

Press Release of Results for 2004

Prevas AB (publ), corporate identity no. 556252-1384

2004 saw a turnaround for Prevas

Pre-tax profit of SEK 14.0 million (–19.4)

Profit margin of 8.0 (–11.0) per cent

SUMMARY (SEK million)	2004	2003	Q4 2004	Q4 2003
Operating income	177.9	176.7	48.2	46.5
Operating expenses	–161.9	–192.6	–44.0	–41.0
Goodwill amortization	–1.9	–3.7	–0.5	–0.5
Share in profit/loss of associated comp.	–0.2		–0.3	
Operating profit/loss	13.9	–19.6	3.4	5.0
Net financial income/expense	0.1	0.2	0	0
Profit/loss after financial items	14.0	–19.4	3.4	5.0
Tax	–2.8	4.1	–1.2	–1.5
Net profit/loss	11.2	–15.3	2.2	3.5

- Turnover was SEK 177.9 million (SEK 176.7 million) for the year and SEK 48.2 million (SEK 46.5 million) for Q4. Turnover per employee was SEK 1,053,000 (SEK 866,000) for the year, up 22 per cent. Turnover per employee was SEK 285,000 (SEK 260,000) for Q4, up 10 per cent.
- Net profit was SEK 11.2 million (SEK –15.3 million) for the year and SEK 2.2 million (SEK 3.5 million) for Q4. Profit for the year includes a capital gain of SEK 2 million relating to a property sale in Q1, of which SEK 0.1 million affects the operating profit and SEK 1.9 million the tax for the year.
- Earnings per share after tax were SEK 1.41 (SEK –1.97) for the year and SEK 0.27 (SEK 0.45) for Q4. Equity per share was SEK 6.46 (SEK 4.85) at the year-end.
- Equity totalled SEK 51.6 million (SEK 37.7 million) at the year-end, representing an equity/assets ratio of 60 (49) per cent.
- Prevas' product focus on the global pharmaceutical sector had a breakthrough in December, with an order from the world-leading Danish pharmaceutical company ALK-Abelló.
- Prevas' focus on increased strength through minority interests in start-up technology companies is developing positively. Both FlexPack Robotics AB and Precon AB exceeded their business targets during their start-up year.

Turnaround

2004 saw a turnaround for Prevas. Following three tough years for the IT sector, Prevas could once again show first-rate profitability. Demand for the company's services and products rose gradually during the year and the recruitment of new employees began in earnest during the second half. Further proof of the company's success was Microsoft's designation of Prevas as its only preferred partner in the Nordic region for embedded systems in future products.

Prevas' three-stage strategy

During 2004, the company operated according to a three-stage strategy:

1. To return Prevas to its position as one of the market's most profitable IT consultancies. This was achieved.
2. To strengthen Prevas through its own products and minority interests in interesting start-up technology companies. This is ongoing.
Prevas continued to invest in traceability products during 2004. The acquisition of Goods Certificate Manager (software that provides electronic movement certificates for food manufacturers) and CellManager (software to control and monitor production cells) has complemented Prevas' offering.
Two minority interests were acquired, Precon AB and FlexPack Robotics AB. Precon AB is a company with leading-edge competence in the development of intelligent, communicating products. The company represents Prevas in the Stockholm market through a franchising agreement and has grown from 0 to 15 employees during its first eight months. FlexPack Robotics AB, which offers flexible packaging solutions mainly for the European pharmaceuticals industry, got off to a flying start by taking over responsibility for around 20 packaging installations previously supplied by ABB. As a result, the company has an initial customer base, which includes companies such as AstraZeneca, Pfizer, NovoNordisk and Fresenius Kabi. Moreover, FlexPack Robotics' sales organization was strengthened by a salesperson for Europe based in Germany.
3. To create profitable, mainly organic growth. This has begun.
During the second half of the year, 20 new employees were recruited to Prevas' consulting operations. Demand and growth were largest in the Stockholm and Mälaren regions.

