

# Q2

## Interim Report

1 April – 30 September 2008 (6 months)

- Net revenue for 6 months 2008/09 increased to MSEK 1,053 (1,048).
- Operating profit increased by 14 percent to MSEK 65 (57), equivalent to an operating margin of 6.2 percent (5.4 percent). This result includes one-time items in the amount of MSEK –3 compared to MSEK +2 during the preceding year.
- Profit after finance items rose to MSEK 61 (52).
- During the second quarter revenue increased to MSEK 521 (515). Q 2 operating profit was MSEK 32 (29), including one-time items of MSEK –3 (0).
- Profit after taxes for 6 months increased to MSEK 42 (38).
- Earnings per share amounted to SEK 1.87 (1.61) during the first six months of the financial year. For the most recent 12-month period earnings per share was SEK 4.20.
- The return on equity was 21 percent (18 percent) for the most recent twelve-month period. The debt-to-equity ratio stood at 43 percent at the end of the period.

## Current reporting period 1 April – 30 September 2008

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

### NET REVENUE AND PROFIT

The Lagercrantz Group's net revenue during the first six months of year 2008/09 (1 April– 30 September 2008) increased to MSEK 1,053 (1,048). Acquired units contributed revenue during the six-month period in the amount of MSEK 18. During the second quarter revenue was MSEK 521 (515).

First half-year revenue for the Group as a whole showed a similar trend as last year. Slightly lower revenue was recorded for the second quarter at the beginning of the period, while revenue toward its end again were at a level similar to last year's. The Group operates with a clear niche focus and is well diversified in terms of markets, customers as well as geographically. At the same time unrest on the world's financial markets and growing expectations of a broadly based weakening of the economy increases uncertainty. Measures to reduce costs have therefore been implemented at some of the Group's twenty-five subsidiaries. All subsidiaries are called upon to exercise extra caution and restraint with respect to costs and capital expenditures.

Operating profit for six months increased to MSEK 65 (57). This result includes the effect of non-recurring items in a net amount of MSEK -3, compared to a positive effect of MSEK 2 during the year before. Costs refer to changes of the organisation during the second quarter. Operating profit for the second

quarter amounted to MSEK 32 (29) including these non-recurring items. The operating margin increased to 6.2 percent (5.4) for the first six months of the year and to 6.1 percent (5.6) during the second quarter.

Profit after net finance items amounted to MSEK 61 (52) during the first six months of the year and MSEK 30 (27) during the second quarter. Cleared of items of a non-recurring character profit thus rose by 28 percent during the first six months of the year. The increase in profit is the fourteenth consecutive quarter with an improved result compared to the corresponding quarter one year earlier. Changes in foreign exchange rates affected consolidated earnings by approximately MSEK 0 (-2) during the first six months of the financial year.

Profit for the period amounted to MSEK 42 (38), equivalent to earnings per share for the first six months of SEK 1.87 (1.61). For the most recent 12-month period earnings per share amounted to SEK 4.20, compared to SEK 3.92 for the 2007/08 financial year.

### PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The return on capital employed for the most recent 12-month period increased to 22 percent compared to 17 percent during

| MSEK                               | Net revenue         |                     |                      | Operating income    |                     |                      |
|------------------------------------|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
|                                    | 6 months<br>2008/09 | 6 months<br>2007/08 | 12 months<br>2007/08 | 6 months<br>2008/09 | 6 months<br>2007/08 | 12 months<br>2007/08 |
| Electronics                        | 359                 | 377                 | 778                  | 14                  | 15                  | 38                   |
| Operating margin                   |                     |                     |                      | 3.9%                | 4.0%                | 4.9%                 |
| Mechatronics                       | 325                 | 297                 | 604                  | 32                  | 22                  | 50                   |
| Operating margin                   |                     |                     |                      | 9.8%                | 7.4%                | 8.3%                 |
| Communications                     | 369                 | 374                 | 790                  | 28                  | 22                  | 51                   |
| Operating margin                   |                     |                     |                      | 7.6%                | 5.9%                | 6.5%                 |
| Parent company/consolidation items | -                   | -                   | -                    | -9                  | -2                  | -8                   |
| <b>Group total</b>                 | <b>1 053</b>        | <b>1 048</b>        | <b>2 172</b>         | <b>65</b>           | <b>57</b>           | <b>131</b>           |
| Operating margin                   |                     |                     |                      | 6.2%                | 5.4%                | 6.0%                 |

