

## INTERIM REPORT January-September 2007

Prevas AB (publ), CIN 556252-1384

### Continued Growth, Q3 Project Losses

- Sales during the period amounted to SEK 332 (199) million.
- Net income for the period was SEK 11.0 (10.9) million.
- Earnings per share after dilution were SEK 1.16 (1.25) for the period. Equity per share after dilution at the end of the period was SEK 12.75 (9.55).
- EBIT during the period amounted to SEK 17.0 (13.8) million. EBIT before depreciation of intangible fixed assets was SEK 24.6 (17.7) million.
- Operating margin during the period was 5.1 (6.9) percent. Operating margin before depreciation of intangible fixed assets was 7.4 (8.9) percent.
- The Product Development Business Area continues to grow strongly. Sales increased by 94% and despite such strong expansion, an operating margin of 7.1% was achieved.
- The third quarter was burdened with project losses from the Industrial Systems Business Area. The company recruited a new Business Area Manager who will focus on ensuring profitability for this area.
- Subsequent to the end of the quarter, Prevas signed a new framework agreement with a leading global vehicle manufacturer. The agreement covers consulting services within the areas of electronics, software and system development, as well as simulation, testing and project leadership.

### A Word from the CEO

The market for the Product Development Business Area is characterized by increasing high demand due to unavoidable shifts in technology for an ever-increasing number of products. During the first nine months of 2007, sales increased by 94% compared to the same period last year. Operating margin for the business area was 7.1%, despite such strong expansion.

The market for the Industrial Systems Business Area is the fastest growing segment in the European automation market. The demand for Prevas' services is expected to grow by 10 to 20 percent during the coming year. The industry is fast approaching maximum capacity and investments continue in an attempt to meet high global demand. During the third quarter, profit for this business area was burdened with project losses. The company recruited a new Business Area Manager who will focus on ensuring profitability for this area.

*Anders Englund CEO Prevas AB*

*English translation of Prevas Interim Report January - June 2007.*



*Prevas develops intelligence in products and industrial systems. Prevas is an innovative IT company with a strong company culture that offers its customers solutions that will help them attain a world-class competitive edge. Prevas has delivered customer benefit in the form of profitable solutions for the future for over 20 years. Prevas' solutions are renowned for innovation, quality assurance and delivery reliability, which has qualified Prevas for many successful assignments from leading global enterprises.*

*Prevas has been listed on the OMX Nordic Exchange in Stockholm since 1998.*

*For more information, see [www.prevas.se](http://www.prevas.se).*

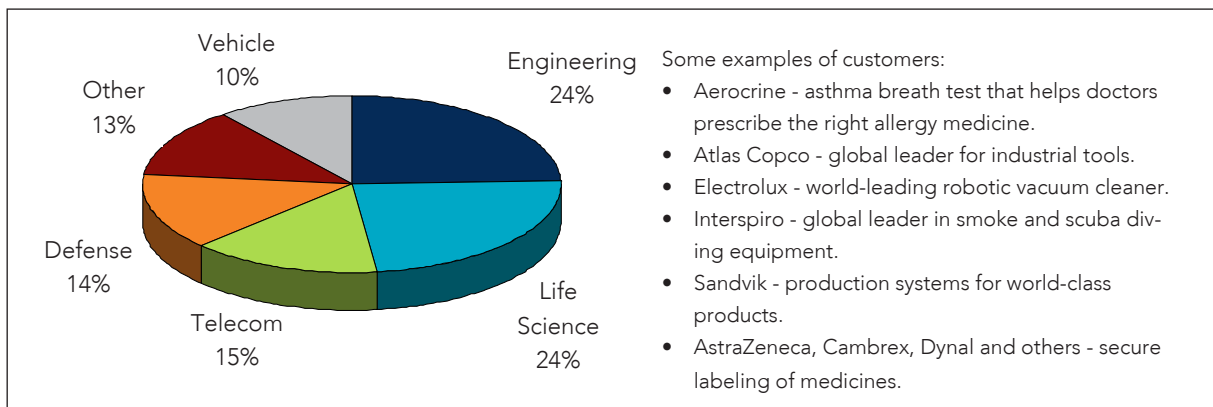
## The Company

### Innovative Solutions Give Customers a World-Class Competitive Edge

Prevas is an innovative IT company with a strong company culture that offers its customers solutions that will help them attain a world-class competitive edge.

By developing intelligence in our customers' products and industrial systems, we create the conditions for profitable products, production and logistics.

