how to reverse the trend in division Electronics. The division has been heavily affected by the far-reaching economic downswing of recent times, with cost-containment action as a result.

Even so, the division's profitability remains unsatisfactory, and further savings have been implemented during the first quarter of the financial year. However, reversing the trend not only requires cost cutbacks but also growth in the division. In order to achieve this a programme of measures has been introduced: a new divisional management team and a plan for growth are two important initiatives that have been taken to date in division Electronics. Continued analysis is in progress, and further measures will be undertaken during the rest of the year.

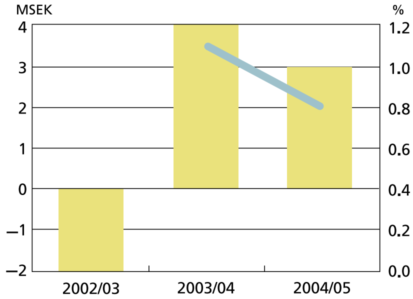
I am convinced that these measures will improve our figures during the latter part of the year for several companies in the division, particularly where the measures can be combined with momentum from a stronger economic situation, such as in Sweden and Denmark. However, the time-limited project in Germany—where our subsidiary Unitronic has supplied modules for a road-toll project—will come to an end in autumn 2004. This project had a major impact on the increase in net revenues and income in division Electronics during the last financial year. In the Production Services and Communication divisions, we can see a continuation of the improvement in market situation we reported for the last financial year.

Per Ikov
President & CEO

REVENUES BY DIVISION
Net revenues, MSEK, Apr—Jun, 3 months



OPERATING INCOME *MSEK*
OPERATING MARGIN *percent*
Apr—Jun, 3 months



This interim report refers to April—June 2004, Quarter 1

NET REVENUES AND RESULT

Net revenues amounted to MSEK 387 (374). Operating income amounted to MSEK 3 (4) with an operating margin of 0.8 percent (1.1).

The market situation for several of the Group's businesses improved towards the end of the quarter. The Group reports increased incoming orders compared to the same quarter of last year.

A cost-savings programme to improve profitability was initiated in division Electronics during the period, which will reduce costs by at least MSEK 10 annually. In addition, a new divisional management team took over in May 2004. A programme of measures has been introduced with the aim of further streamlining the business and creating growth. Measures will be carried out during the rest of the year and the costs will be taken up on a continuous basis.

Income after financial items amounted to MSEK 1 (3), and earnings per share were SEK 0.00 (0.08).

THE MARKET

Increased activity on several of the Group's markets has been apparent during the quarter, particularly towards the end of the period. The Group's business is benefiting from a higher rate of growth in telecom and datacom. The improved market outlook is also noticeable in a heightened willingness to invest in other areas, including niche production. The Group's market is still characterized by competition and a prevailing trend of relocating production outside the Nordic region.

PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The return on capital employed for the past 12-month period was 5.2 percent, as compared with 5.9 percent for the preceding financial year. The corresponding data for return on equity was 2.9 percent and 3.3 percent respectively.

The equity ratio stood at 47 percent at the end of the period, the same as at the beginning of the financial year. Shareholders' equity per share amounted to SEK 16.40, as compared with SEK 16.70 at the beginning of the financial year.

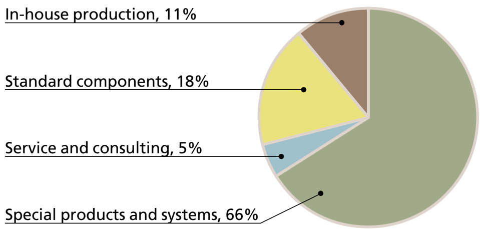
Cash flow from current operations amounted to SEK –38 (–15) for the period. Cash flow was adversely affected by increased activity towards the end of the quarter. No shares were repurchased during the period.

The Group's financial net indebtedness amounted to MSEK 46 at the end of the period, as compared with a net debt of MSEK 2 at the beginning of the financial year.

Accumulated investments in fixed assets during the period amounted to MSEK 2 (1).

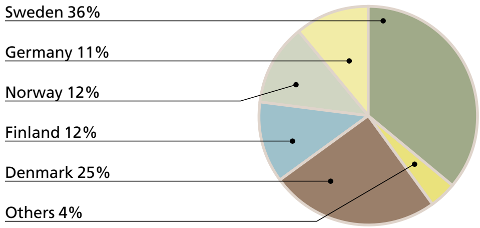
CONSOLIDATED REVENUES BY PRODUCT CATEGORY

Apr—Jun 2004, 3 months

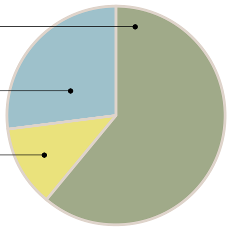


CONSOLIDATED REVENUES BY COUNTRY

Apr—Jun 2004, 3 months



Divisions



ELECTRONICS

MSEK	3 months Apr–Jun 2004	Apr–Jun 2003	12 months 2003/04
Net revenues	236	229	938
Operating income	–1	–2	7
Operating margin, %	neg	neg	0.7

Net revenues increased to MSEK 236 (229). Operating income amounted to MSEK –1 (–2).

