

Interim Report to 30 September 2005

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

*Continued strong inflow of orders in Q3, up 45 per cent.
Net profit for Q3 up 92 per cent.*

SUMMARY (SEK million)	Q1-3 2005	Q1-3 2004	Q3 2005	Q3 2004
Operating income	144.8	129.6	44.4	35.5
Operating expenses	-139.4	-117.3	-41.3	-34.1
Share in profit of associated companies	0.3	0.1	-0.1	0.1
Operating profit	5.7	12.4	3.0	1.5
Net financial income/expense	-0.2	0	0	0
Profit after financial items	5.5	12.4	3.0	1.5
Tax	-1.7	-1.8	-0.9	-0.4
Net profit	3.8	10.6	2.1	1.1

- Turnover for the period to 30 September amounted to SEK 144.8 million (SEK 129.6 million), up 12 per cent. Turnover for Q3 was SEK 44.4 million (SEK 35.5 million), up 25 per cent.
- Net profit for the period to 30 September amounted to SEK 3.8 million (SEK 10.6 million). Net profit for Q3 was SEK 2.1 million (SEK 1.1 million), up 92 per cent.
- Earnings per share after tax were SEK 0.47 (SEK 1.33) for the period to 30 September and SEK 0.25 (SEK 0.13) for Q3. Equity per share was SEK 7.36 (SEK 6.75) at the end of the period.
- New orders totalled SEK 157.4 million (SEK 112.9 million) for the period to 30 September, up 39 per cent, and SEK 40.2 million (SEK 27.7 million) for Q3, up 45 per cent.
- The continued strong inflow of orders and high capacity utilization mean that the company's forecast for an operating profit of SEK 8–9 million for the second half of the year remains unchanged.
- As previously announced, Prevas has signed a Letter of Intent regarding the acquisition of Glaze AB. The company offers consultancy services in embedded systems development and has 30 employees based in Malmö, Copenhagen and Ålborg. The deal is expected to be closed in Q4 following the due diligence process.

English translation of Prevas Interim report to 30 September 2005.

Consultancy services

Prevas offers consultancy services to companies developing products with a large IT content or needing to streamline or automate their operations. Operations are organized in two business units: Product Development and Industrial Systems. Consultancy services continue to show positive development. The market is characterized by good demand and rising prices. Turnover for the first nine months of the year rose by 18 per cent, compared with the same period last year.

Product development

Prevas' consultancy services for the development of intelligence in the customer's products continue to experience very good demand. Turnover for the first nine months rose by 31 per cent, compared with the same period last year. Profitability is weaker than the equivalent period in 2004, when a very successful project had a positive impact on earnings. Disregarding this project's impact on earnings, the profitability of underlying operations has improved during 2005. The business unit has consolidated its position as one of the Nordic region's leading suppliers of product development services through a successful focus on Stockholm. Continued expansion is planned in the Öresund and Gothenburg markets.

Prevas and Glaze sign Letter of Intent for expansion in the Öresund region

Prevas has signed a Letter of Intent regarding the acquisition of Glaze AB and its subsidiaries. Glaze is a consultancy based in Malmö, Copenhagen and Ålborg. The company offers consultancy services in embedded systems development. In addition to supplying total solutions, Glaze offers consultants with cutting-edge competence in software, hardware and mechanics. Glaze has 30 employees and its customers include Axis Communications, Novo Nordisk, Panasonic, Precise Biometrics and Sony Ericsson Mobile Communications. The deal is expected to be closed in Q4 following the due diligence process.

Industrial systems

Prevas offers consultancy services and solutions to streamline the customer's production and logistics. In the Industrial Systems business unit, the driving force for new investments is the need for increased 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. In order to further strengthen Prevas' offering in this business area, the company is now packaging its long-standing and solid experience in reusable solutions. Prevas AutoMate is one example.

Prevas AutoMate secures Cadillac's traceability requirements

Prevas AutoMate is a standard solution which secures the car industry's high traceability requirements. Saab/GM has selected Prevas AutoMate for its instrument panel production for the new Cadillac BLS. The car is being produced in Trollhättan on the same assembly line as the Saab 9-5 and 9-3. Prevas AutoMate keeps track of materials received, tasks and performance.

