

Interim Report for the Period January-March 2007 Prevas AB (publ), CIN 556252-1384

Continued Successful Growth

- Sales during the period amounted to MSEK 116.6 (67.1).
- Net income for the period was MSEK 7.8 (4.0).
- Earnings per share after dilution was SEK 0.85 (0.46) for the period.
At the end of the period, equity per share after dilution was SEK 12.75 (9.08).
- EBIT during the period amounted to MSEK 11.3 (5.4).
- Operating Margin during the period was 9.7 (8.0) percent.

A Word from the CEO

There was continued strong growth in sales during the first quarter of the year. Sales increased by 74 percent to MSEK 116.6 as compared to MSEK 67.1 during the same period in 2006. Of the total growth in sales for this period, 18 percent was organic growth. At the same time, EBIT increased by 106 percent to MSEK 11.3. The integration of companies that were acquired during the first quarter is for the most part complete.

Concentration on our main business areas, Product Development and Industrial Systems, has had a positive impact on sales. There is strong demand in the market for developing intelligent products/embedded systems. This is the result of necessary changes in technology for an increasing number of products in this area. In addition to organic growth, Prevas strives to make new strategic partnerships and acquisitions that will help us achieve continued strong growth during 2007.

Anders Englund CEO Prevas AB

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 with 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.

Many successful products and processes of both today and tomorrow are based on early and innovative use of IT. 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.

The Product Development Business Area, Nordic Leader in Embedded Systems

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, 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/embedded systems. This is the result of necessary changes in technology for an increasing number of products in this area. Sales during the first quarter of 2007 increased by 106 percent as compared to the same period last year. At the same time, the business area a 12 percent operating margin.

Prevas has an even stronger position as the Nordic leader for embedded systems, having acquired Teleca Life Science and Teleca Embedded Solutions in Stockholm and Uppsala, IO Technologies in Denmark and Realfast Hardware Consulting in Västerås. As a result of these efforts, Prevas is now able to offer its services within the area of product development through its offices in each of the six largest cities in Sweden, as well as Copenhagen and Århus in Denmark.

- On January 1, 2007 Prevas acquired Teleca Life Science and Teleca Embedded Solutions. The former is a design house for medical devices and analytical instruments, the latter a design house for the development and integration of mobile and embedded systems. The companies have operations in Stockholm and Uppsala, as well as internationally. During 2007, they are expected to bring in sales of approximately SEK 115 million along with earnings before tax of SEK 9 million. The purchase sum for intangible assets was MSEK 32. To this sum, the value of other acquired assets and liabilities was added. The acquisition was financed through new loans. The units will be fully included in Prevas' Consolidated Financial Statements as of the first quarter of 2007.

Based on preliminary estimates, the value of the acquired net assets is MSEK 24.8. Acquired assets and liabilities were made up of the following: intangible fixed assets; customer-based intangibles MSEK 10.0; other intangibles MSEK 6.0; goodwill MSEK 16.8; tangible fixed assets MSEK 0.1; current receivables MSEK 0.6 and current liabilities MSEK 8.7. Goodwill represents primarily the value to be derived from synergies between operations. Depreciation of intangibles have estimated useful lives of 6 years and 10 years, respectively. This expense is shown in the income statement at MSEK 2.0 per year.

- On February 1, 2007, Prevas acquired IO Technologies, a leading technology development company for customized software and electronics solutions. The company has developed a portfolio of ready-to-use electronics and software modules that streamline customer R&D and minimize time to market. The embedded systems supplied to customers by IO Technologies have been used for everything from wireless personal sports instruments to research projects for advanced signal processing of ultrasound. IO Technologies is

expanding rapidly. They currently have 35 employees in Copenhagen and Århus and had sales of MSEK 27 in 2006. The merger with Prevas' previous operations in Denmark results in a subsidiary with 60 employees and annual sales of SEK 50 million. This makes Prevas the leading supplier of embedded systems in Denmark. The fixed purchase price consisted of 568,182 newly issued Prevas B-shares, worth MSEK 17.6 on the date of taking possession. Additional remuneration based on IO Technologies earnings trends for 2007, 2008, and 2009 may also be added to the purchase price. IO Technologies' business will be integrated into the Prevas Group resulting in an anticipated positive impact on earnings before tax of around SEK 5-7 million per year, with the full effect expected to be reached during the first half of 2008. IO Technologies will be fully included in Prevas' Consolidated Financial Statements as of the first quarter of 2007.