Model for the IT sector

Prevas' vision is to serve as a model for the IT sector. A model company ensures that the customer obtains cost-effective IT solutions that contribute to achieving their business targets. In addition to innovative technical solutions, successful project implementation is a decisive factor. Moreover, a model company should be an attractive workplace, in which employees develop and flourish, enabling the company to attract and retain the best employees in the sector. From an ownership perspective, a model company should be a good investment in that it shows good profitability relative to the sector and at the same time expands more rapidly than the sector average.

Unique leading-edge competence

Prevas' offering comprises consultancy services, products and customer support to companies developing products with a large IT component or needing to streamline or automate their operations. The aim is to further strengthen our offering in these areas. Unique leading-edge competence in product development, industrial automation and traceability solutions is complemented by a quality-assured development process.

World-class project implementation

Prevas celebrates its 20th anniversary in 2005. Reliable and secure project implementation has been one of the company's cornerstones since the start. This ability to successfully plan, tender, implement and maintain IT solutions has continued to be one of the most important customer benefits that Prevas offers the market. Prevas' customers can confidently reckon on getting the agreed function to the right quality and on time. Prevas is pleased to undertake this at a fixed price. The ability to implement successful projects is crucial in fixed-price projects. We have therefore chosen the "Fixed-price expert" tagline. As the sector matures, customers increasingly require suppliers to take greater responsibility for delivering function rather than just technical content, which naturally leads to an increase in the proportion of integrated projects. Prevas applauds and wants to take part in driving this trend.

Prevas' 20 years' experience and competence mean that, together with our customers, we define and develop IT solutions, which strongly contribute to customers achieving their business targets. During 2004, IT solutions were supplied to ABB, Amersham Biosciences, Arla, AstraZeneca, Atlas Copco, Autoliv, Biacore, Dafgård, DN/Expressen, Elcoteq, Ericsson, Findus, Flextronics, Flir Systems, FMV, FOI, GETRAG All Wheel Drive, Haldex, IBM, ICA, LGP Allgon, Nobel Biocare, Nokia, Pfizer, Pharmacia, Saab, Sandvik, Sanmina-SCI, Scania, Solectron, Sydsvenskan Tryck, Viasat, Volvo and Westinghouse. These are well-known customers with high demands, where Prevas' ability to realize customer value in IT solutions constitutes a decisive competitive edge. A qualitative customer survey carried out at the end of 2004 shows that Prevas has very satisfied customers, who look to use the company again.

Corporate culture

Prevas' objective is to attract and retain the best employees in the IT sector. Stimulating assignments and planned competence development enable the company to maintain its position at the cutting edge of technology. Despite the severe climate in the IT market during the past few years, Prevas chose not to reduce salaries and other employment conditions, unlike many companies in the sector. We have instead focussed on minimizing unnecessary costs, in order to continue being able to offer market employment conditions. Now that demand is increasing and providing scope for new initiatives, the company has chosen, in addition to competence development, to focus on stimulating a healthy lifestyle and consequently better health. It is to be hoped that the chosen strategy will prove to be right, when mobility in the labour market increases.

Good profitability and expansion

Prevas' long-term targets are 10 per cent profitability before tax, 15 per cent annual growth and a dividend equivalent to half of net profit. 2004 saw Prevas return to profitability, even though the 10 per cent profitability target was not achieved. Recruitment began during the second half of the year, leading to expansion.

Future prospects

During 2005, the company expects the economic recovery to continue and strengthen further, compared with 2004. As a result, Prevas will continue to experience increased demand for its consultancy services and products.

Product-developing growth companies

Swedish companies substantially increased their investments in product development during 2004. Prevas' view is that these investments will continue to increase. Following several years of restraint, customers have a considerable need to renew their products, to ensure that they can meet the increasingly tough global competition. Prevas' increased cooperation with Microsoft on software for future electronics products makes Prevas a natural partner for companies planning new product ventures.