Traceability products

Prevas offers traceability products for electronics, pharmaceuticals and food production. Consumers' and public authorities' product information requirements are constantly increasing, particularly in the pharmaceutical and food industries. The objective for 2005 is to develop a global partner network, to increase sales of traceability products for pharmaceuticals production.

Positive growth in Q3

The inflow of orders for traceability products showed an upturn in Q3, following a weak first half of the year. Together with the cost-cutting measures implemented in Q2, this led to positive growth in the business unit's earnings. The implementation of Prevas' strategy of developing a global distributor network for traceability products continues. The first distributor agreement was signed with a Chinese representative in Q3.

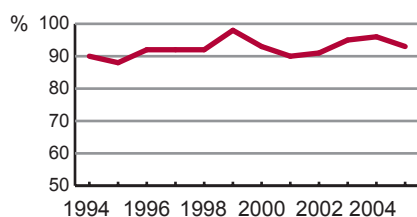
Acquisition of Track & Trace

In Q3, the traceability products business unit expanded its product portfolio in traceability solutions for the food industry. The Track & Trace product was acquired from the receiver of Scandinavian Traceability Systems AB. The acquisition also included the patent for a "System for origin determination of meat". Track & Trace is an IT system for origin marking of foods. This product is currently used by Marianne's Farm AB for traceability of their carrot production and by Siljans Chark AB for origin marking in their abattoir and cooked meats factory.

Increased strength through minority interests

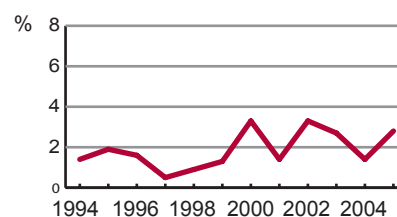
Prevas' strategy includes strengthening the company through its own products and minority interests in interesting start-up technology companies. Investments in FlexPack Robotics AB continue to develop favourably and helped boost Prevas' earnings.

Delivery reliability



Percentage of projects delivered on time.

Work under guarantees



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

Finance

New orders

New orders totalled SEK 157.4 million (SEK 112.9 million) for the period to 30 September, up 39 per cent, and SEK 40.2 million (SEK 27.7 million) for Q3.

Invoicing rate

The invoicing rate was 70 (65) per cent for the period to 30 September and 71 (64) per cent for Q3. The invoicing rate, which is one of Prevas' performance indicators, is measured as the number of chargeable hours divided by the total hours worked in the company. All employees in consulting operations, including management and administration, are included in the key indicator.

Assignment distribution

During the first nine months of the year, 31 (46) per cent of assignments were charged on a fixed-price basis and 69 (54) per cent on a time basis.

Employees

The average number of employees was 191 (168) during the period to 30 September and staff turnover was 5.2 per cent. The proportion of female employees was 17 per cent at the end of the period.

Turnover and results to 30 September 2005

Turnover for the period to 30 September amounted to SEK 144.8 million (SEK 129.6 million), up 12 per cent. Turnover per employee was SEK 758 thousand (SEK 771 thousand). The number of working days was 189 (189).

Operating profit was SEK 5.7 million (SEK 12.4 million), representing an operating margin of 3.7 (9.5) per cent. The decline in profit of SEK 6.7 million between 2004 and 2005 can be explained as follows:

- As stated in the half-yearly report, the decline in profit is due to a loss of earnings in the traceability products business unit of SEK 6.8 million, which was partly due to deferred customer orders. The business unit's inflow of orders has shown an upturn, which together with the cost-cutting measures implemented during the first half of the year has had and will continue to have a positive impact for the rest of the year.

Profit after financial items was SEK 5.5 million (SEK 12.4 million) and the profit margin was 3.6 (9.4) per cent.

Net profit was SEK 3.8 million (SEK 10.6 million).

Turnover and results for Q3 2005

Turnover for Q3 amounted to SEK 44.4 million (SEK 35.5 million), up 25 per cent. Turnover per employee was SEK 213 thousand (SEK 208 thousand). The number of working days was 66 (66).