Prevas has successfully completed more than 3,000 projects that have helped many of our customers to become global leaders in their respective areas. Prevas' customers primarily conduct business in the following industrial sectors: life science, engineering, defense, telecom and vehicle.



*Distribution of Prevas' customers by industrial*

Many of today's successful products and processes are based on the early and innovative use of IT and this will continue to hold true in the future. Prevas continually develops its ability to create solutions with increased customer benefit by further expanding the number of platforms, modules and products in its solutions. This shortens development time and means that even more efforts can be made to develop true customer advantage.

### A Market Exhibiting Solid Growth

According to international studies, Prevas' market areas are growing at the rate of 15% per year. In comparison, the IT market's annual growth rate is just 5 to 6 percent. During the last year, Prevas' organic growth rate has been around 20%. This has been further strengthened by its strategic acquisitions. There is also a low degree of consolidation in Prevas' market areas - another positive factor for continued strong growth. With a firm base in the Nordic region and the entire world as its market, Prevas aims at achieving SEK 1 billion in sales by 2010.

### Internationalization

Following the acquisition of Mikon, Prevas is now firmly established in Sweden, Denmark and Norway. Prevas' strategy for establishing its business throughout the Nordic region is based upon maintaining a close proximity to customers. Prevas is using its own salesforce in cooperation with local partners to solicit new customers outside the Nordic region. Prevas has obtained a number of new international customers largely as the result of its latest strategic acquisitions. Today, approximately 21% of sales come from international operations. Prevas also aims at establishing its business in Finland.

# The Product Development Business Area, a Nordic Design House for Intelligent Products

## Market

In order for products to be successful, development times must be kept short and the quality must be right. Prevas offers specialist expertise in order to develop intelligent products that are profitable for the customer. Since its founding in 1985, Prevas has developed over 2,000 successful products that have helped several of our customers become world leaders in their markets.

There is strong demand in the market for developing intelligent products and embedded systems. This is the result of necessary changes in technology for an increasing number of products in this area. During the first nine months of 2007, sales increased by 94% compared to the same period last year. Operating margin for the business area was 7.1%, despite such strong expansion.

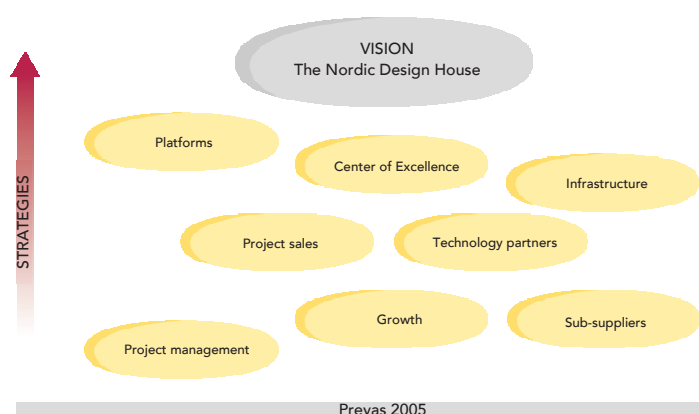
## A Nordic Design House for Intelligent Products

Presently, the Product Development business area at Prevas is the Nordic leader for embedded systems. Now, in its next phase of growth, this area is ready to take the next step in becoming "The Nordic Design House for intelligent products." An embedded system is otherwise known as the product's "intelligence" and it represents just one of the many parts of which a product is comprised. A design house works with the entire product development process, i.e., not just the design of embedded systems.

Developments in the market, where there is increased global competition, have resulted in a demand for more effective tools and methods for developing intelligent products. Customers involved in product development tend to place more and more responsibility on the supplier, resulting in a high demand for suppliers that can take responsibility for the entire product development process. Prevas' goal is to be the most effective product development company, with the Nordic region as its base and the entire world as its market.

Our vision to be regarded as "The Nordic Design House for intelligent products," requires that the business area shall:

- Increase the number of platforms used in the product development process in order to increase both efficiency and profitability.
- Develop sector-specific "Centers of Excellence," i.e., design centers specialized in such areas as the life science, telecom and automotive industries.
- Increase sales efforts for both national and international projects.
- Develop a network of world-leading technology partners in order to ensure access to cutting-edge technologies.



Prevas' strategy has already proven successful. New framework agreements have already been signed with large international companies and international sales efforts have been successful. One example is the Life Science project, MODEST-EU. The EU Commission has granted more than 2.75 million euros in financing to the project. The project has to do with developing instruments used to conduct advanced genetic research. The work will be conducted at the Prevas Center of Excellence for Life Sciences. This Center of Excellence is located in Stockholm/Uppsala and is one of five such centers in the Nordic region.