the corresponding year-ago period. The corresponding figures for return on equity were 21 percent and 18 percent, respectively. Cash flow from current operations amounted to MSEK 25 (16) during the first half year. Investments in non-current assets during the corresponding period amounted to MSEK 8 (11), gross, and acquisition of companies were made for a total of MSEK 47 (18). No shares were repurchased during the period. Dividends of MSEK 34 (30) were paid during September 2008.

The Group showed a financial net liability of MSEK 156, as compared to MSEK 93 at the beginning of the financial year.

Shareholders' equity per share amounted to SEK 21.40, compared to SEK 20.40 at the beginning of the year. Shareholders' equity was affected in a positive direction by a change in translation reserve due to the weakening of the Swedish krona. The debt to equity ratio at the end of the period was 43 percent as compared with 44 percent at the beginning of the year.

## NET REVENUE AND PROFIT BY DIVISION

### Electronics

Net revenue for the second quarter amounted to MSEK 176 (182). Sales were stable overall during the period, with Germany being the exception, as well as parts of the Danish business, where weaker demand was encountered. Measures to reduce costs have been introduced in these areas. In other areas the efforts continue to phase out standard components with low margins, being replaced by products and solutions with higher margins.

Operating profit amounted to MSEK 6 (8), which means an operating margin of 3.4 percent (4.4).

### Mechatronics

Net revenue for the quarter increased by 10 percent to MSEK 159 (145). Growth was organic in its entirety. The producing units fared particularly well.

Operating profit increased to MSEK 17 (13), equivalent to an operating margin of 10.7 percent (9.0). The division's improved margin is due to higher volume, as well as efficiency measures and product line development.

### Communications

Net revenue amounted to MSEK 186 (188). The division's operating profit during the second quarter increased to MSEK 16 (10), which is equivalent to a margin of 8.6 percent (5.3). The improvement in profit was derived from, among other things, action taken during the past winter and spring to increase profitability in the area of digital imaging/technical security.

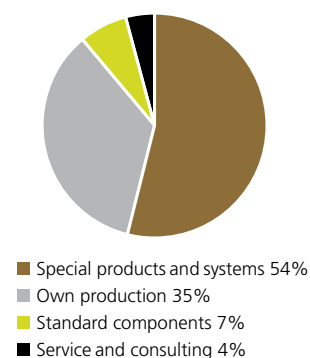
The acquisition of COBS AB is included since September 2008, with annual revenue of approximately MSEK 50 in the division.

## PARENT COMPANY AND OTHER GROUP ITEMS

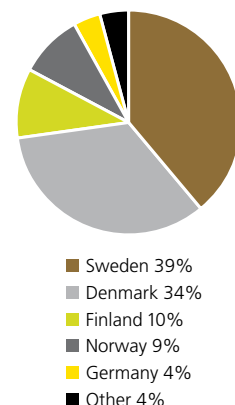
The Parent Company's internal net revenue during the first six months of the year amounted to MSEK 13 (13) and profit before net finance items was MSEK 119 (76). This result includes exchange rate adjustments on intra-group lending in an amount of MSEK 0 (-1). Dividends from subsidiaries amounted to MSEK 128 net (81). Investments in non-current assets amounted to MSEK 0 net (0). The Parent Company has an approved bank overdraft facility in the amount of MSEK 250. MSEK 68 hereof was utilised, compared to MSEK 19 at the beginning of the financial year. A dividend of MSEK 34 was paid during the period and this affected utilisation. The Parent Company has a long-term acquisition credit facility in the amount of MSEK 78. Other cash and cash equivalents in the amount of MSEK 0 were available, compared to MSEK 0 at the beginning of the financial year. The Parent Company's debt-to-equity ratio was 65 percent at the end of the period as compared with 56 percent at the beginning of the year.