After a weak start to the quarter, the market for the division's businesses has developed more positively. For the quarter as a whole, incoming order levels are slightly above the corresponding quarter of last year.

Factors that are having a positive impact on market development are increased activity in the telecom/datacom sector and continued growth in industrial communication, an area in which the division has focused large sales resources. On the negative side is the structural change where production is relocated outside of the Nordic region.

Profitability and growth within the division remain unsatisfactory. A cost-savings programme was initiated during the quarter to contain costs in the division. This will further reduce cost levels by at least MSEK 10 per year in addition to the cost-containment actions carried out in the previous year. Furthermore, a new divisional management team took over as of May 2004. A programme of measures immediately began being formulated to further streamline the business and generate growth. Measures initiated during the quarter and set to continue throughout 2004 are a streamlining of the product range, more focused sales efforts and centralization of logistics functions. The costs for these measures will be taken up on an ongoing basis throughout the year. The company ISG Systems AB is also included in the division as of April 1, 2004.

PRODUCTION SERVICES

MSEK	3 months Apr–Jun 2004	Apr–Jun 2003	12 months 2003/04
Net revenues	47	48	194
Operating income	3	3	11
Operating margin, %	6.4	6.3	5.7

Net revenues totalled MSEK 47 (48), and operating income MSEK 3 (3). The operating margin amounted to 6.4 percent (6.3).

The division's market situation has developed positively, with higher incoming orders as a result. For example, the wiring harness business and niche production are benefiting from a high level of activity in the telecom and automotive industries. A number of new customers have been found during the quarter. The impact of competition on financial margins has been balanced out by cost-containment actions and product range adaptation.

There is deemed to be good long-term growth potential for the division's market as more and more companies are outsourcing production that is not part of their core business. The division's goal is to grow in the Nordic region and other parts of Northern Europe. In order to further strengthen its position, the possibility of finding a partner in Eastern Europe for some production is being examined. For the current year, positive development with continued good profitability is expected.

COMMUNICATION

MSEK	3 months Apr—Jun 2004	Apr—Jun 2003	12 months 2003/04
Net revenues	104	97	436
Operating income	2	2	10
Operating margin, %	1.9	2.1	2.3

Net revenues increased to MSEK 104 (97). Operating income amounted to MSEK 2 (2) with an operating margin of 1.9 percent (2.1).

The business of the division is organized in three areas: Security, Communication & Infrastructure, and Software & Consulting.

Area Security has slightly improved both its revenues and income compared to the corresponding period last year. The market is characterized by increasing competition, although also continued strong demand. A sharper focus combined with higher incoming orders is expected to spur the positive development of revenues and income.

Area Communication & Infrastructure is enjoying considerably higher activity after a period of declining demand. Cost containment in combination with higher revenues has produced an improved result in access solutions compared to recent quarters. However, income is still lower than for the corresponding period last year. The video conferencing segment has exceeded expectations for the quarter. Sales efforts towards new customers are being intensified in this area. A greater willingness to invest, for instance in the telecom/datacom sector, has been noticed, and as a result this area is expected to grow in terms of revenues and income.

In Software & Consulting revenues were up on the same quarter last year, which is primarily attributable to strong sales success in engineering and design.

Financial Statements

GENERAL ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation entitled RR 20 Interim reports.

As of April 1, 2004, Lagercrantz Group has adapted its practice of reporting pensions etc. in line with Swedish Financial Accounting Standards Council recommendation RR 29 Remuneration to employees. The transfer to RR 29 entails an increased debt in the consolidated balance sheet of MSEK 3, net of adjustment for deferred taxes, with a corresponding reduction in shareholders' equity. In accordance with the rules of transition related to the recommendation, previous years have not been recalculated.