## The Industrial Systems Business Area, Nordic Leader for Industrial IT

### Market

With today's tough global competition, successful industrial companies rely on a long-term, structured work methodology where there are continual improvements in both productivity and quality. Prevas streamlines and provides quality assurance for the customer's production processes and logistics. Prevas has been delivering profitable, innovative solutions to industry for over 20 years. Since its founding in 1985, Prevas has used its industry knowledge to make over 1,000 project deliveries that have lowered costs, improved quality and strengthened the brand name of many leading global organizations.

The market for the Industrial Systems Business Area is the fastest growing segment in the European automation market. The demand for Prevas' services is expected to grow by 10 to 20 percent during the coming year. The industry is fast approaching maximum capacity and investments continue in an attempt to meet high global demand. During the third quarter, profit for this business area was burdened with project losses. The company recruited a new Business Unit Manager who will focus on ensuring profitability for this area.

### Nordic Leader for Industrial IT

Prevas offers business development, turnkey systems and specialist services in automation, logistics and traceability. The innovative use of IT, thorough branch and technology expertise and the reuse of components and products, enables Prevas to deliver cost-effective solutions to the customer.

### Focus on Product Portfolio

In order to obtain better focus in the product portfolio, Prevas disposed of one of its software applications at the start of the third quarter.

- On 1 July 2007, Prevas sold software application, patents and customer relations related to "area of origin" product labeling to TracTechnology AB. Prevas signed a long-term agreement to continue participation in the development of the software. Accordingly, TracTechnology and any customers affected by the sale will continue to have access to Prevas' unique expertise in the area of traceability. The software application Track & Trace that was developed by Prevas is used for "area of origin" product labeling within the meat and vegetable sectors. The sale enables Prevas to streamline the product portfolio, which is part of our overall strategy for the Industrial Systems business area. Prevas made a capital gain of MSEK 0.35 on the sale.

### Acquisitions

Prevas further strengthened its position as a leading supplier of industrial IT solutions in the Nordic region via its acquisition of the specialist company, Mikon AS.

- On 1 August 2007, Prevas acquired the Norwegian company, Mikon AS. This company helps such customers as Statoil, Hydro Aluminium and Norske Skog to streamline their production and logistics flows by introducing new intelligence in industrial systems. By acquiring Mikon, Prevas expects to benefit from the strong demand for industrial systems that continues to prevail in Norway. The acquisition provides Prevas with a strong entry point for the further expansion of its product development services throughout Norway. Mikon AS, located in Oslo, has sales of around SEK 14 million and 7 employees. The company was founded in 1991. It supplies comprehensive solutions that are based on its own industrial IT software to the process and manufacturing industry. This software helps manufacturing companies gain a better understanding of their manufacturing processes. As a result, they can increase the profitability of both manufacturing investments and operations. Mikon's customers include Statoil, Hydro Aluminium AS, Borregaard Industrier Ltd, DONG, Peterson and Norske Skog. The total purchase price amounts to approximately SEK 12 million. The purchase price is made up of approximately SEK 4.6 million in cash along with approx. 217,000 newly issued Class B shares in Prevas, worth approx. SEK 7.4 on the date of taking possession. In accordance with the resolution adopted at the annual general meeting on March 28, 2007, the Board of Directors at Prevas decided to partially finance the acquisition through a non-cash issue directed at the Mikon AS shareholders. Based on preliminary estimates, the acquisition value amounts to SEK 12.7 million. The acquired assets and liabilities were comprised of intangible assets, consisting of customer relations and technology worth SEK 2.9 million and goodwill worth SEK 6.2 million, along with tangible fixed assets SEK 0.5 million, current receivables SEK 3.4 million, cash equivalents SEK 3.0 million, current liabilities SEK 2.6 million and deferred tax liability SEK 0.8 million. Goodwill represents primarily the value to be derived from synergies between operations. Intangible assets have an estimated useful life of 10 years and depreciation will be expensed in the income statement at approximately SEK 0.3 million per year.

## Important Events Subsequent to the End of the Quarter

At the beginning of the fourth quarter in 2007, Prevas acquired the Danish company, Kasmatic Innovation A/S. This further strengthened Prevas' successful growth in Denmark and its position as a "Nordic Design House for Intelligent Products."