Automation – the opportunity for Swedish manufacturing industry

In industrial systems, the investment level is relatively independent of the economic situation. The driving force underlying new investments is the need for improved efficiency and larger production volumes. Increased automation is a prerequisite for the continued competitiveness and survival of the Swedish manufacturing industry. These driving forces lead to a growing demand for automation solutions. Prevas' 20 years' experience of applying IT to streamline the whole production chain will, together with the customer's sector expertise, be a prerequisite for continued Swedish production.

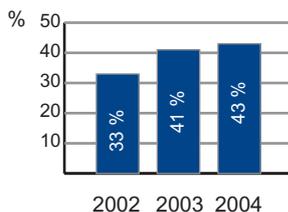
Global expansion

Prevas' traceability products for electronics, pharmaceuticals and food show favourable development. Consumers' and public authorities' product information requirements are constantly increasing, particularly in the pharmaceutical and food industries. In 2004, Prevas received an order that constituted a global breakthrough in the pharmaceutical industry. The objective for 2005 is to develop a global partner network, to increase sales of traceability products for pharmaceuticals production. The first countries on the agenda are Germany, the UK, the Irish Republic and the USA.

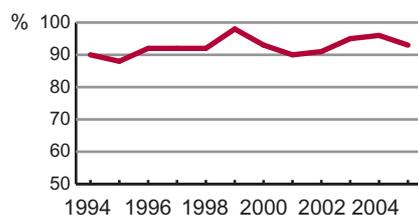
Increased strength through minority interests

The investments made in Precon AB and FlexPack Robotics AB in 2004 have developed positively. The cooperation shows new opportunities for all parties. The negative result from participations in associated companies reported in 2004 mainly consists of goodwill amortization. Both Precon and FlexPack Robotics will make a positive contribution to Prevas' results in 2005.

Percentage of fixed-price projects

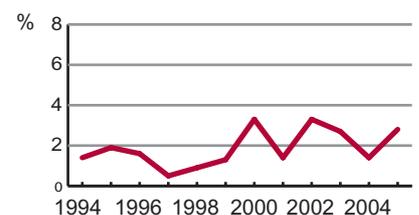


Delivery reliability



Percentage of projects delivered on time.

Work under guarantees



The percentage of work under guarantees with percentage of work before delivery.

Finance

Capacity utilization

The invoicing rate was 65 (62) per cent for the year and 65 (69) per cent for Q4. The invoicing rate, which is one of Prevas' performance indicators, is measured as the number of hours invoiced divided by the total hours used in the company. All employees in consulting operations, including management and administration, are included in the key indicator.

Assignment distribution

During the year, 43 (41) per cent of assignments were charged on a fixed-price basis and 57 (59) per cent on a time basis.

Employees

During the year, the average number of employees was 169 (204) and staff turnover was 7 per cent. The proportion of female employees was 20 per cent at the year-end.

Turnover and results for 2004

Turnover for the year was SEK 177.9 million (SEK 176.7 million). Turnover per employee was SEK 1,053,000 (SEK 866,000), up 22 per cent. The number of working days was 253 (249).

Operating profit was SEK 13.9 million (SEK –19.6 million), representing an operating margin of 7.9 (–11.1) per cent. Profit after financial items was SEK 14.0 million (SEK –19.4 million) and the profit margin was 8.0 (–11.0) per cent.

Net profit was SEK 11.2 million (SEK –15.3 million). The low tax expense is due to a reversal of deferred tax relating to the property in the sold subsidiary Prevas Fastighets i Göteborg AB of SEK 1.9 million.

Turnover and results for Q4

Turnover for Q4 was SEK 48.2 million (SEK 46.5 million). Turnover per employee was SEK 285,000 (SEK 260,000), up 10 per cent. The number of working days was 64 (62).

Operating profit was SEK 3.4 million (SEK 5.0 million), representing an operating margin of 7.7 (10.7) per cent. Products and Customer Support continued to show very good profitability, while consultancy services had a lower invoicing rate at the beginning of the quarter, which had a negative impact on the result.

Profit after financial items was SEK 3.4 million (SEK 5.0 million) and the profit margin was 7.7 (10.8) per cent. Net profit was SEK 2.2 million (SEK 3.5 million).