The Parent Company's other consolidation items includes items of a non-recurring character, which during the first six months of 2008/09 affected profit negatively by MSEK 3. These costs, which were incurred during the second quarter, refer to personnel reductions. Last year the result was affected in a positive direction by non-recurring items in a net amount of MSEK 2, relating to real property sales during the first quarter.

Revenue per product category  
6 months 2008/09



Revenue per country  
6 months 2008/09



## Financial development i brief

### NET REVENUE

| Quarterly data<br>MSEK             | 2008/09    |            |            |            | 2007/08    |            |
|------------------------------------|------------|------------|------------|------------|------------|------------|
|                                    | Q 2        | Q 1        | Q 4        | Q 3        | Q 2        | Q 1        |
| Electronics                        | 176        | 183        | 195        | 206        | 182        | 195        |
| Mechatronics                       | 159        | 166        | 157        | 150        | 145        | 152        |
| Communications                     | 186        | 183        | 210        | 206        | 188        | 186        |
| Parent company/Consolidation items | -          | -          | -          | -          | -          | -          |
| <b>Group total</b>                 | <b>521</b> | <b>532</b> | <b>562</b> | <b>562</b> | <b>515</b> | <b>533</b> |

### OPERATING PROFIT

| Quarterly data<br>MSEK             | 2008/09   |           |           |           | 2007/08   |           |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                    | Q 2       | Q 1       | Q 4       | Q 3       | Q 2       | Q 1       |
| Electronics                        | 6         | 8         | 13        | 10        | 8         | 7         |
| Mechatronics                       | 17        | 15        | 15        | 13        | 13        | 9         |
| Communications                     | 16        | 12        | 14        | 15        | 10        | 12        |
| Parent company/Consolidation items | -7        | -2        | -2        | -4        | -2        | 0         |
| <b>Group total</b>                 | <b>32</b> | <b>33</b> | <b>40</b> | <b>34</b> | <b>29</b> | <b>28</b> |

### CONSOLIDATED INCOME STATEMENT

| MSEK   | 3 months           | 3 months           | 6 months           | 6 months           | Moving                          | Financial year     |
|--|--------------------|--------------------|--------------------|--------------------|---------------------------------|--------------------|
|  | Jul-Sep<br>2008/09 | Jul-Sep<br>2007/08 | Apr-Sep<br>2008/09 | Apr-Sep<br>2007/08 | 12 months<br>Oct-Sep<br>2007/08 | Apr-Mar<br>2007/08 |
| Net revenue  | 521                | 515                | 1 053              | 1 048              | 2 177                           | 2 172              |
| Cost of goods sold   | -382               | -388               | -767               | -786               | -1 603                          | -1 622             |
| <b>Gross profit</b>  | <b>139</b>         | <b>127</b>         | <b>286</b>         | <b>262</b>         | <b>574</b>                      | <b>550</b>         |
| Selling costs  | -71                | -66                | -148               | -143               | -306                            | -301               |
| Administrative expenses  | -35                | -29                | -71                | -63                | -136                            | -128               |
| Research and development expenses                                | -3                 | -3                 | -5                 | -6                 | -7                              | -8                 |
| Other operating income and expenses                              | 2                  | 0                  | 3                  | 7                  | 14                              | 18                 |
| <b>Operating profit</b>  | <b>32</b>          | <b>29</b>          | <b>65</b>          | <b>57</b>          | <b>139</b>                      | <b>131</b>         |
| (of which depreciation and amortization)                         | (-6)               | (-5)               | (-12)              | (-11)              | (-24)                           | (-23)              |
| Finance income   | 1                  | 2                  | 2                  | 3                  | 6                               | 7                  |
| Finance expense  | -3                 | -4                 | -6                 | -8                 | -15                             | -17                |
| <b>Result after finance items</b>                                | <b>30</b>          | <b>27</b>          | <b>61</b>          | <b>52</b>          | <b>130</b>                      | <b>121</b>         |
| Taxes  | -10                | -7                 | -19                | -14                | -35                             | -30                |
| <b>Net income for the period</b>                                 | <b>20</b>          | <b>20</b>          | <b>42</b>          | <b>38</b>          | <b>95</b>                       | <b>91</b>          |
| Income associated with the parent company shareholders           | 20                 | 20                 | 42                 | 38                 | 95                              | 91                 |
| Earnings per share, SEK  | 0.89               | 0.85               | 1.87               | 1.61               | 4.20                            | 3.92               |
| Earnings per share after dilution, SEK                           | 0.89               | 0.85               | 1.87               | 1.61               | 4.20                            | 3.92               |
| Weighted number of shares outstanding (thousands)                | 22 478             | 23 640             | 22 478             | 23 659             | 22 621                          | 23 212             |
| Weighted number of shares outstanding after dilution (thousands) | 22 478             | 23 651             | 22 478             | 23 667             | 22 621                          | 23 212             |
| Number of shares after repurchases (thousands)                   | 22 478             | 23 428             | 22 478             | 23 428             | 22 478                          | 22 478             |

