

## Interim Report to 31 March 2006

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

#### *Successful growth with increased profitability*

SUMMARY (SEK million)	Q1 2006	Q1 2005
<b>Net sales</b>	<b>67.6</b>	<b>46.5</b>
Operating expenses	-61.7	-45.1
<b>Operating profit</b>	<b>5.9</b>	<b>1.3</b>
Net financial income/expense	-0.2	0.1
<b>Profit after financial items</b>	<b>5.7</b>	<b>1.4</b>
Tax	-1.7	-0.4
<b>Net profit</b>	<b>4.0</b>	<b>1.0</b>

- Turnover for the period to 31 March amounted to SEK 67.6 million (SEK 46.5 million), an increase of 45 per cent.
- Net profit for the period to 31 March amounted to SEK 4.0 million (SEK 1.0 million).
- Earnings per share before dilution for the period to 31 March were SEK 0.46 (SEK 0.13). Equity per share before dilution was SEK 9.21 (SEK 6.71) at the end of the period.
- Incoming orders for the period had a value of SEK 95.4 million (SEK 66.3 million), an increase of 44 per cent.
- Acquisitions made by the company and great demand for the company's services form the basis for the successful growth.

*English translation of Prevas Interim Report to 31 March 2006.*

## Operations

### Continued strong growth and profitability

Prevas' growth accelerated 45 per cent during the first quarter. Growth during the last quarter of 2005 was at 27 per cent. Acquisitions made by the company and great demand for the company's services form the basis for the strong growth. The operating margin during the first quarter was 8.7 per cent. Incoming orders increased by 44 per cent compared with the equivalent quarter of 2005.

### Prevas secures its customers' expectations

Prevas' strongest means of competition is its ability to supply IT solutions on agreed terms, both functional and financial, in a fast-changing technical environment. With the help of their IT investments, customers will be able to create profitable products, production or logistics. These solutions must be able to cope with tough demands on today's global market and must also be future-proof. High quality and delivery reliability are basic requirements.

In 2005 we delivered 91 per cent of our projects on time, with only 2.6 per cent being subsequent guarantee work. Our customers give us a score of 8.8 on a scale from 1 to 10. This means that we have got satisfied customers who are getting their deliveries on time and with a high degree of accessibility after delivery, or to put it another way – world-class project implementation.

## Consultancy services

Prevas offers consultancy services for companies that develop products with a large IT content or that need to streamline or automate their activities. These activities consist of product development and industrial systems.

### Product Development Scandinavian leader in embedded systems

Successful products require short development periods and the right quality. Prevas Product Development offers specialist competence in developing intelligent products that are profitable for the customer. The market for developing intelligent products is continuing to experience very strong demand. During the first quarter of 2006, turnover has increased by 92 per cent compared with the same period the previous year, and at the same time profitability has improved.

Prevas Product Development has strengthened its position as leaders in Scandinavia in embedded systems through the acquisition of Glaze in Öresund and Denmark and through the establishment of product development services in Göteborg. New investment in Göteborg is through strategic recruitment, which means that what Prevas can offer in product development is now established in Sweden's five largest cities as well as in Copenhagen and Ålborg. These markets constitute an important base for continued expansion.

What Prevas can offer in embedded systems has been further strengthened through the acquisition of technology and patents for finished building blocks in programmable electronic circuits from Realfast IP AB. These building blocks include the world's fastest real-time operating system in hardware. The development of microelectronics, which form the foundation stone of today's embedded systems, is proceeding at breakneck speed. Today, entire systems can be placed in a single programmable electronic circuit, which gives lower cost systems with better performance and a longer product life cycle. Higher quality and shorter development periods are also achieved by using finished building blocks.

### Prevas expands in the Öresund region through merger with Glaze

On 3 January 2006, Prevas acquired Glaze Holding AB and associated subsidiaries. The preliminary acquisition value amounted to SEK 9.4 million, which was mainly financed through the issue of own shares valued at the

share price at the time of acquisition. Acquired assets and liabilities comprise intangible fixed assets: customer relationships SEK 4.5 million and goodwill SEK 5.1 million, tangible fixed assets SEK 1.6 million, current receivables SEK 5.6 million, current liabilities SEK 4.6 million and long-term liabilities SEK 2.8 million.