- On 1 October 2007, Prevas acquired the Danish company, Kasmatic Innovation A/S. The business consists of 6 consultants with expertise in the area of embedded systems. The merger with Prevas' current operations in Denmark results in a business with 70 employees and SEK 70 million in sales. The acquisition not only brings additional highly sought-after expertise and well established customer relations to Prevas, but also a well-developed network of contacts at the Technical University of Denmark (DTU) in Copenhagen.

Kasmatic develops customized electronics and software applications. The company also acts a catalyst for the transfer of new technology from the realm of research and academia to the company's customers. Located in Copenhagen near DTU, the company has a well-developed system of cooperation with DTU regarding the latest expertise and new technologies. The acquisition also gives Prevas access to a network of over 20 outside consultants from DTU that are regularly used by Kasmatic. With such strong connections to the expertise and resources within academia, this further strengthens Prevas successful expansion in Denmark. Besides expertise and development resources, Prevas also gains a number of well-established customer relationships, including: Ambu International, Cappit, Geopal System, Hærens Materiel Kommando, Laerdal, PowerSense and Vestas. An asset purchase and assumption of liabilities agreement has been signed. The fixed purchase sum for intangible assets is SEK 0.4 million. The value of other acquired assets and liabilities will be added. The acquisition will be paid in cash. Additional remuneration based on how the business develops during the next 12 months may also be added to the purchase price. The total consideration, including any additional purchase price, is estimated at SEK 1.0 to 1.4 million. The acquired business will become part of the Prevas Group and is expected to attain an operating margin of around 10% sometime during the second half of 2008. It will be fully included in Prevas' Consolidated Financial Statements as of 1 October 2007.
- Prevas signed a new framework agreement with a leading global vehicle manufacturer. The agreement covers consulting services within the areas of electronics, software and system development, as well as simulation, testing and project leadership. This agreement is a strategic move that is expected to open up a number of new opportunities for Prevas. The vehicle industry is a leader within many areas of technology. There are high demands on cost efficiency, electronics reliability and software development for future transportation solutions.

## Key Financial Indicators - Quarterly

	2007 Q 3	2007 Q 2	2007 Q 1	2006 Q 4	2006 Q 3	2006 Q 2	2006 Q 1	2005 Q 4	2005 Q 3	2005 Q 2	2005 Q 1
Net Sales, MSEK	97.6	117.9	116.6	79.6	61.1	70.5	67.1	58.6	42.8	50.9	46.0
EBIT, MSEK	1.3	3.1	12.6	4.0	4.1	4.2	5.4	4.7	2.7	0.5	0.9
Operating Margin, %	1.3	2.7	10.8	5.0	6.8	6.0	8.0	8.0	6.2	1.0	2.0
Number of Working Days	65	59	64	63	65	59	64	66	66	62	61

## Financial

### Invoice Rate

Acquisitions that were made during the period had a negative impact on the invoice rate. Nevertheless, the invoice rate for the period was 72 (73) percent. The invoice rate is calculated as the number of billable hours divided by the total number of working hours used by the company. Prevas uses this figure as an indication of its efficiency. This key ratio includes all employees in consulting operations, including management and administration.

### Employees

The average number of employees during the period was 430 (264). Of the total number, 332 (172) employees worked within the Product Development Business Area and 98 (92) within the Industrial Systems Business Area. During this interim period, employee turnover was 14.7 percent. The total number of employees at the end of the period was 494, of which 12% were women.

### Sales and Profits

Sales during the period amounted to SEK 332.1 (198.8) million, an increase of 67 percent. Of the total growth in sales, 16% was organic growth. Sales per employee were SEK 771 (759) thousand. The total number of working days for the period was 188 (188).

EBIT was SEK 17.0 (13.8) million with a corresponding operating margin of 5.1 (6.9) percent. EBIT before depreciation of intangible fixed assets was SEK 24.6 (17.7) million with a corresponding margin of 7.4 (8.9) percent. During this interim period, there was a negative impact on EBIT due to the costs associated with integrating newly acquired business units along with some losses on certain projects.

Net income for the period was SEK 11.0 (10.9) million.

### Sales and profits for the third quarter of 2007

Sales during the third quarter amounted to SEK 97.6 (61.1) million, an increase of 60 percent. Of the total growth in sales, 12% was organic growth. Sales per employee were SEK 217 (226) thousand. The total number of working days for the period was 65 (65).