In view of the redemption price on outstanding call options (SEK 36.00 and SEK 44.40) and the average market price of the share (SEK 30.35) during that part of the latest twelve-month period where the options were outstanding, no dilutive effect occurred for the latest twelve-months. Also, no dilutive effect occurred for the latest quarter or 6 month period when the average market price of the share (SEK30.35 and SEK 30.97 respectively) was lower than the redemption price.

**CONSOLIDATED BALANCE SHEET**

| MSEK   | 2008-09-30   | 2007-09-30   | 2008-03-31   |
|--|--------------|--------------|--------------|
| <b>ASSETS</b>  |              |              |              |
| Goodwill   | 183          | 138          | 140          |
| Other intangible non-current assets                      | 110          | 97           | 98           |
| Tangible non-current assets                              | 51           | 80           | 51           |
| Financial non-current assets                             | 30           | 39           | 30           |
| Inventories  | 266          | 241          | 238          |
| Current receivables                                      | 420          | 409          | 419          |
| Cash and cash equivalents                                | 60           | 75           | 79           |
| <b>TOTAL ASSETS</b>                                      | <b>1 120</b> | <b>1 079</b> | <b>1 055</b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>              |              |              |              |
| Equity attributable to the Parent company's shareholders | 480          | 432          | 459          |
| Minority interests                                       | 0            | 0            | -            |
| <i>Total shareholders' equity</i>                        | <i>480</i>   | <i>432</i>   | <i>459</i>   |
| Non-current liabilities                                  | 170          | 187          | 174          |
| Current liabilities                                      | 470          | 460          | 422          |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>        | <b>1 120</b> | <b>1 079</b> | <b>1 055</b> |
| Interest-bearing assets                                  | 60           | 75           | 79           |
| Interest-bearing liabilities                             | 216          | 260          | 172          |

**CONSOLIDATED CASH FLOW STATEMENT**

| MSEK   | 3 months<br>Jul-Sep<br>2008/09 | 3 months<br>Jul-Sep<br>2007/08 | 6 months<br>Apr-Sep<br>2008/09 | 6 months<br>Apr-Sep<br>2007/08 | Financial year<br>Apr-Mar<br>2007/08 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------------|
| <b>Operating activities</b>  |                                |                                |                                |                                |                                      |
| Profit after finance items   | 30                             | 27                             | 61                             | 52                             | 121                                  |
| Adjustment for items not included in cash flow, etc                          | 2                              | -2                             | -5                             | -7                             | -19                                  |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>32</b>                      | <b>25</b>                      | <b>56</b>                      | <b>45</b>                      | <b>102</b>                           |
| <b>Cash flow from changes in working capital</b>                             |                                |                                |                                |                                |                                      |
| Increase (-) / Decrease (+) in inventories                                   | -5                             | 1                              | -24                            | -2                             | 1                                    |
| Increase (-) / Decrease (+) in operating receivables                         | 10                             | 22                             | 23                             | 28                             | 16                                   |
| Increase (+) / Decrease (-) in operating liabilities                         | -3                             | -15                            | -30                            | -55                            | 1                                    |
| <b>Cash flow from operating activities</b>                                   | <b>34</b>                      | <b>33</b>                      | <b>25</b>                      | <b>16</b>                      | <b>120</b>                           |
| <b>Investing activities</b>  |                                |                                |                                |                                |                                      |
| Investments in businesses  | -14                            | -1                             | -47                            | -18                            | -27                                  |
| Investments in other non-current assets, net                                 | -3                             | -4                             | -7                             | 19                             | 44                                   |
| <b>Cash flow from investing activities</b>                                   | <b>-17</b>                     | <b>-5</b>                      | <b>-54</b>                     | <b>1</b>                       | <b>17</b>                            |
| <b>Financing activities</b>  |                                |                                |                                |                                |                                      |
| Dividends and repurchases of own shares                                      | -34                            | -38                            | -34                            | -38                            | -67                                  |
| Change in loan liabilities   | 2                              | -24                            | 44                             | 3                              | -84                                  |
| <b>Cash flow from financing activities</b>                                   | <b>-32</b>                     | <b>-62</b>                     | <b>10</b>                      | <b>-35</b>                     | <b>-151</b>                          |
| <b>Cash flow for the period</b>  | <b>-15</b>                     | <b>-34</b>                     | <b>-19</b>                     | <b>-18</b>                     | <b>-14</b>                           |
| Cash and cash equivalents at beginning of the period                         | 75                             | 110                            | 79                             | 94                             | 94                                   |
| Exchange rate difference in cash and cash equivalents                        | 0                              | 0                              | 0                              | 0                              | -1                                   |
| Cash and cash equivalents at end of the period                               | 60                             | 76                             | 60                             | 76                             | 79                                   |