Based on preliminary estimates, the acquisition value is MSEK 18 to be financed primarily through a new capital stock issue valued at market value on the acquisition date. Acquired assets and liabilities were made up of the following: intangible assets; customer-based intangibles MSEK 2.8; other intangibles MSEK 6.0; goodwill MSEK 5.4; tangible fixed assets MSEK 0.1; current receivables MSEK 10.6; cash equivalents MSEK 0.9; current liabilities MSEK 5.4 and deferred tax liability of MSEK 2.4. Goodwill represents primarily the value to be derived from synergies between operations.

Intangible assets are depreciated over an estimated useful life of 6, 7 or 10 years. The effect on operating profit is MSEK 1.1 per year.

- On March 1, 2007, Prevas acquired Realfast Hardware Consulting AB, a consulting firm specialized in electronics development. The company is a Nordic leader in the area of programmable electronic circuits and turnkey building blocks for electronics design. Realfast's customers are high technology companies like ABB, Bombardier and Ericsson. In addition to specialist expertise and development assignments, Realfast offers standardized building blocks for electronics design, which are delivered to companies in countries such as Germany, Italy, USA and Canada.

The company has four employees in Västerås. The purchase sum was made up of 30,000 newly emitted Prevas B-shares along with a cash payment of MSEK 0.7. Realfast Hardware Consulting will be integrated into the Prevas Group resulting in an anticipated positive impact on earnings before tax of around SEK 1 million per year, with the full effect expected to be reached sometime during the first half of 2008. Realfast Hardware Consulting will be fully included in Prevas' Consolidated Financial Statements as of the first quarter of 2007.

The preliminary acquisition value is estimated at MSEK 1.7 financed through a new capital stock issue valued at market value on the acquisition date along with a cash payment. Acquired assets and liabilities were made up of the following: intangible fixed assets; customer-based intangibles MSEK 0.6; other intangibles MSEK 0.5; goodwill MSEK 0.7; current receivables MSEK 0.7; cash equivalents MSEK 1.3; current liabilities MSEK 1.8 and deferred tax liability MSEK 0.3. Goodwill represents primarily the value to be derived from synergies between operations. Intangibles have an estimated useful life of 6 years. The depreciation expense is shown in the income statement at MSEK 0.2 per year.

Industrial Systems Business Area – Industry's Choice for Profitable IT

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, 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.

Prevas offers business development, turnkey systems and specialist services in automation, logistics and traceability. Prevas is able to provide cost effective solutions to its customers because of its innovative use of IT, solid industry knowledge, technical expertise and by being able reuse many components and products.

The market for streamlining and quality assurance of production and logistics is growing. In developed countries, the demand for faster production rates and increased quality is being met almost exclusively through investments in automation, logistics and traceability.

Sales increased by 12 percent during the first quarter of 2007, as compared to the same period in 2006. At the same time, operating margin went from 0.4 to 1.0 percent. Weak profitability can be attributed to insufficient product sales and working below capacity in the area of consulting. At the end of 2006, the company implemented a new strategy and organization in order to focus on improved profitability. These changes are expected to reach their full effect within two years, when the operating margin for our main business areas is expected to reach 17 percent. Cooperation with new and existing partners is also an important part of our new strategy.

Prevas plans on further strengthening its position as the industry's choice for profitable IT through the acquisition of APC Advanced Process Control AB.

