Prevas

Year-End Report 2012

Västerås, February 8, 2013

SINCE THE DAWN OF TIME, INNOVATIVE IDEAS ARE MAKING THE WORLD BETTER. IN A GLOBAL SOCIETY, THE RATE OF INNOVATION HAS TO BE FASTER THAN EVER TO DELIVER INCREASING PROSPERITY. WITH EXPERTISE IN EMBEDDED SYSTEMS AND INDUSTRIAL IT, PREVAS CONTRIBUTES WITH INNOVATIVE SOLUTIONS THAT CREATE GROWTH.

JANUARY - DECEMBER

- Sales SEK 645.6 million (615.2)
- Operating profit, EBIT SEK 2.2 million (47.1)
- Operating margin, EBIT 0.3% (7.7)
- Including non-recurring costs of SEK 28.1 million
- Operating profit and operating margin excluding non-recurring costs SEK 30.3 million and 4.7%
- Net income SEK 0.5 million (33.8)
- Earnings per share SEK 0.07 (3.17)
- Cash equivalents SEK 13.7 million (19.3)
- Proposed dividend SEK 0.30 (2.00)

OCTOBER - DECEMBER

- Sales SEK 173.9 million (173.3)
- Operating profit, EBIT SEK –12.3 million (11.9)
- Operating margin, EBIT –7.0% (6.9)
- Including non-recurring costs of SEK 17.7 million
- Operating profit and operating margin excluding non-recurring costs SEK 5.4 million and 3.1%
- Net income SEK –8.6 million (8.4)
- Earnings per share SEK –0.87 (0.80)

Operating profit (EBIT) was burdened with non-recurring costs totaling SEK 17.7 million that were reserved or reported primarily during the fourth quarter. In total, the operations were burdened by non-recurring costs totaling SEK 28.1 million during the year. For more information about non-recurring costs and their breakdown, see page 7.

A word from the CEO

Profit for the year was unsatisfactory for Prevas due to low capacity levels and non-recurring costs. During the final months of the year, Prevas received a record number of orders. This means that we are very happy to be closing the quarter with an all time high in order intake. Cutbacks made by our customers did not affect Prevas to the extent that we feared, even if the year as a whole was not as good as we would have hoped. We have not lost customers or framework agreements; on the contrary, demand from some of our customers increased despite the fact that we are active in industries and markets that are affected by the status of the global economy.

During the last quarter we signed several strategic partnerships, for example with Outokumpu, where we together with the customer will decrease energy consumption and CO_2 emissions in their operations. In addition, we worked on consolidating the three companies that were acquired during the year.

Prevas made a number of acquisitions during the year that have made us larger and better. The acquisitions of Zetiq Development, Rhemispheres and Autsyde and the start-up of a new office in Örebro will enable us to now further develop, expand and more clearly define our business offer to new and existing customers. We are now better equipped to conduct feasibility studies and carry out comprehensive undertakings as well as take full responsibility for change projects. This means that we can now reach the customer at an early stage and meet the market's need for operational development at a higher strategic level, but also thereafter be able to deliver system solutions and products. This puts us in a unique position in the market. Investments and new projects during the year had a negative effect on Prevas' earnings, but the investment in the future and the work with the internal consolidation of our business offers will generate strong returns going forward.

Over the years, Prevas has built up a knowledge base and skills that benefit our customers in the form of time and money. Through this we can see a growing interest in Prevas' technological platforms and products. Another trend is that there is a growing demand for advanced, built-in intelligence in products that traditionally have not been intelligent, e.g. from bicycle helmets to healthcare equipment. Prevas has been an innovative development partner for many years and has helped its customers win both technological prizes and market shares.

At the beginning of January, Prevas introduced Karl-Gustav Ramström, who will take over as President and CEO on April 1, 2013. Ramström comes most recently from SSAB where he was Executive Vice President and CTO and he has held several leading management positions within the ABB Group. Ramström's experience and deep understanding of our market means that we gain a President and CEO with a strong market focus and a large contact network.

Prevas will continue its focus on more system deliveries at the same time as it maintains a high consultant capacity. Today around 40 percent of our sales come from system commitments. This is a positive development that shows that Prevas is now viewed as a partner to its customers. Prevas' strategy is hold a strong niched position in the industries and areas of technology where it is active.

In summary, we are looking forward to 2013 will great confidence thanks to new acquisitions, solid order intake and a new, very experienced President and CEO.

Mats Åström, Acting CEO and CFO of Prevas AB

Business area

Product Development / EMBEDDED SYSTEMS

AS THE MARKET LEADER IN EMBEDDED SYSTEMS, PREVAS CONTRIBUTES BY PROVIDING INNOVATIONS THAT CREATE GROWTH. IN ORDER TO SUCCESSFULLY LAUNCH NEW SMART PRODUCTS, IT IS NECESSARY TO HAVE AN INTENSE FOCUS ON PRODUCT QUALITY, COSTS AND TIME-TO-MARKET.

Prevas' Product Development business area is reporting weaker profits compared to the corresponding period last year. Capacity utilization in the fourth quarter was slightly lower, but profit was primarily burdened by impairment losses on projects in the Danish operations.