EBIT was SEK 1.3 (4.1) million with a corresponding operating margin of 1.3 (6.8) percent. There was a negative impact on EBIT due to project losses within the Industrial Systems Business Area. EBIT before depreciation of intangible fixed assets was SEK 4.1 (5.6) million with a corresponding margin of 4.2 (9.2) percent.

Net income was SEK 0.1 (2.9) million.

### Accounting for Intangible Assets

During the third quarter, a review and valuation of those acquisitions that were completed during the first half of the year was made, in accordance with IFRS 3. As a result of this, certain other intangible fixed assets (such as customer-based intangibles and technologies) were reclassified as goodwill.

### Cash and Cash Equivalents

At the end of the period, cash equivalents equaled SEK 10.8 (6.1) million.

There was a negative cash flow for the period of SEK -6.2 (2.7) million. The negative cash flow compared to the same period in 2006 was primarily due to an increased tying-up of capital along with the strong expansion.

### Financial Position

Equity was SEK 124.9 (84.5) million at the end of the period, with a corresponding equity ratio of 53 (59) percent. Equity per share after dilution at the end of the period was SEK 12.75 (9.55).

### Investments

The company made investments in fixed assets worth SEK 10.5 (11.3) million during the period. Of the total amount, SEK 6.6 (4.3) million was for machinery and equipment, while SEK 3.9 (6.2) million was for product development and intangible assets. In addition, investments were made through acquiring new companies. Acquired assets and liabilities were comprised of intangible assets consisting of customer relations worth SEK 4.4 million, goodwill SEK 54.0 million and other intangibles SEK 3.6 million, along with tangible fixed assets of SEK 1.0 million, current receivables SEK 15.4 million, current liabilities SEK 25.0 million and deferred tax liabilities of SEK 1.1 million.

## Risks and Uncertainties

Prevas AB relies on certain guiding principles when it comes to managing risks in various parts of its business. Successful risk management is a continuous process conducted within the framework for operations management. It is an integral part of the everyday follow-up of the business. No other significant risks or uncertainties over and above those presented in Prevas' annual report have been identified.

## Accounting Principles

This interim report was prepared in accordance with IFRS and the requirements of IAS 34, Interim Financial Reporting. The same accounting principles and assessment bases that were used in the most recent annual report were also used to prepare this interim report. This interim report was prepared in accordance with the new rules in the Swedish Annual Accounts Act (ÅRL).

Stockholm 25 October 2007  
Prevas AB (publ)

Anders Englund, CEO

## Upcoming Reports

- Press Release of Unaudited Earnings for 2007, February 6, 2008

## Information

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## Auditor's Report Regarding Review of the Interim Report

We have conducted a review of the interim report for Prevas AB (publ.) as of 30 September 2007 and the nine-month period ending on that date. The Board of Directors and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report that is based upon our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity," issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially more limited in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not, in all material respects, accord with IAS 34 and the Swedish Annual Accounts Act for the Group, and the Swedish Annual Accounts Act for the Parent Company.

Stockholm 25 October 2007  
KPMG Bohlins AB

Helena Arvidsson Älgne, Authorised Public Accountant

## Consolidated Financial Statements

<b>INCOME STATEMENTS summarized (kSEK)</b>	<b>2007 Q 1-3</b>	<b>2006 Q 1-3</b>	<b>2007 Q 3</b>	<b>2006 Q 3</b>	<b>2006 Full Year</b>
<b>Net Sales</b>	<b>332,082</b>	<b>198,751</b>	<b>97,589</b>	<b>61,143</b>	<b>278,389</b>
Capitalized Work	3,944	6,239	1,740	2,253	7,362
Other External Costs	-68,123	-39,911	-22,449	-12,637	-56,941
Personnel Costs	-239,513	-144,561	-71,443	-44,153	-201,814
Depreciation of Intangible Fixed Assets	-7,592	-3,929	-2,795	-1,501	-3,788
Depreciation of Tangible Fixed Assets	-3,791	-2,782	-1,366	-968	-5,406
<b>EBIT</b>	<b>17,007</b>	<b>13,807</b>	<b>1,276</b>	<b>4,137</b>	<b>17,802</b>
Net Financial Items	-1,535	-275	-1,054	22	-69
<b>Earnings from Continuing Operations Before Taxes</b>	<b>15,472</b>	<b>13,532</b>	<b>222</b>	<b>4,159</b>	<b>17,733</b>
Taxes	-4,514	-3,390	-124	-1,187	-4,101
<b>Earnings from Continuing Operations After Taxes</b>	<b>10,958</b>	<b>10,142</b>	<b>98</b>	<b>2,972</b>	<b>13,632</b>
Profit from Discontinued Operations*	-	727	-	-68	5,096
<b>Net Income for the Period</b>	<b>10,958</b>	<b>10,869</b>	<b>98</b>	<b>2,904</b>	<b>18,728</b>
Earnings Per Share before Dilution, SEK	1.17	1.26	0.01	0.33	2.17
Earnings Per Share after Dilution, SEK	1.16	1.25	0.01	0.33	2.15
Equity Per Share before Dilution, SEK	12.86	9.70			10.60
Equity Per Share after Dilution, SEK	12.75	9.55			10.49