- On February 12, 2007, Prevas signed a letter of intent (LOI) regarding the acquisition of APC Advanced Process Control AB. The company provides expertise in furnace regulation and energy control for the steel industry. Together with its trade associations, Jernkontoret and Metallurgical Research Institute AB, APC Advanced Process Control has developed optimization software for applications in these areas. The resulting energy savings can reach as high as 20 percent.
During 2006, the company had sales of MSEK 2.7 and its customers included Outokumpu Stainless, SSAB and Ovako Steel.
Prevas' Industrial Systems business area has already executed many assignments for its customers in the steel industry. With additional expertise obtained through the acquisition of APC Advanced Process Controls, Prevas hopes to increase its share of the market in the steel industry.

Important Events after the End of the First Quarter

At the start of the second quarter, Prevas made yet another strategic acquisition and signed a Letter of Intent that will further strengthen the company's innovative force and growth.

- On April 1, 2007, Prevas acquired the consulting firm Flextronics International Sweden AB, located in Stockholm.
The company consists of 13 consultants with expertise in the areas of electronics and embedded systems. Besides obtaining such highly sought-after expertise, Prevas will also get several new customers within the telecommunications sector as part of the deal.
The acquisition further strengthens Prevas' position as a leader in the Stockholm market and results in an organization with 350 employees in the sector for embedded systems. Flextronics' consulting activities originate partially from BlueLabs, one of Sweden's first design centers specializing in intelligent products for the telecommunications industry. These new consultants bring with them solid expertise in high-speed data communication as well as many long-term customer relationships.
The acquisition was made by purchasing the net assets of the acquired company. The purchase sum was paid in cash. The acquired business will become part of the Prevas Group and is expected to attain an operating margin of 10 percent sometime during the first half of 2008. It will be fully included in Prevas' Consolidated Financial Statements as of the second quarter of 2007.
- On April 12, 2007, Prevas signed a Letter of Intent to acquire Optilution AB. The company consists of 5 employees providing specialist expertise in industrial IT systems for the production and process industries. The company employs Scandinavia's leading experts on Wonderware - world-leading products when it comes to software for industrial IT applications. The acquisition of Optilution would make Prevas a leader in Scandinavia on Wonderware software.
There is a growing demand for industrial systems that integrate and optimize the use of information from automation, logistics and business information systems in order to achieve higher productivity and more efficient logistics. These types of systems are used by both manufacturing and process industries. For many

years now, Prevas has played an important role in this area and, through its partnership with Wonderware, has access to one of the leading automation platforms in the world. There are more than 400,000 Wonderware licenses installed at approximately 100,000 companies worldwide. This is equal to approximately 30 percent of all companies in the world that have more than 20 employees.

Prevas' product offerings in the area of traceability have met with success during the month of April, 2007. The company received new orders for three international pharmaceutical companies. Medical equipment and pharmaceutical manufacturers face ever-increasing quality standards. Prevas' traceability solutions enable these customers to meet the strict quality requirements from regulatory authorities and consumers. Furthermore, profits improve with new efficiencies such as minimizing the number of errors and reducing scrap costs. Here are some of the customers who have chosen our traceability solutions:

- Nobel Biocare in Karlskoga (Sweden) and Yorba Linda (USA)
- Astra Tech in Mölndal (Sweden)
- Cambrex in Karlskoga (Sweden)

Key Financial Indicators - Quarterly

	2007 Q1	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2	2005 Q1
Operating Income, MSEK	116.6	79.6	61.1	70.5	67.1	58.6	42.8	50.9	46.0
EBIT, MSEK	11.3	4.0	4.1	4.2	5.4	4.7	2.7	0.5	0.9
Operating Margin, %	9.7	5.0	6.8	6.0	8.0	8.0	6.2	1.0	2.0
Number of working days	64	63	65	59	64	66	66	62	61

Financial Position

Invoice Rate

The invoice rate for the period was 69 percent (70 percent). Acquisitions that were made during the period had a negative impact on this ratio. The billable hours ratio 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 for the period was 412 (257) and employee turnover was 6.8 percent. Women represented 12 percent of the total number of employees at Prevas as of the end of the period.

Sales and Profits

Sales for the period increased 74 percent to MSEK 116.6 (67.1). Sales per employee amounted to kSEK 283 (263). The total number of working days for the period was 64 (64).