Liquid assets

Liquid assets totalled SEK 7.3 million (SEK 5.0 million) at the year-end. A positive cash flow of SEK 2.3 million (SEK –0.9 million) is reported for the year and the cash flow from operating activities was SEK 3.6 million (SEK 1.2 million). The sale of Prevas Fastighets i Göteborg AB in Q1 had a positive impact on cash flow of SEK 9 million. Prevas has no interest-bearing liabilities.

A positive cash flow of SEK 6.0 million (SEK 4.1 million) is reported for Q4 and the cash flow from operating activities was SEK 8.8 million (SEK 4.9 million).

Financial position

Equity totalled SEK 51.6 million (SEK 37.7 million) at the year-end, representing an equity/assets ratio of 60 (49) per cent. Equity per share (excluding outstanding options) was SEK 6.46 (SEK 4.85).

Finance (cont.)

Investments

Net investments for the year totalled SEK 12.7 million (SEK 2.2 million), of which SEK 1.8 million related to tangible assets, SEK 4.8 million to product development and SEK 6.1 million to the acquisition of products, shares and participations. Net investments for Q4 totalled SEK 2.9 million (SEK 0.9 million), of which SEK 1.4 million related to machinery and equipment and SEK 1.5 million to product development.

IFRS

As from 1 January 2005, Prevas is required to apply the accounting regulations in force, in accordance with International Financial Reporting Standards (IFRS) in its consolidated financial statements.

In accordance with the transitional regulations, a comparative year is required, which means that 2004 must be reported in accordance with IFRS in the financial reporting in 2005.

The IFRS that are applicable to the Prevas Group are, with a few exceptions, consistent with the previously applied recommendations of the Swedish Financial Accounting Standards Council. The effect on profit and equity essentially arises as a result of changes in the accounting principles for goodwill and investment properties. When IFRS are applied, equity totals approximately SEK 41 million as at 1 January 2004, an increase of approximately SEK 3 million, and approximately SEK 56 million as at 31 December 2004, an increase of approximately SEK 5 million. Pre-tax profit for 2004 increases by approximately SEK 2 million to SEK 16 million.

In accordance with IFRS, the profit margin for 2004 is approximately 9 (8) per cent and the equity/assets ratio is approximately 58 (60) per cent as at 31 December 2004.

A more detailed account of the impact on goodwill and investment properties is given below.

Goodwill - IFRS 3

IFRS 3 Business Combinations does not allow goodwill amortization according to plan. Instead the value of goodwill must be reviewed for possible write-down annually, or more often if there is an indication that the reported value is less than the net realizable value. In accordance with the transitional regulations in IFRS 1, First time adoption of IFRS, Prevas has chosen not to apply IFRS 3 to previous acquisitions. The write-down review carried out results in a reversal of goodwill amortization of approximately SEK 2 million written off in 2004, resulting in an increase in both pre-tax profit and equity of equivalent amounts.

Investment properties - IAS 40

IAS 40 allows accounting at net realizable value or acquisition value. Prevas has chosen accounting at net realizable value, which results in an increase in the value of the properties of approximately SEK 4 million as at 1 January 2004 and 31 December 2004. Equity as at 1 January 2004 and 31 December 2004 increases, after deferred tax, by approximately SEK 3 million. Pre-tax profit for 2004 increases marginally.

Accounting principles

This Press Release of the Results has been prepared in accordance with Recommendation RR 20 Interim Reporting of the Swedish Financial Accounting Standards Council. As from 1 January 2004, the Council's Recommendation RR 29 Employee Remuneration has been applied. The company operates the ITP plan mainly through insurance with Alecta, which is classified as a fixed-benefit plan covering a number of employers. This means that the company should report its proportional share of the fixed-benefit pension commitments and of the investment assets and expenses associated with the plan. According to information received from Alecta, the latter cannot provide this data, and the plan is therefore reported as a fixed-contribution plan until

Finance (cont.)

further notice. In other respects, the same accounting principles and calculation methods have been applied as in the company's latest annual report.