\* Profit from discontinued operations comprises the sale of an industrial property, an undeveloped property in Västerås and the associated company, Flexpack Robotics AB.

<b>BUSINESS UNIT PERFORMANCE</b>	<b>2007 Q 1-3</b>	<b>2006 Q 1-3</b>	<b>2007 Q 3</b>	<b>2006 Q 3</b>	<b>2006 Full Year</b>
<b>Net Sales, kSEK</b>					
Product Development	257,101	132,246	75,230	40,530	184,953
Industrial Systems	74,981	66,505	22,359	20,614	93,436
<b>Total</b>	<b>332,082</b>	<b>198,751</b>	<b>97,589</b>	<b>61,144</b>	<b>278,389</b>
<b>EBIT, kSEK</b>					
Product Development	18,148	12,370	3,653	3,217	15,241
Industrial Systems	-1,141	1,437	-2,378	920	2,561
<b>Total</b>	<b>17,007</b>	<b>13,807</b>	<b>1,275</b>	<b>4,137</b>	<b>17,802</b>
<b>Operating margin, %</b>					
Product Development	7.1 %	9.4 %	4.9 %	7.9 %	8.2 %
Industrial Systems	-1.5 %	2.2 %	-10.6 %	4.5 %	2.7 %
<b>Total</b>	<b>5.1 %</b>	<b>6.9 %</b>	<b>1.3 %</b>	<b>6.8 %</b>	<b>6.4 %</b>

<b>PERFORMANCE PER GEOGRAPHIC REGION</b>	<b>2007 Q 1-3</b>	<b>2006 Q 1-3</b>	<b>2007 Q 3</b>	<b>2006 Q 3</b>	<b>2006 Full Year</b>
<b>Net Sales, kSEK</b>					
Sweden	290,007	184,376	80,467	56,333	258,638
Denmark	40,477	14,375	15,523	4,811	19,751
Norway	1,599	-	1,599	-	-
<b>Total</b>	<b>332,082</b>	<b>198,751</b>	<b>97,589</b>	<b>61,143</b>	<b>278,389</b>



## Consolidated Financial Statements (cont.)

<b>SUMMARY BALANCE SHEETS, kSEK</b>	<b>2007 30 Sept</b>	<b>2006 30 Sept</b>	<b>2006 Full Year</b>
Intangible Fixed Assets	106,496	47,304	46,732
Tangible Fixed Assets	14,950	24,209	11,187
Financial Fixed Assets	1,038	630	1,801
Current Receivables	102,140	64,377	74,628
Cash and Cash Equivalents	10,809	6,071	17,053
<b>Total Assets</b>	<b>235,433</b>	<b>142,591</b>	<b>151,401</b>
Equity	124,904	84,531	92,450
Provisions	4,357	7,454	3,265
Interest-Bearing Liabilities	40,377	11,850	5,910
Other Current Liabilities	65,795	38,756	49,776
<b>Total Liabilities and Equity</b>	<b>235,433</b>	<b>142,591</b>	<b>151,401</b>

<b>CHANGES IN EQUITY, kSEK</b>	<b>2007 30 Sept</b>	<b>2006 30 Sept</b>	<b>2006 31 Dec</b>
Opening Balance	92,450	66,695	66,695
New Issue	29,347	10,780	10,185
Employee Stock Option Program	1,206	272	717
Issue of Share Warrants	88	–	230
Translation Difference	204	26	6
Dividends	–9,349	–4,111	–4,111
Net Income for the Period	10,958	10,869	18,728
<b>Closing Balance</b>	<b>124,904</b>	<b>84,531</b>	<b>92,450</b>