The market in general is weaker than it was the same period last year. Some of our customers are slowing down, but the majority are still very interested in Prevas' services, despite everything. Despite the uncertainty on the market, the trend to install more and more embedded systems in industrial and commercial products continues to be strong. Because we are the Nordic leader for embedded systems and our customers increasingly are demonstrating their confidence in us, we continue to believe that Prevas' future is bright.

RESULTS

business area **Product Development**	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Income, SEK thousands	118,711	90,698	115,398	121,918	127,300	88,319	112,084	109,004	103,514	72,437	91,686	93,955
Operating profit/loss, SEK thousands	–10,831	1,379	756	9,133	8,342	4,133	7,072	10,048	2,632	–4,517	–4,725	340
Operating margin, %	–9.1%	1.5%	0.7%	7.5%	6.6%	4.7%	6.3%	9.2%	2.5%	–6.2%	–5.2%	0.4%
Average number of employees	355	346	345	336	319	307	302	283	288	290	299	302

IMPORTANT EVENTS DURING THE PERIOD

Winner of Swedish Embedded Award 2012

First prize in the Enterprise category of the Swedish Embedded Award was awarded to Prevas and Miris. This is the second time Prevas has taken home this prestigious award and it is the fifth consecutive year that we have been nominated.

In only seven months Prevas was able to deliver and initiate production on a complex system, while at the same time helping Miris take its world-unique instruments for the analysis of fluids into a potentially very hot and global market. The instrument can analyze the composition of many different liquids. The current focus is on measuring the content of fat, protein, carbohydrates and energy in milk. One very important area of usage for this instrument is breast milk analysis. The nutritional content in breast milk can be analyzed, and additives can be individually adapted as needed for pre-mature babies. If you would like to read more about interesting projects carried out by our Product Development business area, visit *www.prevas.com/embedded_systems*.

New offices in Jönköping and Örebro

Prevas continues to expand and during the year opened new offices in Jönköping and Örebro. The new offices enable us to strengthen our relationship with existing customers and at the same time give us better opportunities to solicit new customers in the area.

Partnership with Freescale

Prevas has been selected to be an official partner to Freescale and it will support companies in the Nordic region and other parts of Europe with embedded systems based on the i.MX family of advanced single and multicore processors chips. This platform is optimized for multimedia, display and industrial applications and it brings interactivity to a whole new world of products.

Increasing confidence from our customers

In order to best assist our customers in their efforts to successfully compete in a global market, Prevas has set up several Centers of Excellence that focus on our different customer groups and industries. We offer specialist project teams with specific domain expertise and technical platforms to meet growing industry-specific needs. In general, there is increasing demand for shorter development times, improved quality and connection possibilities. A new Center of Excellence, Audio, was created in 2012 in which we gathered our extensive competence and experience in the area of audio design. For more information about our Centers of Excellence, visit *www.prevas.com/coe_product_development*.

New generation test platforms

A modern car or truck has up to thirty control units with software meant to function in a network, such as fuel injection, blinkers, brakes, etc. Prevas' second generation xMove test platform allows us to generate and measure all of the signals simultaneously distributed to the different control units. A time resolution of milliseconds means we make the software in the control units believe that the situation is a real road driving situation.xMove has a wide target group and Prevas has produced solutions to help customers test everything from simple control units for pumps to more advanced control units such as the one used in the JAS Gripen engine.

Business area

Industrial systems / INDUSTRIAL IT

AS THE MARKET LEADER IN INDUSTRIAL IT, PREVAS CONTRIBUTES BY PROVIDING INNOVATIONS THAT CREATE GROWTH. OUR JOB IS TO INCREASE EFFICIENCY IN OUR CUSTOMERS' MANUFACTURING PROCESSES. WE WORK IN CLOSE COLLABORATION WITH OUR CUSTOMERS TO DEFINE EACH STEP OF THE WAY TOWARDS COST-EFFECTIVE AND HIGHLY-PRODUCTIVE PRODUCTION FACILITIES.

Sales for Prevas' Industrial Systems business area rose 6.7 percent during the fourth quarter compared to the same period last year. Most of our largest customers are continuing with their investments despite the uncertainty of the economy. Prevas' solutions improve productivity, and this is highly prioritized by our customers. Profit during the fourth quarter was slightly lower than during the same quarter in 2011 due to an impairment loss in a large delivery project. Order intake during the fourth quarter was 20 percent higher than in the same period last year. For the full year, order intake increased by more than 11 percent compared to 2011.

Prevas' customers continue to display growing interest in enhancing their productivity through investments in the highest level of production control. This control, which is called Manufacturing Execution Systems (MES), links the manufacturing floor with the business systems. It is Prevas' Industrial System's core business area. In order for decision-makers within the industry to be able to make correct decisions, they need access to correct information at the right time. This is where information systems called Enterprise Manufacturing Intelligence (EMI) enter the picture and they are another key area for Prevas. The MES and EMI areas play a very central role in competitiveness in the global market.

RESULTS

business area Industrial Systems	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Net sales, SEK thousands	49,040	42,284	47,959	51,398	45,967	42,015	44,070	46,410	44,787	33,964	40,624	38,629
Operating profit/loss, SEK thousands	2,829	2,829	969	2,993	3,574	3,088	5,474	5,353	4,329	3,747	6,297	6,490
Operating margin, %	5.8%	6.7%	2.0%	5.8%	7.8%	7.3%	12.4%	11.5%	9.7%	11.0%	15.5%	16.8%
Average number of employees	151	152	155	160	137	134	135	133	115	106	108	112

IMPORTANT EVENTS DURING THE PERIOD

New office in Jönköping

Prevas continues to expand and has now opened a new office in Jönköping. Establishing in Jönköping enables us to strengthen our relationship with existing customers in the region, and at the same time give us better opportunities to solicit new customers.