Dividend

The Board of Directors proposes a dividend of SEK 0.50 per share (no dividend the previous year) for the financial year 2004. 22 March 2005 is proposed as the record date. Dividends are expected to be paid through VPC on 29 March 2005.

Stockholm, 7 February 2005
Prevas AB (publ)

Anders Englund, CEO

Annual General Meeting

The Annual General Meeting of Prevas AB will be held on 17 March at 17.30 in the Auditorium, Aros Congress Center, Munkgatan 7, Västerås, Sweden.

Information

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Financial reporting

- Interim Report to 31 March, 29 April 2005
- Interim Report to 30 June, 26 August 2005
- Interim Report to 30 September, 26 October 2005
- Press Release of Results for 2005, 7 February 2006

Consolidated financial statements

SUMMARY PROFIT AND LOST ACCOUNTS SEK thousand	2004 Q4	2003 Q4	2004 Q1-3	2003 Q1-3	2004 Year	2003 Year
Net sales	46 707	45 625	126 302	130 149	173 009	175 774
Activated work	1 538	912	3 259	0	4 797	912
Other operating incomes	0	0	129	0	129	0
Material costs	-390	-604	-1 668	-1 131	-2 058	-1 735
Other external expenses	-10 162	-6 413	-18 731	-24 225	-28 893	-30 638
Staff costs	-32 462	-32 682	-94 261	-122 617	-126 723	-155 299
Depreciation tangible assets	-734	-1 331	-2 992	-3 588	-3 726	-4 919
Depreciation/write-down intangible assets	-803	-507	-1 589	-3 185	-2 392	-3 692
Share in profit/loss of associated companies	-321		126		-195	
Operating profit/loss	3 373	5 000	10 575	-24 597	13 948	-19 597
Net financial income/expense	31	46	65	193	96	239
Profit/loss after financial items	3 404	5 046	10 640	-24 404	14 044	-19 358
Tax	-1 221	-1 569	-1 614	5 632	-2 835	4 063
Net profit/loss	2 183	3 477	9 026	-18 772	11 209	-15 295

Earnings per share after tax, SEK	0.27	0.45	1.14	-2.41	1.41	-1.97
Earnings per share after tax including options, SEK	0.26	0.42	1.07	-2.41	1.33	-1.97
Equity per share, SEK			6.21	4.40	6.46	4.85
Equity per share including options, SEK			6.73	5.04	6.96	5.46

SUMMARY BALANCE SHEETS SEK thousand	2004 31 Dec	2003 31 Dec
Intangible assets	14 545	10 639
Tangible assets	15 526	26 231
Financial assets	4 551	321
Current receivables	43 952	34 873
Cash and bank balance	7 312	4 991
Total assets	85 886	77 055
Equity	51 551	37 743
Provisions	5 055	4 500
Current liabilities	29 280	34 812
Total liabilities and equity	85 886	77 055

CHANGE IN EQUITY SEK thousand	2004 31 Dec	2003 31 Dec
Opening balance	37 743	53 038
New share issue	2 600	-
Net profit for the period	11 209	-15 295
Closing balance	51 551	37 743

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CASH FLOW STATEMENTS SEK thousand	2004 Q4	2003 Q4	2004 Q1-3	2003 Q1-3	2004 Year	2003 Year
Operating profit	3 373	5 000	10 575	-24 597	13 948	-19 597
Depreciation and write-down	1 537	1 839	4 581	6 773	6 118	8 612
Provisions etc.	45	106	-172	-187	-127	-81
Share in profit/loss of associated companies	321	-	-126	-	195	-
Net financial income/expense	31	46	65	193	96	239
Tax paid	-40	976	-528	-255	-568	721
Change in current receivables	-4 255	3 070	-5 211	3 224	-9 466	6 294
Change in current liabilities	7 825	-6 096	-14 441	11 157	-6 616	5 061
Cash flow from ordinary activities	8 837	4 941	-5 257	-3 692	3 580	1 249
Acquisition and sales of subsidiaries	-	-	8 885	-	8 885	-
Net investment in fixed assets	-2 881	-890	-7 263	-1 280	-10 144 *	-2 170
Cash flow from investment activities	-2 881	-890	1 622	-1 280	-1 259	-2 170
Operating cash flow	5 956	4 051	-3 635	-4 972	2 321	-921
Loans raised (+) / Repayment of loans (-)	-	-	-	-	-	-
Cash flow from financing activities	0	0	0	0	0	0
Cash flow for the period	5 956	4 051	-3 635	-4 972	2 321	-921
Opening liquid assets	1 356	940	4 991	5 912	4 991	5 912
Closing liquid assets	7 312	4 991	1 356	940	7 312	4 991
Change	5 956	4 051	-3 635	-4 972	2 321	-921