NET REVENUES

Quarterly data MSEK	2004/05 Q 1	Q 4	Q 3	Q 2	2003/04 Q 1
Electronics	236	232	232	245	229
Production Services	47	49	49	48	48
Communication	104	127	122	90	97
Parent Company/eliminations	–	–	–	–	–
Group total	**387**	**408**	**403**	**383**	**374**

OPERATING INCOME

Quarterly data MSEK	2004/05 Q 1	Q 4	Q 3	Q 2	2003/04 Q 1
Electronics	–1	0	1	8	–2
Production Services	3	2	3	3	3
Communication	2	4	4	0	2
Parent Company/eliminations	–1	–2	1	–1	1
Group total	**3**	**4**	**9**	**10**	**4**

CONSOLIDATED STATEMENT OF INCOME

MSEK	3 months Apr—Jun 2004/05	3 months Apr—Jun 2003/04	Rolling 12 months Jul—Jun 2003/04	Financial year Apr—Mar 2003/04
Net revenues	387	374	1 581	1 568
Cost of goods sold	–299	–281	–1 209	–1 191
Gross income	**88**	**93**	**372**	**377**
Selling costs	–61	–69	–254	–262
Administration costs	–26	–24	–101	–99
Other operating income	2	4	9	11
Other operating expense	0	0	0	0
Operating income	**3**	**4**	**26**	**27**
(of which depreciation)	(–5)	(–5)	(–19)	(–19)
Interest income and similar items	0	2	3	5
Interest expense and similar items	–2	–3	–8	–9
Income after financial items	**1**	**3**	**21**	**23**
Taxes	–1	–1	–9	–9
Minority interest in the year's income	0	0	0	0
Net income for the period	**0**	**2**	**12**	**14**
Earnings per share, SEK	0,00	0,08	0,49	0,57
Weighted number of shares outstanding after repurchases ('000)	24 078	25 078	24 448	24 696
Number of shares outstanding after the period's repurchases ('000)	24 078	25 078	24 078	24 078

In view of the redemption price of SEK 32.80 and the current share price, outstanding options have no dilutive effect.

CONSOLIDATED BALANCE SHEET

MSEK	2004-06-30	2003-06-30	2004-03-31
Assets			
Intangible fixed assets	45	35	47
Tangible fixed assets	94	102	96
Financial assets	41	41	40
Inventories	217	231	224
Short-term receivables	328	290	304
Cash and bank balances	109	86	138
Total assets	**834**	**785**	**849**
Shareholders' equity and liabilities			
Restricted equity	63	65	62
Non-restricted equity	331	371	340
Total shareholders' equity	394	436	402
Minority interest	0	0	0
Provisions	81	72	76
Long-term liabilities	3	6	7
Current liabilities	356	271	364
Total shareholders' equity and liabilities	**834**	**785**	**849**
Interest-bearing assets	109	86	138
Interest-bearing provisions and liabilities	155	107	140

CONSOLIDATED STATEMENT OF CASH FLOW

MSEK	3 months Apr—Jun 2004/05	3 months Apr—Jun 2003/04	Financial year Apr—Mar 2003/04
Current operations			
Income after financial items	1	3	23
Adjustment for paid taxes, items not included in cash flow etc.	1	–3	12
Cash flow from current operations before changes in working capital	**2**	**0**	**35**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in inventories	7	–1	8
Increase (–)/Decrease (+) in operating receivables	–23	–2	1
Increase (+)/Decrease (–) in operating liabilities	–24	–12	28
Cash flow from current operations	**–38**	**–15**	**72**
Investment operations			
Investments in subsidiaries and other business units	–5	–23	–33
Investments in other fixed assets, net	–2	–1	0
Cash flow from investment operations	**–7**	**–24**	**–33**
Financing operations			
Dividend and repurchase of own shares	–	–	–46
Financing operations	17	16	37
Cash flow from financing operations	**17**	**16**	**–9**
Cash flow for the period	**–28**	**–23**	**30**
Liquid funds at beginning of period	138	110	110
Exchange rate difference in liquid funds	–1	–1	–2
Liquid funds at end of period	109	86	138

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Apr—Jun 2004/05	Apr—Jun 2003/04
Opening balance	402	442
Effect of new accounting principle	–3	–
Period's translation difference	–5	–8
Income for the period	0	2
Closing balance	**394**	**436**

KEY FINANCIAL INDICATORS

	3 months Apr—Jun 2004/05	3 months Apr—Jun 2004/05	Financial year 2003/04	Financial year 2002/03	Financial year 2001/02
Change in net revenues, %	3.5	3.9	7.2	–26.2	–24.1
Operating margin, %	0.8	1.1	1.7	1.8	4.1
Profit margin, %	0.3	0.8	1.5	1.1	4.0
Equity ratio, %	47.2	55.5	47.3	56.4	53.2
Debt equity ratio, times	0.4	0.2	0.3	0.2	0.3
Net debt equity ratio, times	0.1	0.0	0.0	0.0	–0.1
Times interest earned	2	1	4	2	5
Net interest-bearing liabilities (+) / receivables (–), MSEK	46	21	2	–19	–44
Number of employees at end of period	577	580	585	573	652
Revenues outside Sweden, MSEK	248	247	1 071	936	1 302
Per-share data					
Number of shares outstanding at end of period after repurchases ('000)	24 078	25 078	24 078	25 078	26 941
Weighted number of shares outstanding after repurchases ('000)	24 078	25 078	24 696	26 561	27 609
Operating income per share, SEK	0.12	0.16	1.09	1.02	2.93
Earnings per share, SEK	0.00	0.08	0.57	0.34	1.96
Cash flow per share, SEK	–1.16	–0.92	1.21	–2.03	–0.87
Shareholders' equity per share, SEK	16.40	17.40	16.70	17.60	18.00
Last market price paid per share, SEK	21.90	21.70	22.60	16.50	34.00