Center of Excellence for traceability

A new Center of Excellence was started to help customers with solutions and questions within the area of traceability. Our mission is to help customers become more competitive and profitable. To do this, we need to understand the problems and challenges our customers face, as well as have good understanding of the requirements imposed by government agencies and the industry, and possess suitable tools and methods to accomplish improvements. A Center of Excellence allows us to gather our knowledge so that it benefits the customer in the best possible way. For more information about our Centers of Excellence, visit *www.prevas.com/coe_industrial_it*.

Cooperation started within planning and scheduling solutions

Prevas signed a partnership agreement with Quintiq. The partnership gives Prevas' Scandinavian customers access to one of the market's most advanced planning and scheduling services (APS). The market for this type of solution has grown as more and more companies are focusing on streamlining their production.

Strategic partnership to find energy optimization solutions

Prevas has entered into a strategic partnership agreement with Outokumpu in Avesta. Together with Prevas, Outokumpu has defined a number of common goals for the partnership in order to secure, streamline and optimize its production in Avesta. Among other things, the parties will work together to reduce energy consumption and CO_2 emissions in furnace operations by 3 percent over the coming year.

Order from Arla

Prevas is developing a new, modern control system for Arla Food. Delivery is expected to be completed in December 2013. The value of the order is approximately SEK 14 million. The project includes software, system migration, quality assurance, installation, rollout, testing, training and support. If you want to read more about interesting projects carried out by the Industrial Systems business area, visit *www.prevas.com/industrial_it*.

Business area

Management Consulting

STRATEGIC ADVICE IS BUILT ON PASSIONATE, BRAVE INNOVATION THAT IS ROOTED IN AN UNDERSTANDING OF THE INDUSTRY. PREVAS MANAGEMENT CONSULTING FILLS A GAP IN INDUSTRY-SPECIFIC STRATEGIC ADVICE.

Prevas' Management Consulting business area was founded during the second quarter of 2012 and has offices in Stockholm, Gothenburg, Malmö and Lund. The business area is in a very expansive build-out phase and the focus is on recruiting new employees, building volume in existing and new customers and cooperating with Prevas' other business areas. During the period a strong delivery organization was created that is now ready to take on large volumes and exciting customer assignments.

Management Consulting offers assistance to management groups of large companies with change projects, process development and the configuration and definition of requirements for IT systems. The business area currently has a clear offer for the energy industry and has signed four framework agreements with energy companies and two framework agreements with companies in other industries. Several of Sweden's largest power companies are currently customers and during the period around ten customers were added, which forms the basis for growth and future business in 2013.

Work has started on two new industries: infrastructure and environment/waste. These two areas will be a nice complement for the actors in the energy industry. There are strong synergies between these two industries.

RESULTS

business area **Management Consulting**	**2012 Q4**	**2012 Q3**	**2012 Q2**	*Start of business area May 2012*
Net sales, SEK thousands	6,193	1,993	16	
Operating profit/loss, SEK thousands	–4,250	–2,857	–772	
Operating margin, %	–	–	–	
Average number of employees	29	5	2	

IMPORTANT EVENTS DURING THE PERIOD

Prevas' new business area, build-up

For more than 27 years, Prevas has offered customers invaluable services within the areas of embedded systems and industrial IT. To take its offer to the next level, i.e. partnerships at the business development level, Prevas announced on May 23 the start of its new business area, Management Consulting. The new management offering aims to fill a vacuum with regard to strategic advice from an industry perspective. More and more business models are facing major changes and not infrequently completely evolve out of their current form. The only way to meet these changes is to understand the dynamics and forces in industry-specific business models. Management Consulting does not intend to compete with generic solutions on the general consulting market. Management Consulting's entire existence is based on industry-specific, innovative advice with the aim of modifying and vitalizing established business models.

Management Consulting complements Prevas' two existing business areas by further strengthening the links to our customers' business benefits in the projects we are implementing. If you would like to read more about our Management Consulting business area, visit *www.prevas.com/management_consulting*.

Strategic advisor within the energy industry

The ability to produce and consume energy is absolutely essential for humans; not just for our welfare and development, but also for the environment. Civilization in the industrialized world has created a life style that places our need for extensive amounts of cheap energy in serious conflict with efforts to preserve natural environments. The manner in which the energy industry will meet these needs will not only change business models, but have an impact on an entire industry. In order to participate in and find solutions to future energy problems, Prevas has established relationships with specialist advisors who represent a mix of different areas of competence.

For example, Prevas is an advisor in strategic and operational IT for Modity Energy Trading, a company that offers portfolio management of energy flows such as electricity, gas, bio fuel and related environmental instruments. For OKG, which is a part of E.ON., Prevas is a project manager for an information and IT security project. The project's task is to implement a number of different security solutions based on OKG's interpretations of the regulations issued by the Swedish Radiation Safety Authority. The task also includes securing the implementation of a new comprehensive documentation system.