Operating profit was SEK 3.0 million (SEK 1.5 million), representing an operating margin of 7.1 (3.9) per cent.

Profit after financial items was SEK 3.0 million (SEK 1.5 million) and the profit margin was 7.0 (3.8) per cent.

Net profit was SEK 2.1 million (SEK 1.1 million), up 92 per cent.

Forecast

The continued strong inflow of orders and high capacity utilization mean that the company's forecast made at the end of Q2 for an operating profit of SEK 8–9 million for the second half of the year remains unchanged.

Liquid assets and cash flow

Liquid assets totalled SEK 4.6 million (SEK 1.4 million) at the end of the period.

A negative cash flow of SEK 2.7 million (SEK –3.6 million) was reported for the period to 30 September. Cash flow for the period was affected by a dividend payment of SEK 4 million for 2004.

A negative cash flow of SEK 2.2 million (SEK –8.5 million) was reported for Q3.

Financial position

Equity totalled SEK 60.5 million (SEK 53.9 million) at the end of the period, representing an equity/assets ratio of 60 (64) per cent. Equity per share (excluding outstanding options) was SEK 7.36.

Investments

Net investments in fixed assets for the period to 30 September totalled SEK 7.1 million (SEK 7.2 million), of which SEK 2.4 million related to machinery and equipment, SEK 3.6 million to product development and SEK 1.1 million to intangible assets.

Net investments in fixed assets for Q3 totalled SEK 2.4 million, of which SEK 1.4 million related to machinery and equipment and SEK 1.0 million to product development.

Accounting principles

The IAS Regulation adopted by the EU in 2002 requires all EU-listed companies to apply IFRS (International Financial Reporting Standards) in their consolidated financial statements as from 2005. Consequently, the company's interim report for Q3 2005 has been prepared in accordance with the IFRS adopted by the EU and the interpretations of the applicable standards, IFRIC, adopted by the EU. These principles are applied from 1 January 2005 and the comparative year has been restated.

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

Transition to IFRS 2005

The effects on the income statements and equity per quarter and for the full year 2004 are shown below and in the table on page 9.

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 once a year, or more often if there are indications that the reported value of goodwill is less than the net realizable value. In accordance with the transitional rules in IFRS 1, First-time adoption of IFRS, Prevas has chosen not to apply IFRS 3 to previous acquisitions. Amortization of SEK 1.4 million for the period to 30 September 2004 and SEK 2.0 million for the full year 2004 has been reversed, as no write-down was necessary.

IAS 40, Investment Property

IAS 40 allows reporting at net realizable value or acquisition value. Prevas has chosen reporting at net realizable value, which results in an increase in the value of properties of SEK 4.2 million as at 1 January 2004 and a positive effect on equity after deferred tax of 72 per cent of this. The increase in value amounted to SEK 4.3 million as at 31 December 2004 and the positive effect on equity amounted to 72 per cent of this. Reporting at net realizable value increases pre-tax profit by SEK 0.2 million for the full year 2004.

IAS 17, Leases

In connection with the transition to IFRS, it was decided that the Group's leasing agreements, mainly for company cars, should be reported as financial leasing. This results in an increase in total assets of SEK 3.3 million as at 1 January 2004 and of SEK 4.5 million as at 31 December 2004. The impact on earnings is negligible.

IAS 39, Financial Instruments: Recognition and Measurement

Agreements have been made with external parties regarding the acquisition of options. The consideration consists of the net realizable value of warrants. Changes in value are intended to cover the costs of the outstanding staff option programme. The options are valued at net realizable value.