Definitions can be found in the latest annual report, page 23.
In view of the redemption price of SEK 32.80 and the current share price, outstanding options have no dilutive effect.

PARENT COMPANY

The Parent Company's internal net revenues amounted to MSEK 6 (6) and income after financial items was MSEK -2 (107). This result includes currency adjustment of intra-Group lending of MSEK –1 (–4). Dividends from subsidiaries amounted to MSEK 0 (111).

The Parent Company has a committed credit facility in the amount of MSEK 250. Of this, MSEK 112 was utilized as compared with MSEK 86 at the beginning of the financial year. There were other liquid funds in the amount of MSEK 1 as compared with MSEK 0 at the beginning of the financial year.

EMPLOYEES

The number of employees in the Group at the end of the period was 577, compared to 585 at the beginning of the period.

DISTRIBUTION OF SHARES AND REPURCHASES

The share capital at the end of the period amounted to MSEK 51.8. The distribution of classes of shares is as follows:

Classes of shares	Shares outstanding
Class A	1 101 810
Class B	24 812 422
Class B shares held in treasury	–1 836 423
Total	**24 077 809**

Lagercrantz owns 1 836 423 of its own class B shares, which is equivalent to 7.1 percent of the number of shares outstanding and 5.1 percent of the votes in Lagercrantz. The average cost of repurchased shares amounts to SEK 21.96 per share.

LAGERCRANTZ GROUP IN BRIEF

Lagercrantz offers—within well-defined niches and in partnership with customers and producers—products and solutions in the fields of electronics and communications that strengthen customers' competitiveness.

The Company markets special components and modules, among other things, has its own production of wiring harnesses, and offers solutions in security and communications. The most important customers are manufacturing companies.

Lagercrantz is a leading player on the Nordic market. Aside from in 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 subsidiaries organized in three divisions: Electronics, Production Services and Communication.

REPORTING SCHEDULE

• Interim report April 1—September 30, 2004	November 10, 2004.
• Interim report April 1—December 31, 2004	February 8, 2005.
• Year-End Financial Report April 1, 2004—March 31, 2005	May 11, 2005.

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OTHER DISCLOSURES

Per Ikov, previously CFO, took over as President & CEO on May 11, 2004. He succeeded Jan Friis, who will remain available to the company until his retirement in 2006.

Niklas Enmark has been appointed as the Group's new CFO. A new management team took over in division Electronics during May 2004.

EVENTS AFTER THE PERIOD UNDER REVIEW

There have been no significant events since the end of the period.

TRANSITION TO IFRS

From the 2005/2006 financial year the Group will be reporting according to International Financial Reporting Standards (IFRS, the former IAS). The annual report for 2004/2005 will therefore be the last to be compiled in accordance with the recommendations of the Swedish Financial Accounting Standards Council. These recommendations have gradually been drawing closer to IFRS. However, there are still a number of differences between the recommendations of the Council and IFRS. The differences widen with the changes IFRS is currently undergoing. Based on what is known today, the more important changes between the Group's present accounting principles and the coming IFRS will be as follows:

- Reporting of financial instruments, which means that more types of instruments will be reported at net realizable value.
- Goodwill and certain intangible assets will no longer be amortized on a straight-line basis. An annual evaluation will be made as to whether a writedown requirement exists and will become mandatory.

The Group's financial reports will also be affected by changes in requirements for classification and disclosures according to IFRS. Lagercrantz began the job during the 2003/2004 financial year of surveying and preparing for the transition to IFRS. This work is being done with the aid of consultants and in dialogue with auditors. This will continue on an ongoing basis since new and revised recommendations are released continuously.

A survey of the pension liability according to RR 29 was performed during spring 2004 and the outcome affected shareholders' equity in the amount of MSEK –3 during the quarter. In Lagercrantz's opinion the new known recommendations will have no material effect on the financial reporting in other respects.

Stockholm, August 24, 2004

Per Ikov
President & CEO

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

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