Acquisitions during the year

Acquisition of Zetiq Development AB to the Product Development business area
On April 4, the technological company, Zetiq Development AB, in Karlskoga was acquired. The company has 15 employees in Karlskoga and offers expertise within sensor applications. Its profile complements Prevas' business very well.

An acquisition agreement was signed and went into effect on April 4, 2012. The fixed purchase price amounts to SEK 10.5 million in addition to the value of equity. The acquisition was paid in cash. Additional remuneration, based on the company's performance up to the end of March 2015, may also be added to the purchase price. The maximum total consideration, including the additional remuneration, may not exceed the value of equity by more than SEK 16 million.

Based on preliminary estimates, the value of the acquired assets and liabilities is made up of goodwill, SEK 11.8 million; other intangible assets, SEK 4.4 million; property, plant and equipment, SEK 0.2 million; current receivables and cash, SEK 9.4 million; current liabilities, SEK 3.7 million; and deferred tax, SEK 1.5 million. Goodwill represents the value to be derived from synergies and employees. The goodwill item is tax deductible.

The unit is fully included in Prevas' consolidated financial statements. During the year the unit had sales of SEK 10.9 million and a profit margin of 11.8 percent.

External costs related to the acquisition are insignificant and have been expensed.

Acquired remaining 49 percent of shares in Prevas Technology West
In 2009, Prevas AB founded a subsidiary in Gothenburg, Prevas Technology West AB, with shared ownership. As of March 2012, Prevas has acquired all shares of Prevas Technology West AB. The company offers cutting-edge expertise in system development for organizations with intensive product and system development activities located in western Sweden. We offer reinforcement of specialist expertise on location with the customer in the areas of technical IT and embedded systems when such is lacking in the customer's project.

Acquisition of Autsyde AB to Industrial Systems business area
Prevas acquired 100 percent of Autsyde AB on September 1, 2012. Autsyde has solid expertise within industrial automation, process analysis and distributed control systems and supplies products, solutions and consultancy services to industrial companies, primarily within the process and energy sectors. Siemens, Fortum and Technical Works are examples of the company's customers. It is based in Finspång and Norrköping and has around ten employees.

The fixed purchase price amounts to SEK 8 million. The acquisition was paid in cash. Additional remuneration, based on the company's performance through August 31, 2015, may also be added to the purchase price. However, the maximum total consideration, including the additional remuneration, may not exceed SEK 20 million.

Based on preliminary estimates, the value of the acquired assets and liabilities is made up of goodwill, SEK 9.2 million; other intangible assets, SEK 8.5 million; current receivables and cash, SEK 6.2 million; current liabilities, SEK 2.4 million; and deferred tax, SEK 2.2 million. Goodwill represents the value to be derived from synergies and employees. The goodwill item is not tax deductible.

The unit is fully included in Prevas' consolidated financial statements. External costs related to the acquisition are insignificant and have been expensed. During the year the unit had sales of SEK 5.4 million and a profit margin of 23.0 percent.

In addition to competent automation consultants, Autsyde has a well-established product called AutArch that helps customers monitor, analyze and improve operations in everything from small systems to large, complex processing facilities.

Acquisition of Rhemispheres to the Management Consulting business area
Prevas acquired 100 percent of Rhemispheres AB, a management consulting company, on September 1. Rhemispheres offers advisory IT consulting services to companies and organizations active in the energy sector. EON, Fortum and TetraPak are some of the company's customers. The company has offices in Stockholm, Gothenburg and Malmö and has 20 employees.

An acquisition agreement was signed and went into effect on September 1, 2012. The fixed purchase price amounts to SEK 5 million. The acquisition was paid in cash. Additional remuneration, based on the company's performance through August 31, 2015, may also be added to the purchase price. However, the maximum total consideration, including the additional remuneration, may not exceed SEK 20 million.

Based on preliminary estimates, the value of the acquired assets and liabilities is made up of goodwill, SEK 13.4 million, and other intangible assets, SEK 3.6 million. Goodwill represents the value to be derived from synergies and employees. The goodwill item is tax deductible.

The unit is fully included in Prevas' consolidated financial statements. External costs related to the acquisition are insignificant and have been expensed. During the year the unit had sales of SEK 7.0 million and a profit margin of –20.0 percent.

Group

Financial information

SALES

January - December

Sales were SEK 645.6 million (615.2), which is an increase of 5 percent. The increase is attributable to newly acquired business units. Sales per employee were SEK 1,216 thousand (1,292). The total number of working days was 250 (253).

October - December

Sales were SEK 173.9 million (173.3), which is an increase of 0.5 percent. The increase is attributable to newly acquired business units. Sales per employee were SEK 311 thousand (351). The total number of working days was 62 (64).

RESULTS

Non-recurring costs 2012

Operating profit (EBIT) was burdened by non-recurring costs totaling SEK 17.7 million that were reserved or reported primarily during the fourth quarter. In total, the operations were burdened by non-recurring costs totaling SEK 28.1 million during the year. Non-recurring costs consist of extraordinary reserves related to one established and one expected bad debt loss and two projects valued at SEK 8.1 million for the fourth quarter and in total SEK 13 million for the full year. In addition, an impairment loss on goodwill for Denmark burdened profits during the fourth quarter by SEK 5.2 million. The start-up of a new business area and the closing of our Dubai office burdened profit in total by SEK 4.4 million in the fourth quarter and SEK 9.9 million for the full year.