Reported goodwill primarily relates to synergy effects. Glaze's operations have been integrated into the Prevas Group and the anticipated positive effect on the results is estimated to be in the order of SEK 3-4 million per annum, and will take full effect during the second half of 2006. Glaze will be fully included in the Prevas consolidated accounts from the first quarter of 2006 onwards. The customer-related intangible assets are estimated to depreciate over 6 years and will burden the operating profit and loss by about SEK 1.0 million per annum. Reported income for Glaze during the first quarter of 2006 amounted to SEK 8.3 million and the profit after net financial income/expense to SEK 0.8 million.

### Industrial Systems improves profitability for manufacturing companies

Increased competition and survival for manufacturing industry demands high quality, guaranteed traceability, increased productivity and improved logistics. Prevas Industrial Systems' operational expertise over 20 years, our products and our IT solutions create conditions for increased profitability in manufacturing companies.

Incoming orders for Prevas Industrial Systems in the first quarter increased by 22 per cent compared with the equivalent quarter in 2005. Prevas' investment in logistics and automation has resulted in several important orders both in Sweden and internationally, for example, from Sandvik, Volvo and ABB.

## Traceability products

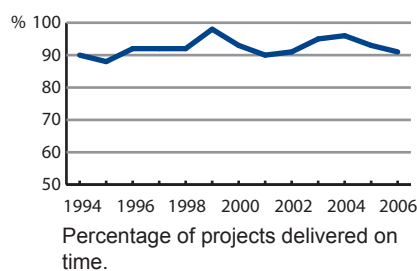
### The key to success for companies

Traceability has become an increasingly prioritised area. Rapidly tracing and correcting quality problems, ensuring the labelling of pharmaceuticals and foodstuffs, and electronic handling of goods certificates are all examples of services offered by Prevas Traceability Products. We fulfil the requirements of companies and authorities for traceability by offering traceability products for the manufacture of electronics, property networks, pharmaceuticals and foodstuffs.

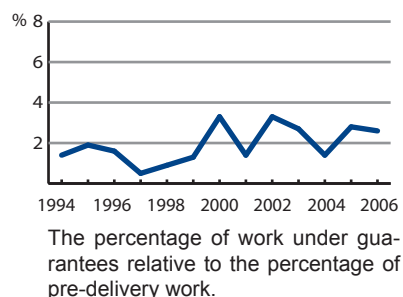
Prevas has expanded the market for traceability products by acquiring ADress, a software application that guarantees traceability of data and telecom networks in properties. The software is used in construction, documentation and maintenance of customer premises networks. The customers are property companies and industrial companies with major property holdings, as well as consultants and contractors. Examples of customers are AstraZeneca, DynaMate, Husqvarna, Stora Enso, Teracom and Vattenfall.

Incoming orders for traceability products have been excellent, with an increase of 76 per cent during the first quarter. The results for traceability products have been affected negatively by start-up costs associated with the acquisition of the ADress software. Profitability in general is good and will improve further during the second quarter.

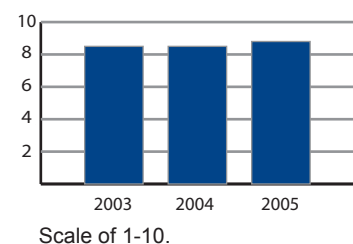
#### Delivery reliability



#### Work under guarantees



#### Delivery rating



## Finance

### Incoming orders

Incoming orders for the period had a value of SEK 95.4 million (SEK 66.3 million), an increase of 44 per cent.

### Invoicing rate

The invoicing rate amounted to 70 (67) per cent for the period. The invoicing rate, which is one of Prevas' internal gauges of efficiency, is measured as the number of invoiceable hours divided by the total hours used in the company. All employees in consulting operations, including management and administration, are included in this key ratio.

### Employees

The average number of employees during the period was 257 (176) and employee turnover was 4.7 per cent. The proportion of female employees was 16 per cent at the end of the period.

### Turnover and profits 2006

Turnover during the period amounted to SEK 67.6 million (SEK 46.5 million), an increase of 45 per cent. Half of the increase comes from organic growth. Turnover per employee amounted to SEK 263 thousand (SEK 264 thousand). The number of working days was 64 (61). The operating profit amounted to SEK 5.9 million (SEK 1.3 million), which provides an operating margin of 8.7 (2.9) per cent. The improvement in profits of SEK 4.6 million between 2005 and 2006 is explained by:

- increasing demand for consultancy services, which has led to an improvement in profits of SEK 4.9 million.
- The result in Traceability Products is SEK 0.3 million lower than the previous year. The result for the first quarter has been burdened with start-up costs relating to the acquisition of the ADReSS software. Profitability in general is good and will improve further during the second quarter.