Operating profit was MSEK 11.3 (5.5) with a corresponding operating margin of 9.7 percent (8.0).

After tax profit for the period was MSEK 7.8 (4.0).

Cash Equivalents and Cash Flow

As of the end of the period, cash equivalents equaled MSEK 25.3 (4.9).

There was also a positive cash flow of MSEK 8.2 (1.5) for the period.

Financial Position

Equity was MSEK 119.6 (78.9) as of the end of the period, and the company's equity ratio was 50 percent (58 percent). Equity per share after dilution was SEK12.75 (9.08).

Investments

The company made investments in fixed assets worth MSEK 3.7 (3.6) during the period. Of the total amount, MSEK 2.7 (1.5) was for machinery and equipment, MSEK 1.0 (1.4) for product development and MSEK 0 (0.7) for intangible assets. In addition, investments were made through acquiring new companies. Acquired assets and liabilities were made up of the following: intangible fixed assets; customer-based intangibles MSEK 13.3; goodwill MSEK 23.0; other intangibles MSEK 12.5; tangible fixed assets MSEK 0.1; current receivables MSEK 11.9 and deferred tax liability of MSEK 2.8.

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.

Stockholm April 26, 2007

Prevas AB (publ)

Anders Englund CEO, Prevas AB

This interim report has not been examined by the Company's auditors. This is a translation of an original document in Swedish. In case of dispute, the original document should be taken as authoritative (Delårsrapport 2007 Q1 at www.prevas.se). Or, contact the company directly.

Upcoming Reports

- Interim Report, January – June, August 29, 2007
- Interim Report, January – September, October 25, 2007
- Year-end Report for 2007, February 6, 2008

Information

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Consolidated Financial Statements

INCOME STATEMENTS summarized, kSEK	2007 Q1	2006 Q1	2006 Full Year
Net Sales	116,557	67,103	278,389
Capitalized Work	986	1,391	7,362
Other External Costs	-21,908	-11,897	-56,941
Personnel Costs	-80,616	-48,874	-201,814
Depreciation of Tangible Fixed Assets	-1,355	-999	-3,788
Depreciation of Intangible Fixed Assets	-2,411	-1,261	-5,405
Earnings Before Interest and Taxes (EBIT)	11,252	5,463	17,802
Net Financial Items	-359	-26	-69
Earnings from Continuing Operations Before Taxes	10,893	5,437	17,733
Tax	-3,084	-1,560	-4,101
Earnings from Continuing Operations After Taxes	7,809	3,877	13,632
Profit from Discontinued Operations *	-	108	5,096
Net Income	7,809	3,985	18,728
Earnings Per Share before Dilution, SEK	0.86	0.46	2.17
Earnings Per Share after Dilution, SEK	0.85	0.46	2.15
Equity Per Share before Dilution, SEK	12.80	9.21	10.60
Equity Per Share after Dilution, SEK	12.75	9.08	10.49

* Included in the earnings from the period, discontinued operations, is the profit from the sale of an undeveloped industrial property in Västerås and the associated company, Flexpack Robotics AB.

SUMMARY BALANCE SHEETS, kSEK	2007 March 31	2006 March 31	2006 Full Year
Intangible Assets	94,437	41,841	46,732
Tangible Assets	12,692	26,255	11,187
Financial Fixed Assets	1,923	1,387	1,801
Current Receivables	102,779	61,228	74,628
Cash and Cash Equivalents	25,253	4,884	17,053
Total Assets	237,084	135,595	151,401
Equity	119,639	78,934	92,450
Provisions	5,852	8,460	3,265
Interest-Bearing Liabilities	38,574	5,338	5,910
Other Current Liabilities	73,019	42,863	49,776
Total Liabilities and Equity	237,084	135,595	151,401

CHANGES IN EQUITY, kSEK	2007 March 31	2006 March 31	2006 Dec. 31
Opening Balance	92,450	66,695	66,695
New Capital Issue	18,566	8,254	10,185
Employee Stock Option Program	599	-	717
Issue of Share Warrants	-	-	230
Translation Difference	215	-	6
Dividend	-	-	-4,111
Profit/Loss for the Period	7,809	3,985	18,728
Closing Balance	119,639	78,934	92,450

Consolidated Financial Statements (cont.)