Non-recurring costs	Product Development		Industrial Systems		Management Consulting		Group	
	Full-year	Q4	Full-year	Q4	Full-year	Q4	Full-year	Q4
Impairment loss on goodwill	–5.2	–5.2	–	–	–	–	–5.2	–5.2
Reserve projects/customers	–8.1	–4.1	–4.9	–4.0	–	–	–13.0	–8.1
New business area	–	–	–	–	–7.9	–4.2	–7.9	–4.2
Closing of the Dubai office	–	–	–2.0	–0.2	–	–	–2.0	–0.2
Total	**–13.3**	**–9.3**	**–6.9**	**–4.2**	**–7.9**	**–4.2**	**–28.1**	**–-7.7**

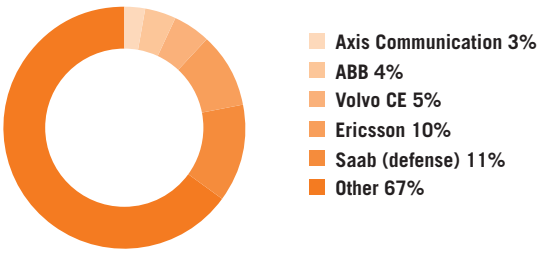
January - December

Operating profit (EBIT), excluding non-recurring costs, was SEK 30.3 million (47.1), with a corresponding operating margin of 4.7 percent (7.7). Operating profit (EBIT), including non-recurring costs, was SEK 2.2 million, with a corresponding operating margin of 0.3 percent. Profit before depreciation and amortization (EBITDA) was SEK 17.4 million (57.3), with a corresponding profit margin of 2.7 percent (9.3).

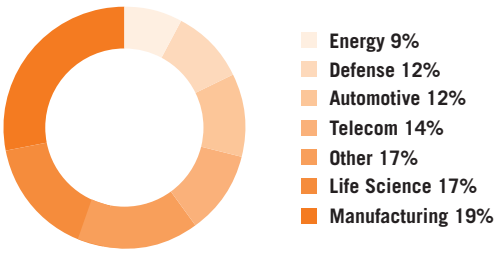
Net income was SEK 0.5 million (33.8).

The decline in profit is the result of poorer capacity utilization during the period as well as a sharp increase in the number of employees and investment in a new business area. There is a start-up cost of SEK -7.9 million for the year for our new business area, Management Consulting. In addition, we have had a few but relatively large bad debt losses that burdened profit by SEK –3.6 million. During the year we also had a number of challenging projects that resulted in impairment losses on the projects. The total negative impact on profit for these projects was SEK –9.4 million.

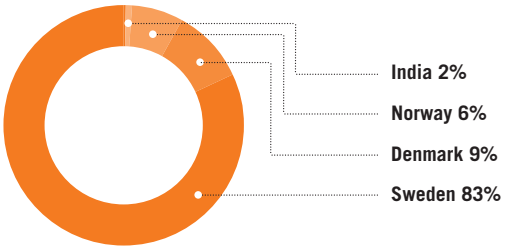
FIVE LARGEST CUSTOMERS 2012



INDUSTRY BREAKDOWN 2012



TOTAL 590 EMPLOYEES 2012-12-31



Our Danish operations are having a negative impact on profit, which resulted in an impairment loss on goodwill of SEK –5.2 million.

In addition, closing our office in Dubai impacted profit in 2012 by SEK –2.0 million.

October - December

Operating profit (EBIT), excluding non-recurring costs, was SEK 5.4 million (11.9), with a corresponding operating margin of 3.1 percent (6.9). Operating profit (EBIT), including non-recurring costs, was SEK –12.3 million, with a corresponding operating margin of –7 percent. EBITDA was SEK –3.9 million (14.3), with a corresponding margin of –2.2 percent (8.2).

Net income was SEK –8.6 million (8.4).

The decline in profit is the result of poorer capacity utilization during the period as well as a sharp increase in the number of employees and investment in a new business area. There is a start-up cost of SEK –4.2 million during the quarter for our new business area, Prevas Management Consulting. In addition, we have had a few but relatively large bad debt losses and two challenging projects that resulted in impairment losses on the projects, which in total burdened profit by SEK –8.1 million. In addition, closing our office in Dubai impacted profit during the quarter by SEK –0.2 million.

CASH FLOW AND CASH EQUIVALENTS

Cash flow from operating activities was SEK –6.0 million (37.5). At the end of the period, cash equivalents totaled SEK 13.7 million (19.3) and bank overdraft facilities were utilized for SEK 32.2 million. During the year new loans to finance acquisitions amounted to SEK 23 million with an amortization schedule of 5 years.

FINANCIAL POSITION

Equity was SEK 163.5 million (184.8) at the end of the period, with a corresponding equity ratio of 40 percent (55). Equity per share was SEK 15.93 (18.04).

EMPLOYEES

During the year, the average number of employees was 531 (476), of which 346 (319) work in the Product Development business area, 151 (137) work in the Industrial Systems business area and 10 (0) work in the Management Consulting business area. In addition, there were 24 (20) employees in senior management and administrative positions.