<b>Acquired during 2007 businesses and shares, SEK thousands</b>	<b>Business from auSystems *</b>	<b>IO Tech- nologies A/S</b>	<b>Other acquisitions</b>	<b>Preliminary acquisition value</b>	<b>Total acquisition value</b>
Acquisition Date	Q1	Q1	Q1-2	Q3	Q1-3
Tangible Fixed Assets	64	72	343	498	977
Deferred Tax Liability	–	347	0	9	356
Accounts Receivable and Other Receivables	430	10,274	2,303	3,435	16,442
Cash Equivalents	–	912	2,282	3,023	6,217
Accounts Payable and Other Liabilities	–8,520	–5,388	–4,723	–2,617	–21,248
Fair Value Adjustment of Intangible Assets	3,400	4,583	353	2,917	11,253
Fair Value Adjustment of Current Provisions	–582	–2,508	–2,222	–	–5,312
Fair Value Adjustment of Long-Term Provisions	–	–1,138	523	–817	–1,432
<b>Net Identifiable Assets and Liabilities</b>	<b>–5,208</b>	<b>7,154</b>	<b>–1,141</b>	<b>6,448</b>	<b>7,253</b>
Consolidated Goodwill	28,797	10,802	5,852	6,224	51,675
<b>Acquisition Cost</b>	<b>23,589</b>	<b>17,956</b>	<b>4,711</b>	<b>12,672</b>	<b>58,928</b>
Minus:					
Cash (acquired)	–	912	2,282	3,023	6,217
Newly Issued Shares	–	17,631	4,235	7,480	29,346
<b>Net Cash Flow</b>	<b>–23,589</b>	<b>587</b>	<b>1,806</b>	<b>–2,169</b>	<b>–23,365</b>

\* Teleca Life Science and Teleca Embedded Solutions.

## Consolidated Financial Statements (cont.)

<b>CASH FLOW ANALYSIS (SEK thousands)</b>	<b>2007 Q 1-3</b>	<b>2006 Q 1-3</b>	<b>2007 Q 3</b>	<b>2006 Q 3</b>	<b>2006 Full Year</b>
EBIT	17,007	13,807	1,276	4,137	17,802
Adjustment for Items Not Included in Cash Flow	11,534	6,518	4,107	2,547	8,923
Net Financial Items	-1,535	-104	-1,054	-25	-213
Taxes Paid	-5,878	-4,207	-549	-934	-3,934
Cash Flow from Discontinued Operations	-	453	-	-95	786
Change in Operating Receivables	-12,652	-8,529	18,276	425	-17,938
Change in Operating Liabilities	-7,533	3,352	-27,809	-6,886	11,005
<b>Cash Flow from Operating Activities</b>	<b>943</b>	<b>11,290</b>	<b>-5,753</b>	<b>-831</b>	<b>16,431</b>
Acquisition of Businesses and Shares, excl. Cash Equivalents	-23,365	2,289	-931	-64	-1,799
Investments in Fixed Assets	-10,146	-11,286	-2,328	-3,672	-13,958
Cash Flow from Liquidated Companies	-	-	-	-	18,419
<b>Cash Flow from Investing Activities</b>	<b>-33,511</b>	<b>-8,997</b>	<b>-3,259</b>	<b>-3,736</b>	<b>2,662</b>
Change in Interest-Bearing Liabilities	34,467	3,926	1,018	6,389	-2,014
Employee Stock Option Program	1,206	595	277	198	717
Dividend Paid	-9,349	-4,111	-	-	-4,111
<b>Cash Flow from Financing Activities</b>	<b>26,324</b>	<b>410</b>	<b>1,295</b>	<b>6,587</b>	<b>-5,408</b>
<b>Cash Flow for the Period</b>	<b>-6,244</b>	<b>2,703</b>	<b>-7,717</b>	<b>2,020</b>	<b>13,685</b>
Opening Balance, Cash and Cash Equivalents	17,053	3,368	18,526	4,051	3,368
Closing Balance, Cash and Cash Equivalents	10,809	6,071	10,809	6,071	17,053
<b>Change in Cash and Cash Equivalents</b>	<b>-6,244</b>	<b>2,703</b>	<b>-7,717</b>	<b>2,020</b>	<b>13,685</b>