Stockholm, 25 October 2005

Prevas AB (publ)

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Information

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Financial reporting

- Press release of results for 2005, 7 February 2006

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

Consolidated financial statements

SUMMARY INCOME STATEMENTS, SEK thousand	2005 Q1-3	2004 Q1-3	2005 Q3	2004 Q3	2004 Full year
Net sales	141,208	126,302	43,347	34,593	173,009
Capitalized work	3,588	3,259	1,023	930	4,797
Material costs	-2,922	-1,668	-1,031	-414	-2,058
Other external costs	-28,507	-18,052	-6,068	-6,042	-28,285
Personnel costs	-102,831	-94,261	-32,300	-26,518	-126,723
Amortization of intangible assets	-1,818	-222	-711	-89	-569
Depreciation of tangible assets	-3,309	-3,094	-1,126	-1,083	-3,950
Share in pre-tax profit of associated companies	300	126	-123	126	11
Operating profit	5,709	12,390	3,011	1,503	16,232
Net financial income/expense *	-182	-32	-11	-27	-37
Profit after financial items	5,527	12,358	3,000	1,476	16,195
Tax	-1,697	-1,794	-927	-399	-2,970
Net profit for the period	3,830	10,564	2,073	1,077	13,225
Earnings per share after tax, SEK	0.47 SEK	1.33 SEK	0.25 SEK	0.13 SEK	1.66 SEK
Earnings per share after tax, SEK incl. outstanding options	0.45 SEK	1.25 SEK	0.24 SEK	0.13 SEK	1.56 SEK
Equity per share, SEK	7.36 SEK	6.75 SEK			7.11 SEK
Equity per share, SEK incl. outstanding options	7.79 SEK	7.24 SEK			7.58 SEK

* Net financial items for the first half of SEK -182 thousand (SEK -32 thousand) consist of net interest income/expense of SEK 84 thousand (SEK 65 thousand), financial derivatives used to financially secure the payroll overheads for the option programme of SEK -165 thousand (SEK 0 thousand) and interest expenses for financial leasing of SEK -101 thousand (SEK -97 thousand).

SUMMARY BALANCE SHEETS, SEK thousand	2005 30 Sep	2004 30 Sep	2004 31 Dec
Intangible asstes	28,495	17,966	16,368
Tangible assets	23,600	23,520	24,282
Financial assets	1,302	2,088	4,757
Current receivables	43,347	39,958	43,952
Cash and bank balances	4,634	1,356	7,312
Total assets	101,378	84,888	96,671
Equity	60,485	53,905	56,566
Provisions	7,501	4,037	6,314
Long-term interest-bearing liabilities	4,714	3,957	4,510
Current liabilities	28,678	22,989	29,281
Total liabilities and equity	101,378	84,888	96,671

CHANGES IN EQUITY, SEK thousand	2005 30 Sep	2004 30 Sep	2004 31 Dec
Opening balance	56,566	37,743	37,743
Effect of change in accounting principle to IFRS	-	2,998	2,998
Opening equity adjusted according to new principle	56,566	40,741	40,741
Effect of new IAS 39 accounting principle	-655	-	-
New share issue	4,080	2,600	2,600
Assignment of own warrants	655	-	-
Dividend	-3,991	-	-
Net profit for the period	3,830	10,564	13,225
Closing balance	60,485	53,905	56,566

Consolidated financial statements (cont.)

CASH FLOW STATEMENT, SEK thousand	2005 Q1-3	2004 Q1-3	2005 Q3	2004 Q3	2004 Full year
Operating profit	5,709	12,390	3,011	1,503	16,232
Adjustments for non-cash items	4,647	3,313	2,051	848	4,917
Net financial income/expense	-17	-32	3	-27	-37
Tax paid	-1,418	-528	-110	-142	-568
Change in current receivables	2,151	-5,211	3,637	-1,864	-9,466
Change in current liabilities	-5,392	-14,567	-9,129	-5,905	-6,616
Cash flow from operating activities	5,680	-4,635	-537	-5,587	4,462
Acquisition and sale of subsidiaries	2,503 *	8,885	-	-	8,885
Net investment in fixed assets	-7,074	-7,263	-2,411	-2,637	-10,144
Cash flow from investing activities	-4,571	1,622	-2,411	-2,637	-1,259
Repayment of liabilities financial leasing agreements	204	-622	710	-261	-882
Dividend paid	-3,991	-	-	-	-
Cash flow from financing activities	-3,787	-622	710	-261	-882
Cash flow for the period	-2,678	-3,635	-2,238	-8,485	2,321
Opening liquid assets	7,312	4,991	6,872	9,841	4,991
Closing liquid assets	4,634	1,356	4,634	1,356	7,312
Change in liquid assets	-2,678	-3,635	-2,238	-8,485	2,321