* Total investment, SEK thousand	12 744
Financed with own shares, SEK thousand	<u>-2 600</u>
Cash flow influence, SEK thousand	10 144

KEY RATIOS	2004 Q4	2003 Q4	2004 Q1-3	2003 Q1-3	2004 Year	2003 Year
Gross margin	10.8 %	14.7 %	11.6 %	-13.7 %	11.4 %	-6.2 %
Operating margin	7.7 %	10.7 %	8.1 %	-18.9 %	7.9 %	-11.1 %
Profit margin	7.7 %	10.8 %	8.1 %	-18.8 %	8.0 %	-11.0 %
Earnings per share after tax	0.27 SEK	0.45 SEK	1.14 SEK	-2.41 SEK	1.41 SEK	-1.97 SEK
Earnings per share after tax incl. outstand. share options	0.26 SEK	0.42 SEK	1.07 SEK	-2.41 SEK	1.33 SEK	-1.97 SEK
Average number of shares	7 982 600	7 782 600	7 949 267	7 782 600	7 957 600	7 782 600
Average number of shares incl. outstand. share options	8 482 600	8 282 600	8 449 267	8 282 600	8 457 600	8 282 600
Equity/assets ratio			66.0 %	41.0 %	60.0 %	49.0 %
Equity per share			6.21 SEK	4.40 SEK	6.46 SEK	4.85 SEK
Equity per share incl. outstand. share options			6.73 SEK	5.04 SEK	6.96 SEK	5.46 SEK
Return on capital employed, %			22.6 %	-60.7 %	28.9 %	-37.3 %
Return on equity, %			21 %	-56 %	26 %	-34 %
Average number of employees	169	179	168	204	169	204
Working days	64	62	189	187	253	249
Chargeability rate	65 %	69 %	65 %	59 %	65 %	62 %
Turnover per employee, SEK thousand *	285	260	771	638	1 053	866

* Influence of external purchase.

Consolidated financial statements

RESULT PER AREA	2004 Q4	2003 Q4	2004 Q1-3	2003 Q1-3	2004 Year	2003 Year
Operating income, SEK thousand						
Consultancy services	36 200	35 624	98 349	101 818	134 549	137 442
Products and Support	11 547	10 086	29 526	25 851	41 073	35 937
Administration properties	498	827	1 815	2 480	2 313	3 307
Total	48 245	46 537	129 690	130 149	177 935	176 686
Operating profit/loss, SEK thousand						
Consultancy services	1 319	2 320	3 752	-27 356	5 071	-25 036
Products and Support	2 069	2 216	5 696	1 499	7 765	3 715
Administration properties	306	464	1 001	1 260	1 307	1 724
Share in profit/loss of associated companies	-321		126		-195	
Total	3 373	5 000	10 575	-24 597	13 948	-19 597
Profit margin, %						
Consultancy services	3.6 %	6.5 %	3.8 %	-26.9 %	3.8 %	-18.2 %
Products and Support	17.9 %	22.0 %	19.3 %	5.8 %	18.9 %	10.3 %
Administration properties	61.4 %	56.1 %	55.2 %	50.8 %	56.5 %	52.1 %
Total	7.7 %	10.7 %	8.1 %	-18.9 %	7.9 %	-11.1 %

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