<b>KEY INDICATORS</b>	<b>2007 Q 1-3</b>	<b>2006 Q 1-3</b>	<b>2007 Q 3</b>	<b>2006 Q 3</b>	<b>2006 Full Year</b>
Gross Margin	8.5 %	10.3 %	5.6 %	10.8 %	9.7 %
Operating Margin	5.1 %	6.9 %	1.3 %	6.8 %	6.4 %
Profit Margin	4.7 %	6.8 %	0.2 %	6.8 %	6.4 %
Earnings Per Share before Dilution, SEK	1.17	1.26	0.01	0.33	2.17
Earnings Per Share after Dilution, SEK	1.16	1.25	0.01	0.33	2.15
Earnings Per Share before Dilution - Continuing Operations, SEK	1.17	1.16	0.01	0.34	1.58
Earnings Per Share after Dilution - Continuing Operations, SEK	1.16	1.15	0.01	0.34	1.56
Average Number of Shares before Dilution, in Thousands	9,380	8,620	9,623	8,703	8,638
Average Number of Shares after Dilution, in Thousands	9,476	8,712	9,719	8,796	8,712
Number of Shares before Dilution at End of Reporting Period, in Thousands	9,712	8,712	9,712	8,712	8,719
Number of Shares after Dilution at End of Reporting Period, in Thousands	9,887	9,032	9,887	9,032	9,004
Equity Ratio	53 %	59 %			61 %
Equity Per Share before Dilution, SEK	12.86	9.70			10.60
Equity Per Share after Dilution, SEK	12.75	9.55			10.49
Return on Capital Employed	12.1 %	16.4 %			21.5 %
Return on Equity	13.0 %	13.4 %			17.1 %
Average Number of Employees	430	264	449	270	273
Number of Working Days	188	188	65	65	251
Invoice Rate	72 %	73 %	72 %	73 %	72 %
Sales Per Employee, SEK thousands	772	753	217	226	1,020

## Parent Company Financial Statements

<b>SUMMARY INCOME STATEMENTS (SEK thousands)</b>	<b>2007 Q 1-3</b>	<b>2006 Q 1-3</b>	<b>2007 Q 3</b>	<b>2006 Q 3</b>	<b>2006 Full Year</b>
<b>Net Sales</b>	<b>285,821</b>	<b>168,302</b>	<b>79,643</b>	<b>49,670</b>	<b>235,80</b>
Capitalized Work	3,944	6,239	1,740	2,253	7,362
Other External Costs	-63,043	-40,770	-19,170	-10,951	-56,423
Personnel Costs	-206,293	-119,960	-60,471	-36,320	-166,459
Depreciation of Intangible Fixed Assets	-8,271	-2,836	-2,982	-1,150	-3,920
Depreciation of Tangible Fixed Assets	-2,345	-1,407	-886	-484	-1,931
<b>EBIT</b>	<b>9,813</b>	<b>9,568</b>	<b>-2,126</b>	<b>3,018</b>	<b>13,809</b>
Profit/Loss from Participations in Group Companies	-14,856 *	-	-14,856 *	-	-551
Profit/Loss from Participations in Associated Companies	-	610	-	-	610
Interest Income and Similar Profit/Loss Items	332	37	215	-	339
Interest Expenses and Similar Profit/Loss Items	-1,173	-33	-405	-24	-128
<b>Earnings after Financial Items</b>	<b>-5,894</b>	<b>10,182</b>	<b>-17,172</b>	<b>2,994</b>	<b>14,079</b>
Appropriations	-	-	-	-	8,368
Taxes	-2,695	-2,769	586	-882	-6,631
<b>Net Income</b>	<b>-8,589</b>	<b>7,413</b>	<b>-16,586</b>	<b>2,112</b>	<b>15,816</b>

\* Write-down of shares in the subsidiary were due to transfer of the business to the Parent Company.

<b>SUMMARY BALANCE SHEETS (SEK thousands)</b>	<b>2007 30 Sept</b>	<b>2006 30 Sept</b>	<b>2006 Full Year</b>
Intangible Fixed Assets	34,658	15,036	15,075
Tangible Fixed Assets	7,166	4,262	4,362
Financial Fixed Assets	54,673	40,876	29,592
Current Receivables	83,404	64,476	68,476
Cash and Cash Equivalents	5,071	131	11,426
<b>Total Assets</b>	<b>184,972</b>	<b>124,781</b>	<b>128,931</b>
Equity	85,039	65,255	72,413
Untaxed Reserves	1,810	10,178	1,810
Provisions	200	200	200
Interest-Bearing Liabilities	34,117	6,228	0
Other Current Liabilities	63,806	42,920	54,508
<b>Total Liabilities and Equity</b>	<b>184,972</b>	<b>124,781</b>	<b>128,931</b>
Pledged Assets	47,000	25,000	25,003
Contingent Liabilities	5,601	2,269	5,301

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