**CHANGE IN SHAREHOLDERS' EQUITY**

| MSEK                               | Apr-Sep<br>2008/09 | Apr-Sep<br>2007/08 |
|------------------------------------|--------------------|--------------------|
| Opening balance                    | 459                | 432                |
| Repurchase of own shares           | -                  | -8                 |
| Dividend                           | -34                | -30                |
| Change in hedging reserve          | 0                  | -1                 |
| Period's exchange rate differences | 13                 | 1                  |
| Profit for the period              | 42                 | 38                 |
| <b>Closing balance</b>             | <b>480</b>         | <b>432</b>         |

| KEY FINANCIAL INDICATORS   | 6 months           | 6 months           | 2007/08 | 2006/07 | Financial year |         |
|--|--------------------|--------------------|---------|---------|----------------|---------|
|  | Apr–Sep<br>2008/09 | Apr–Sep<br>2007/08 |         |         | 2005/06        | 2004/05 |
| Change in revenue, %   | 0.5                | 18.2               | 10.0    | 22.8    | 5.9            | –3.2    |
| Operating margin, %  | 6.2                | 5.4                | 6.0     | 5.0     | 3.5            | 0.3     |
| Profit margin, %   | 5.8                | 5.0                | 5.6     | 4.6     | 3.4            | –0.1    |
| Equity ratio, %  | 43                 | 40                 | 44      | 39      | 52             | 51      |
| Return on capital employed, % (12 months)                                      | 22                 | 17                 | 21      | 18      | 13             | 1       |
| Return on equity, % (12 months)  | 21                 | 18                 | 21      | 16      | 10             | 1       |
| Debt equity ratio, times   | 0.5                | 0.6                | 0.4     | 0.6     | 0.1            | 0.2     |
| Net debt equity ratio, times   | 0.3                | 0.4                | 0.2     | 0.4     | 0.0            | 0.0     |
| Times interest earned  | 11                 | 11                 | 9       | 9       | 14             | 1       |
| Net interest-bearing liabilities (+) / receivables (–), MSEK                   | 156                | 185                | 93      | 161     | –9             | –5      |
| Number of employees at end of period   | 809                | 770                | 763     | 751     | 541            | 512     |
| Revenue outside Sweden, MSEK   | 743                | 718                | 1 496   | 1 352   | 1 053          | 941     |
| <b>SHARE DATE</b>  |                    |                    |         |         |                |         |
| Number of shares outstanding at end of period<br>after repurchases ('000)      | 22 478             | 23 428             | 22 478  | 23 678  | 23 678         | 24 078  |
| Weighted number of shares outstanding<br>after repurchases ('000)              | 22 478             | 23 659             | 23 212  | 23 678  | 23 923         | 24 078  |
| Weighted number of shares outstanding<br>after repurchases and dilution ('000) | 22 478             | 23 667             | 23 212  | 23 678  | 23 923         | 24 078  |
| Operating result per share, SEK  | 2.89               | 2.41               | 5.64    | 4.18    | 2.38           | 0.17    |
| Result per share, SEK  | 1.87               | 1.61               | 3.92    | 2.75    | 1.63           | 0.21    |
| Result per share after dilution, SEK   | 1.87               | 1.61               | 3.92    | 2.75    | 1.63           | 0.21    |
| Cash flow per share, SEK   | –0.85              | –0.76              | –0.60   | 1.69    | –1.00          | –2.45   |
| Shareholders' equity per share, SEK  | 21.40              | 18.40              | 20.40   | 18.20   | 16.60          | 15.50   |
| Latest market price per share, SEK   | 26.60              | 36.00              | 28.80   | 33.50   | 30.10          | 19.50   |