Profits after net financial income/expense amounted to SEK 5.7 million (SEK 1.4 million) and the profit margin to 8.7 (2.9) per cent.

Profit after tax amounted to SEK 4.0 million (SEK 1.0 million).

### Liquid assets and cash flow

Liquid assets amounted to SEK 4.9 million (SEK 3.6 million) at the end of the period. A positive cash flow of SEK 1.5 million (SEK -3.7 million) was reported for the period.

### Financial position

Equity amounted to SEK 78.9 million (SEK 53.6 million) at the end of the period. This provides an equity ratio of 58 (59) per cent. Equity per share before dilution amounted to SEK 9.21 (SEK 6.71).

### Investments

During the period, net investments in fixed assets amounted to SEK 3.6 million (SEK 1.2 million), of which SEK 1.5 million (SEK 0.2 million) concerned machinery and equipment, SEK 1.4 million (SEK 1.0 million) product development and SEK 0.7 million intangible assets.

## Accounting principles

The IAS regulations adopted by the EU in 2002 stipulate that stock exchange-listed companies within the European Union must apply international accounting standards, IFRS, to their consolidated accounts, from 2005 onwards. Therefore the company's interim report for January – March 2006 has been set out in accordance with the IFRS standards adopted by the EU and the interpretations of the applicable standards, IFRIC, adopted by the EU. These have been applied as of 1st January 2005.

This report has been drawn up in accordance with IAS 34, Interim Financial Reporting.

Stockholm 28 April 2006  
Prevas AB (publ)

*Anders Englund, CEO*

## Future reports

- Interim Report to 30 June, 29 August 2006
- Interim Report to 30 September, 26 October 2006
- Year-end Report for 2006, 7 February 2007

## Information

For further information please contact:

Anders Englund, CEO, tel. +46 8-726 40 56, +46 70-620 96 59

Peter Jansson, CFO, tel. +46 21-360 19 19, +46 70-191 03 41

*This interim report has not been reviewed by the company's auditors.*

## Consolidated financial statements

<b>SUMMARY INCOME STATEMENTS, SEK thousand</b>	<b>2006 Q1</b>	<b>2005 Q1</b>	<b>2005 Full year</b>
<b>Net sales</b>	<b>67,605</b>	<b>46,500</b>	<b>200,308</b>
Capitalized work	1,391	967	4,819
Other external costs	-11,978	-10,667	-41,565
Personnel costs	-48,874	-33,821	-145,740
Amortizations	-2,260	-1,644	-7,277
<b>Operating profit</b>	<b>5,884</b>	<b>1,335</b>	<b>10,545</b>
Net financial income/expense	-26	-4	2,489
Share in net profit of associated companies	-195	92	262
<b>Profit after financial items</b>	<b>5,663</b>	<b>1,423</b>	<b>13,296</b>
Tax	-1,678	-399	-3,256
<b>Net profit for the period</b>	<b>3,985</b>	<b>1,024</b>	<b>10,040</b>
<i>Earnings per share before dilution, SEK</i>	0.46 SEK	0.13 SEK	1.24 SEK
<i>Earnings per share after dilution, SEK</i>	0.46 SEK	0.12 SEK	1.23 SEK
<i>Equity per share before dilution, SEK</i>	9.21 SEK	6.71 SEK	8.11 SEK
<i>Equity per share after dilution, SEK</i>	9.08 SEK	6.67 SEK	8.01 SEK

<b>SUMMARY BALANCE SHEETS, SEK thousand</b>	<b>2006 31 March</b>	<b>2005 31 March</b>	<b>2005 31 Dec</b>
Intangible asstes	41,841	16,843	29,708
Tangible assets	26,255	23,433	24,379
Financial assets	1,387	5,479	1,523
Current receivables	61,228	41,650	49,673
Cash and bank balances	4,884	3,615	3,368
<b>Total assets</b>	<b>135,595</b>	<b>91,020</b>	<b>108,651</b>
Equity	78,934	53,600	66,695
Provisions	8,460	6,271	7,685
Long-term interest-bearing liabilities	5,338	4,257	5,078
Current liabilities	42,863	26,892	29,193
<b>Total liabilities and equity</b>	<b>135,595</b>	<b>91,020</b>	<b>108,651</b>