The total number of employees at the end of the period was 590 (567), of which 11 percent were women.

INVESTMENTS

The company made investments in fixed assets worth SEK 4.5 million (7.0) during the year, of which SEK 1.7 million (4.4) was for machinery and equipment and SEK 2.8 million (2.6) was for product development and intangible assets. There were also investments via company acquisition.

Acquired assets were preliminarily made up of goodwill, SEK 34.4 million, and other intangible assets, SEK 16.5 million.

STRONG BUSINESS FINANCIAL INDICATORS – ON-TIME DELIVERY OF PROJECTS

As a part of the company's quality assurance system, we constantly measure customer satisfaction, delivery reliability and warranty work. Since it was founded in 1985, Prevas' high quality has resulted in a very high number of satisfied and returning customers as well as unique quality indicators for delivery reliability and warranty. Ninety percent of our projects are delivered on time – a figure that is significantly higher than the industry average. That, in combination with a customer satisfaction level of 8.5 (on a scale of 1 to 10), makes Prevas highly valued by its customers.

KEY INDICATORS PER QUARTER

	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Net sales, MSEK	173.9	135.0	163.4	173.3	173.3	130.3	156.2	155.4	148.3	106.2	132.3	132.6
Operating profit/loss, SEK million	–12.3	1.3	1.0	12.1	11.9	7.2	12.5	15.4	7.0	–0.8	1.6	6.8
Operating margin, %	–7.0	1.0	0.6	7.0	6.9	5.5	8.0	9.9	4.7	–0.7	1.2	5.2
Number of working days	62	65	59	64	64	66	60	63	64	66	60	62
Number of employees at the end of the period	590	589	577	575	567	518	502	501	456	452	449	449
Average number of employees	560	527	531	517	494	461	467	435	426	409	419	432
Net Sales/employee, SEK thousands	311	260	308	335	351	283	333	357	348	260	316	307
Equity Ratio, %	40	46	46	49	55	58	54	52	54	56	52	54
Earnings per share, SEK	–0.87	0.10	0.00	0.84	0.80	0.48	0.84	1.05	0.42	–0.09	0.06	0.45
Equity per share, SEK	15.93	16.73	16.80	16.82	18.04	17.57	17.00	15.86	15.36	14.98	15.28	15.31

PARENT COMPANY SALES

January - December
Sales were SEK 492.2 million (494.8) and profit after financial items was SEK 10.9 million (33.8).

October - December
Sales were SEK 128.2 million (136.5) and profit after financial items was SEK –7.3 million (5.2).

These figures include an impairment loss on our Danish operations of SEK –6,8 million.

RISKS AND UNCERTAINTIES

The Prevas Group, including the Parent Company, 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. Examples of business and market-related risks include competition and downward pressure on prices, how our customers' businesses develop, bad debt losses, risks associated with the state of the market and fluctuations in exchange/interest rates. Another risk involves the competition for skilled employees. Because Prevas is the market leader for Embedded Systems and Industrial IT and is in the process of building up its new business area, Management Consulting, it is important that the company is able to attract and recruit the very best talent in the labor market.

TRANSACTIONS WITH RELATED PARTIES

These types of transactions are reported in Note 25 of the annual report. They are primarily related to purchases and sales between Group companies. The transactions take place in accordance with market conditions.

ACCOUNTING PRINCIPLES

This Interim Report was prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission for application within the EU, as well as the Swedish Annual Accounts Act, where applicable.

The Parent Company's financial statements have been prepared in accordance with the Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities.

The Group and Parent Company apply the same accounting principles and bases of calculation as described in the 2011 Annual Report.

PROPOSED DIVIDEND

The Board proposes to the AGM a dividend of SEK 0.30 per share (2.00), which corresponds to total dividends of SEK 3.0 million.

Västerås, February 8, 2013
Prevas AB (publ)

Mats Åström, Acting CEO and CFO of Prevas AB

ANNUAL REPORT

The annual report will be available at the Prevas headquarters, Legeringsgatan 18, Västerås, Sweden, three weeks prior to the 2013 AGM. The annual report can also be ordered from the headquarters, tel. +46 (0)21-360 19 00 or info@prevas.se.

ANNUAL GENERAL MEETING

Prevas AB's AGM will convene at 5:30 p.m. on April 8, 2013, at the Aros Congress Center (Munkgatan 7, Västerås, Sweden).

UPCOMING REPORTS

- Interim Report January – March 2013, April 30, 2013
- Interim Report January - June 2013, July 16, 2013
- Interim Report January - September 2013, October 29, 2013
- Year-End Report for 2013, February 11, 2014

INFORMATION

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This interim report has not been examined by the Company's auditors. This is a translation of an original document in Sweden. In case of dispute, the original document should be taken as authoritative (bokslutskommuniké 2012 at www.prevas.se). Or contact the company direct.

Published on February 8, 2013, 8:30 a.m. CET. This is information that Prevas AB (publ) must make available to the public in accordance with the Swedish Securities Market Act (2007:528) and/or the Swedish Financial Instruments Trading Act.