Definitions are found on page 27 of the Annual Report 2007/08.

#### PARENT COMPANY INCOME STATEMENT

| MSEK                                | 3 months           | 3 months           | 6 months           | 6 months           | Moving                          | Financial year     |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|--------------------|
|                                     | Jul–Sep<br>2008/09 | Jul–Sep<br>2007/08 | Apr–Sep<br>2008/09 | Apr–Sep<br>2007/08 | 12 months<br>Oct–Sep<br>2007/08 | Apr–Mar<br>2007/08 |
| Revenue                             | 6                  | 6                  | 13                 | 13                 | 26                              | 26                 |
| Administrative expenses             | –9                 | –7                 | –18                | –15                | –39                             | –36                |
| Other operating income and expenses | 0                  | 0                  | 0                  | 0                  | 0                               | 0                  |
| <b>Operating profit</b>             | <b>–3</b>          | <b>–1</b>          | <b>–5</b>          | <b>–2</b>          | <b>–13</b>                      | <b>–10</b>         |
| Finance income                      | 60                 | 24                 | 130                | 84                 | 132                             | 86                 |
| Finance expense                     | –3                 | –3                 | –6                 | –6                 | –44                             | –44                |
| <b>Profit before taxes</b>          | <b>54</b>          | <b>20</b>          | <b>119</b>         | <b>76</b>          | <b>75</b>                       | <b>32</b>          |
| Taxes                               | 1                  | 0                  | 2                  | 1                  | 5                               | 4                  |
| <b>Net income for the period</b>    | <b>55</b>          | <b>20</b>          | <b>121</b>         | <b>77</b>          | <b>80</b>                       | <b>36</b>          |

#### PARENT COMPANY BALANCE SHEET

| MSEK                                      | 2008-09-30 | 2007-09-30 | 2008-03-31 |
|---|------------|------------|------------|
| <b>ASSETS</b>                             |            |            |            |
| Tangible non-current assets               | 0          | 0          | 0          |
| Financial non-current assets              | 676        | 703        | 642        |
| Short-term receivables                    | 42         | 29         | 33         |
| Cash and cash equivalents                 | 0          | 1          | 0          |
| <b>TOTAL ASSETS</b>                       | <b>718</b> | <b>733</b> | <b>675</b> |
| <b>EQUITY AND LIABILITIES</b>             |            |            |            |
| Equity                                    | 466        | 433        | 378        |
| Long-term liabilities                     | 77         | 100        | 145        |
| Current liabilities                       | 175        | 200        | 152        |
| <b>TOTAL EQUITY AND LIABILITIES</b>       | <b>718</b> | <b>733</b> | <b>675</b> |
| Assets pledged and contingent liabilities | 47         | 43         | 47         |

## Other information

### ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Markets Act, which is in accordance with the provisions of RFR 2.1 Accounting for legal entities.

The same accounting policies and methods of calculation have been used for the Group and the Parent Company as in the most recent annual report.

### EMPLOYEES

At the end of the period the number of employees in the Group was 809, which can be compared with 763 at the beginning of the period. The increase is explained by acquired businesses.