CASH FLOW ANALYSIS, TSEK	2007 Q1	2006 Q1	2006 Full Year
EBIT	11,252	5,463	17,802
Adjustment for Items Not Included in Cash Flow	3,612	2,260	8,923
Net Financial Items	-228	-26	-213
Taxes Paid	-5,178	-1,643	-3,934
Cash Flow from Discontinued Operations	-	303	786
Change in Current Receivables	-16,625	-5,907	-17,938
Change in Current Liabilities	9,479	8,361	11,005
Cash Flow from Continuing Operations	2,312	8,811	16,431
Acquisition of Subsidiaries	-23,665	-1,114	-1,799
Investment in Fixed Assets	-3,710	-3,595	-13,958
Cash Flow from Discontinued Operations	-	-	18,419
Cash Flow from Investment Activities	-27,375	-4,709	2,662
Change in Interest-Bearing Liabilities	32,664	-2,586	-2,014
Employee Stock Option Program	599	-	717
Paid Dividends	-	-	-4,111
Cash Flow from Financing Activities	33,263	-2,586	-5,408
Cash Flow for the Period	8,200	1,516	13,685
Opening Balance, Cash Equivalents	17,053	3,368	3,368
Closing Balance, Cash Equivalents	25,253	4,884	17,053
Change in Cash Equivalents	8,200	1,516	13,685

KEY INDICATORS	2007 March 31	2006 March 31	2006 Full Year
Gross Margin	12.9 %	11.5 %	9.7 %
Operating Margin	9.7 %	8.0 %	6.4 %
Profit Margin	9.3 %	8.1 %	6.4 %
Earnings Per Share before Dilution, SEK	0.86	0.46	2.17
Earnings Per Share after Dilution, SEK	0.85	0.46	2.15
Earnings Per Share before Dilution - Continuing Operations, SEK	0.86	0.45	1.58
Earnings Per Share after Dilution - Continuing Operations, SEK	0.85	0.45	1.56
Average Number of Shares before Dilution, in Thousands	9,100	8,573	8,638
Average Number of Shares after Dilution, in Thousands	9,226	8,640	8,712
Number of Shares before Dilution at End of Reporting Period, in Thousands	9,349	8,573	8,719
Number of Shares after Dilution at End of Reporting Period, in Thousands	9,585	8,860	9,004
Equity Ratio	50 %	58 %	61 %
Equity Per Share before Dilution, SEK	12.80	9.21	10.60
Equity Per Share after Dilution, SEK	12.75	9.08	10.49
Return on Capital Employed	8.9 %	8.3 %	21.5 %
Return on Equity	7.4 %	5.5 %	17.1 %
Average Number of Employees	412	257	273
Number of Working Days	64	64	251
Invoice Rate	69 %	70 %	72 %
Sales Per Employee	283	263	1,020

Consolidated Financial Statements (cont.)

BUSINESS UNIT PERFORMANCE	2007 Q1	2006 Q1	2006 Full Year
Net Sales, kSEK			
Product Development	91,186	44,516	184,953
Industrial Systems	25,372	22,587	93,436
Total	116,557	67,103	278,389
EBIT, kSEK			
Product Development	11,000	5,375	15,241
Industrial Systems	252	88	2,561
Total	11,252	5,463	17,802
Operating Margin, %			
Product Development	12.1 %	12.1 %	8.2 %
Industrial Systems	1.0 %	0.4 %	2.7 %
Total	9.7 %	8.0 %	6.4 %

PERFORMANCE PER GEOGRAPHIC REGION	2007 Q1	2006 Q1	2006 Full Year
Net Sales, kSEK			
Sweden	105,777	62,585	258,638
Denmark	10,780	4,518	19,751
Total	116,557	67,103	278,389

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