* Acquisition 2005	-7.4
of which not settled with liquid assets	7.4
Liquid assets in acquired company	2.5
Effect on liquid assets	2.5

KEY RATIOS	2005 Q1-3	2004 Q1-3	2005 Q3	2004 Q3	2004 Full year
Gross margin	7.3 %	12.0 %	11.2 %	7.2 %	11.7 %
Operating margin	3.7 %	9.5 %	7.1 %	3.9 %	9.1 %
Profit margin	3.6 %	9.4 %	7.0 %	3.8 %	9.1 %
Earnings per share after tax	0.47 SEK	1.33 SEK	0.25 SEK	0.13 SEK	1.66 SEK
Earnings per share after tax incl. outstanding options	0.45 SEK	1.25 SEK	0.24 SEK	0.13 SEK	1.56 SEK
Average number of shares	8,065,237	7,946,834	8,222,600	7,982,600	7,957,600
Average number of shares incl. outstanding options	8,565,237	8,446,834	8,722,600	8,482,600	8,457,600
No. of shares at end of reporting period	8,222,600	7,982,600	8,222,600	7,982,600	7,982,600
No. of shares at end of reporting period incl. outstanding options	8,722,600	8,482,600	8,722,600	8,482,600	8,482,600
Equity/assets ratio	60 %	64 %			59 %
Equity per share	7.36 SEK	6.75 SEK			7.11 SEK
Equity per share incl. outstanding options	7.79 SEK	7.24 SEK			7.58 SEK
Return on capital employed, %	9.4 %	24.5 %			30.7 %
Return on equity, %	7.1 %	21.5 %			26.6 %
Average number of employees	191	168	208	171	169
Number of working days	189	189	66	66	253
Invoicing rate	70 %	65 %	71 %	64 %	62 %
Turnover per employee, SEK thousand	758	771	213	208	1,053

Consolidated financial statements (cont.)

OUTTURN BY BUSINESS SEGMENT	2005 Q1-3	2004 Q1-3	2005 Q3	2004 Q3	2004 Full year
Operating income, SEK thousand					
Consultancy services	116,184	98,349	35,036	26,020	134,549
Traceability products	27,109	29,526	8,833	9,145	41,073
Investment properties	1,503	1,815	501	487	2,184
Total	144,796	129,690	44,370	35,652	177,806
Operating profit, SEK thousand					
Consultancy services	5,216	5,345	1,797	-1,201	6,888
Traceability products	-1,102	5,696	863	2,290	7,883
Investment properties	1,295	1,223	474	288	1,450
Share in profit of associated companies	300	126	-123	126	11
Total	5,709	12,390	3,011	1,503	16,232
Operating margin, %					
Consultancy services	4.5 %	5.4 %	5.1 %	-4.6 %	5.1 %
Traceability products	-4.1 %	19.3 %	9.8 %	25.0 %	19.2 %
Investment properties	86.2 %	67.4 %	94.6 %	59.1 %	66.4 %
Total	3.7 %	9.5 %	7.1 %	3.9 %	9.1 %

EFFECTS OF IFRS ON PROFIT	2004 Q1-3	2004 Q3	2004 Full year
Effect on profit, SEK thousand			
Net profit for the period according to previous principles	9,026	560	11,209
Reversal of goodwill amortization	1,367	456	2,029
Change due to valuation of properties at net realizabel value	360	107	143
Recalculation of leasing agreements	-9	-2	-21
Tax effect above	-180	-44	-135
Net profit for the period according to IFRS	10,564	1,077	13,225

EFFECTS OF IFRS ON EQUITY	2004 30 Sep	2004 31 Dec
Effect on equity, SEK thousand		
Equity according to previous principles	49,369	51,551
Reversal of goodwill amortization	1,317	1,962
Change due to valuation of properties at net realizabel value	3,236	3,080
Recalculation of leasing agreements	-17	-27
Equity according to IFRS	53,905	56,566

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