### DISTRIBUTION OF SHARES AND REPURCHASES

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

| Class of shares            |                   |
|----------------------------|-------------------|
| Class A shares             | 1 094 654         |
| Class B shares             | 22 078 655        |
| Repurchased Class B shares | -695 500          |
| <b>Total</b>               | <b>22 477 809</b> |

Lagercrantz holds 695,500 class B shares in treasury, equivalent to 3.0 percent of the number of shares outstanding and 2.1 percent of the number of votes in Lagercrantz Group. No shares were repurchased during the second quarter. Shares held in treasury are intended to fulfil the Company's undertaking under outstanding option programmes (awards for 2006, 2007 and 2008) where the redemption price is SEK 36.00, SEK 44.40 and SEK 36.80 per call option, respectively. The average acquisition cost of the shares held in treasury amounts to SEK 28.25 per share. The quotient value per share is SEK 2.11.

### ACQUISITION OF BUSINESS

On 1 September 2008, Lagercrantz Group acquired the company COBS AB. This company develops and markets wireless telephony systems. COBS had revenue during 2007 of approx-

imately MSEK 50, with good profitability. The company has about 20 employees.

CAD Kompagniet in Denmark was acquired earlier in the year. Both companies are part of division Communications.

Acquired businesses affected consolidated net revenue by approximately MSEK 18 and consolidated profit before taxes by MSEK 1 during the first six months of the year. If all acquisitions had been consummated at the beginning of the financial year, the effect on consolidated net revenue and profit before taxes would have been an estimated MSEK 36 and MSEK 2, respectively.

### RISKS AND FACTORS OF UNCERTAINTY

The Lagercrantz Group's earnings performance and financial position, as well as its strategic position, are affected by a number of internal factors over which the Company exerts control, and by a number of external factors where the possibility of exerting control over the course of events is limited. The risk factors with the greatest impact on the Lagercrantz Group are the state of the market, structural changes in the market, dependency on suppliers and customers, the competitive situation and foreign exchange rate trends. The financial market turbulence at the same time as expectations of a general weakening of the economy grew, is sure to result in greater uncertainty. Therefore action has been taken to reduce costs and investments and extra vigilance is the order of the day. For additional detail, please refer to the 2007/08 Annual Report. The Parent Company is affected by the above mentioned risks and factors of uncertainty in its function as owner of its subsidiaries.

### TRANSACTIONS WITH CLOSELY RELATED PARTIES

Transactions between Lagercrantz Group with a significant effect on financial position and earnings have not occurred.

### EVENTS AFTER THE BALANCE SHEET DATE

No events with a significant effect on the Company have occurred after the balance sheet date, 30 September 2008.

**UPCOMING REPORTS**

|                  |   |
|------------------|---|
| 10 February 2009 | Interim report for the period 1 April – 31 December 2008    |
| 13 May 2009      | Year-end report for the period 1 April 2008 – 31 March 2009 |

**AFFIRMATION**

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

Stockholm, 11 November 2008

|                              |                               |
|------------------------------|-------------------------------|
| Anders Börjesson<br>Chairman | Tom Hedelius<br>Vice Chairman |
|------------------------------|-------------------------------|

|                            |                             |
|----------------------------|-----------------------------|
| Pirkko Alitalo<br>Director | Lennart Sjölund<br>Director |
|----------------------------|-----------------------------|

Jörgen Wigh  
Director, President and CEO

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

The information herein is published in accordance with the Swedish Securities Market Act, the Swedish Act Trading in Financial Instruments, or requirements posed by the contract with OMX Nordic Exchange. The information was submitted for publication at 12.45, 11 November 2008.

**LAGERCRANTZ GROUP IN BRIEF**

Lagercrantz Group is a technology trading group in electronics, electrics, communication and adjacent areas. The Group operates in a decentralised mode with value-creating sales in close proximity to its customers and markets and has a leading position in several expansive niches.

Operations are organised in three divisions: Division Electronics is primarily involved in marketing solutions in wireless industrial communication and embedded systems. Division Mechatronics offers electro-mechanical components and production of cable harnesses and electric connection systems. Division Communications provides solutions in digital image transmission/technical security, access products and design software.

Lagercrantz is today active in eight countries in Northern Europe, and in China. The Group has sales of approximately SEK 2.2 billion and has approximately 800 employees.

**FOR ADDITIONAL INFORMATION, CONTACT**

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