Consolidated Financial Statements

SUMMARY INCOME STATEMENT (SEK thousands)	2012 Full-year	2011 Full-year	2012 Q4	2011 Q4
Net sales	**645,608**	**615,169**	**173,944**	**173,267**
Capitalized work	1,290	515	563	254
Other external costs	–181,956	–166,334	–55,580	–52,705
Personnel costs	–447,554	–392,078	–122,788	–106,545
Profit/loss before depreciation and amortization	**17,388**	**57,272**	**–3,861**	**14,271**
Amortization/impairment of intangible assets	–9,966	–5,557	–6,829	–1,192
Depreciation of property, plant and equipment	–5,248	–4,631	–1,562	–1,163
Operating profit/loss	**2,174**	**47,084**	**–12,252**	**11,916**
Net financial items	–1,771	–973	–317	–434
Profit/loss before tax	**403**	**46,111**	**–12,569**	**11,482**
Taxes	88	–12,344	3,963	–3,118
Net profit/loss for the period	**491**	**33,767**	**–8,606**	**8,364**
Net profit/loss for the period attributable to Parent Company's shareholders	**679**	**32,048**	**–8,788**	**8,134**
Net profit/loss for the period attributable to holdings without a controlling influence	**–188**	**1,719**	**182**	**230**
Basic and diluted earnings per share, SEK	0.07	3.17	–0.87	0.80

STATEMENT OF COMPREHENSIVE INCOME in summary, SEK thousands	2012 Full-year	2011 Full-year	2012 Q4	2011 Q4
Net profit/loss for the period	**491**	**33,767**	**–8 606**	**8,364**
Other comprehensive income:				
Translation differences for the period	–1,181	19	952	–1,314
Total comprehensive income for the period	**–690**	**33,786**	**–7,654**	**7,050**
Comprehensive income for the period attributable to the Parent Company's owner	**–502**	**32,067**	**–7,836**	**6,820**
Comprehensive income for the period attributable to holdings without a controlling influence	**–188**	**1,719**	**182**	**230**

BUSINESS UNIT PERFORMANCE	2012 Full-year	2011 Full-year	2012 Q4	2011 Q4
Net sales, SEK thousands				
Product Development	446,725	436,707	118,711	127,300
Industrial Systems	190,681	178,462	49,040	45,967
Management Consulting	8,202	–	6,193	–
Total	**645,608**	**615,169**	**173,944**	**173,267**
Operating profit/loss, SEK thousands				
Product Development	435	29,595	–10,831	8,342
Industrial Systems	9,619	17,489	2,829	3,574
Management Consulting	–7,880	–	–4,250	–
Total	**2,174**	**47,084**	**–12,252**	**11,916**
Operating margin, %				
Product Development	0.1	6.8	–9.1	6.6
Industrial Systems	5.0	9.8	5.8	7.8
Management Consulting	–96.1	–	–68.6	–
Total	**0.3**	**7.7**	**–7.0**	**6.9**

Consolidated Financial Statements (cont.)

SUMMARY BALANCE SHEET (SEK thousands)	2012 Dec 31	2011 Dec 31
Goodwill	141,075	112,496
Other intangible assets	23,033	8,946
Property, plant and equipment	21,012	13,502
Total fixed assets	*185,120*	*134,944*
Deferred tax assets	4,132	2,840
Current receivables	206,733	180,396
Cash equivalents	13,728	19,271
Total current assets	*224,593*	*202,507*
Total assets	**409,713**	**337,451**
Equity attributable to Parent Company's owner	160,962	182,146
Equity attributable to holdings without a controlling influence	2,580	2,698
Total equity	*163,542*	*184,844*
Deferred tax liability	13,200	11,048
Long-term provisions	21,628	–
Long-term interest-bearing liabilities	69,824	17,003
Total long-term liabilities	*104,652*	*28,051*
Current provisions	4,474	1,385
Current interest-bearing liabilities	10,463	4,316
Other current liabilities	126,582	118,855
Total current liabilities	*141,519*	*124,556*
Total liabilities and equity	**409,713**	**337,451**

SUMMARY OF CHANGES IN EQUITY, SEK thousands	2012 Dec 31	2011 Dec 31
Opening balance	184,844	155,791
Total comprehensive income for the period attributable to the Parent Company's owner	–502	32,067
Total comprehensive income for the period attributable to holdings without a controlling influence	–188	1,719
Change in holdings without controlling influence	–407	318
Dividends	–20,205	–5,051
Closing balance	**163,542**	**184,844**
Equity attributable to Parent Company's owner	**160,962**	**182,146**
Equity attributable to holdings without a controlling influence	**2,580**	**2,698**

KEY FIGURES	2012 Full-year	2011 Full-year	2012 Q4	2011 Q4
Profit margin before depreciation/EBITDA	2.7%	9.3%	–2.2%	8.2%
Operating margin/EBIT	0.3%	7.7%	–7.0%	6.9%
Profit margin	0.1%	7.5%	–7.2%	6.6%
Number of outstanding shares at the end of the reporting period, thousands				
basic and diluted	10,102	10,102	10,102	10,102
Average number of outstanding shares, thousands				
basic and diluted	10,102	10,102	10,102	10,102
Basic and diluted earnings per share, SEK	0.07	3.17	-0.87	0.80
Equity per share, basic and diluted	15.93	18.04		
Equity ratio	40%	55%		
Return on capital employed, %	1.1%	24.0%		
Return on equity, %	0.3%	13.7%		
Average number of employees	531	476	560	494
Number of working days	250	253	62	64
Sales per employee, SEK thousands	1,216	1,292	311	351

Please refer to page 29 of Prevas' 2011 Annual Report for definitions of key indicators.