<b>CHANGES IN EQUITY, SEK thousand</b>	<b>2006 31 March</b>	<b>2005 31 March</b>	<b>2005 31 Dec</b>
Opening balance	66,695	56,566	56,566
Effect of new IAS 39 accounting principle		-655	-655
New share issue	8,254	-	4,080
Assignment of own warrants		655	655
Dividend		-3,991	-3,991
Net profit for the period	3,985	1,024	10,040
<b>Closing balance</b>	<b>78,934</b>	<b>53,600</b>	<b>66,695</b>

## Consolidated financial statements (cont.)

<b>CASH FLOW STATEMENT, SEK thousand</b>	<b>2006 Q1</b>	<b>2005 Q1</b>	<b>2005 Full year</b>
Operating profit	5,884	1,335	10,545
Adjustments for non-cash items	2,260	1,593	7,163
Net financial income/expense	-26	-4	-40
Tax paid	-1,761	-1,068	-2,884
Change in current receivables	-5,907	2,302	-4,176
Change in current liabilities	8,361	-2,375	-3,314
<b>Cash flow from operating activities</b>	<b>8,811</b>	<b>1,783</b>	<b>7,294</b>
Acquisition and sale of subsidiaries	-1,114	0	2,503
Net investment in fixed assets	-3,595	-1,236	-10,318
<b>Cash flow from investing activities</b>	<b>-4,709</b>	<b>-1,236</b>	<b>-7,815</b>
Repayment of liabilities financial leasing agreements	-2,586	-253	568
Dividend paid	-	-3,991	-3,991
<b>Cash flow from financing activities</b>	<b>-2,586</b>	<b>-4,244</b>	<b>-3,423</b>
<b>Cash flow for the period</b>	<b>1,516</b>	<b>-3,697</b>	<b>-3,944</b>
Opening liquid assets	3,368	7,312	7,312
Closing liquid assets	4,884	3,615	3,368
<b>Change in liquid assets</b>	<b>1,516</b>	<b>-3,697</b>	<b>-3,944</b>

<b>KEY RATIOS</b>	<b>2006 Q1</b>	<b>2005 Q1</b>	<b>2005 Full year</b>
Gross margin	12.0 %	6.4 %	8.9 %
Operating margin	8.7 %	2.9 %	5.3 %
Profit margin	8.7 %	2.9 %	6.5 %
Earnings per share before dilution	0.46 SEK	0.13 SEK	1.24 SEK
Earnings per share after dilution	0.46 SEK	0.12 SEK	1.23 SEK
Average number of shares before dilution	8,572,600	7,982,600	8,104,901
No. of shares at end of reporting period before dilution	8,572,600	7,982,600	8,222,600
Equity/assets ratio	58 %	59 %	61 %
Equity per share before dilution	9.21 SEK	6.71 SEK	8.11 SEK
Equity per share after dilution	9.08 SEK	6.67 SEK	8.01 SEK
Return on capital employed, %	8.3 %	2.5 %	19.7 %
Return on equity, %	5.5 %	2.0 %	16.3 %
Average number of employees	257	176	204
Number of working days	64	61	253
Invoicing rate	70 %	67 %	71 %
Turnover per employee, SEK thousand	263	264	982

## Consolidated financial statements (cont.)

<b>RESULT BY BUSINESS SEGMENT</b>	<b>2006 Q1</b>	<b>2005 Q1</b>	<b>2005 Full year</b>
<b>Net sales, SEK thousand</b>			
Consultancy services	59,094	37,235	164,871
Traceability products	8,009	8,764	33,433
Investment properties	502	501	2,004
<b>Total</b>	<b>67,605</b>	<b>46,500</b>	<b>200,308</b>
<b>Operating profit, SEK thousand</b>			
Consultancy services	5,400	536	8,564
Traceability products	63	399	222
Investment properties	421	400	1,759
<b>Total</b>	<b>5,884</b>	<b>1,335</b>	<b>10,545</b>
<b>Operating margin, %</b>			
Consultancy services	9.1 %	1.4 %	5.2 %
Traceability products	0.8 %	4.1 %	0.7 %
Investment properties	83.9 %	79.8 %	87.8 %
<b>Total</b>	<b>8.7 %</b>	<b>2.9 %</b>	<b>5.3 %</b>