Consolidated Financial Statements (cont.)

STATEMENT OF CASH FLOW, SEK thousands	2012 Full-year	2011 Full-year	2012 Q4	2011 Q4
Operating activities				
Profit/loss before tax	403	46,111	–12,569	11,482
Adjustment for non-cash items	14,506	11,777	7,627	3,419
Income tax paid	–13,401	–4,427	1,362	–2,154
Cash flow from operating activities before working capital changes	**1,508**	**53,461**	**–3,580**	**12,747**
Cash flow from changes in working capital				
Change in operating receivables	–18,253	–33,705	–36,682	–27,500
Change in operating liabilities	10,715	17,698	29,065	15,442
Cash flow from operating activities	**–6,030**	**37,454**	**–11,197**	**689**
Investing activities				
Acquisition of business and shares excl. cash equivalents *	–26,046	–1,514	687	–954
Investments in intangible fixed assets	–2,770	–2,591	–1,257	–855
Investments in property, plant and equipment	–1,743	–4,447	–393	–960
Cash flow from investing activities	**–30,559**	**-8,552**	**–963**	**–2,769**
Financing activities				
New loans	23,000	–	–	–
Amortization of loans	–4,350	–2,200	–2,250	–550
Change in bank overdraft facility	32,173	–10,506	14,593	–69
New issue	277	–	–	–
Dividend payment	–20,205	–5,051	–	–
Cash flow from financing activities	**30,895**	**–17,757**	**12,343**	**–619**
Cash flow for the period	**–5,694**	**11,145**	**183**	**–2,699**
Cash equivalents at the beginning of the year	19,271	7,488	13,476	21,758
Translation difference on cash equivalents	151	638	69	212
Cash equivalents at the end of the period	13,728	19,271	13,728	19,271
Cash flow for the period	**–5,694**	**11,145**	**183**	**–2,699**

* ACQUIRED COMPANY'S NET ASSETS AT TIME OF ACQUISITION, SEK million	2012 Jan-Dec
Acquisition date	
Property, plant and equipment	0.2
Accounts receivable and other receivables	8.0
Cash equivalents	7.4
Accounts payable and other liabilities	-6.4
Net assets and liabilities	**9.2**
Goodwill	34.4
Fair value adjustment of intangible assets	16.5
Fair value adjustment of long-term provisions	–3.4
Acquisition cost including estimated additional consideration	56.7
Minus:	
Cash (acquisition)	7.4
Estimated additional consideration	24.0
Additions:	
Acquisition of holdings without controlling influence	0.7
Net cash outflow	**26.0**

The acquisition analyses are preliminary since the assets in the acquired companies have not been definitively analyzed. In conjunction with the acquisitions mentioned above, the paid consideration was larger than the book value of the assets in the acquired companies, which gave rise to the immaterial assets item in the acquisition analyses. The acquisitions refer to Zetiq Development, Autsyde and Rhemispheres. The acquisition of holdings without controlling influence refer to Prevas Technology West.

Parent Company Financial Statements

SUMMARY INCOME STATEMENT (SEK thousands)	2012 Full-year	2011 Full-year	2012 Q4	2011 Q4
Net sales	**492,238**	**494,750**	**128,174**	**136,541**
Capitalized work	949	273	466	203
Other external costs	–159,507	–155,562	–46,964	–46,846
Personnel costs	–311,206	–293,038	–81,968	–77,465
Amortization/impairment of intangible fixed assets	–2,465	–9,911	–451	–2,365
Depreciation of property, plant and equipment	–1,863	–2,110	–435	–498
Operating profit/loss	**18,146**	**34,402**	**–1,178**	**9,570**
Profit/loss from participations in Group companies	–6,162	–	–6,162	–4,202
Interest income and similar profit/loss items	394	355	312	236
Interest expenses and similar items	–1,500	–927	–308	–423
Profit/loss after financial items	**10,878**	**33,830**	**–7,336**	**5,181**
Appropriations	–2,830	–	–2,830	–
Taxes	–4,024	–9,184	949	–2,605
Net profit/loss for the period	**4,024**	**24,646**	**–9,217**	**2,576**

SUMMARY BALANCE SHEETS, SEK thousands	2012 Dec 31	2011 Dec 31
Intangible assets	21,760	2,988
Property, plant and equipment	2,371	4,973
Financial assets	59,430	35,595
Current receivables	183,388	149,576
Cash and bank balances	331	9,505
Total assets	**267,280**	**202,637**
Equity	79,933	96,113
Provisions*	14,678	1,184
Untaxed reserves	2,830	–
Long-term interest-bearing liabilities	56,673	10,450
Current interest-bearing liabilities	6,800	2,200
Other current liabilities	106,366	92,690
Total liabilities and equity	**267,280**	**202,637**
Pledged assets	89,875	65,000
Contingent liabilities	2,295	1,961

* Including contingent additional remuneration of SEK 12 million.

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With cutting edge expertise in embedded systems and industrial IT, Prevas contributes by providing innovative solutions that create growth. Prevas was founded in 1985, and the company is the main supplier and development partner to leading companies in industries such as life science, telecommunications, automotive, defense, energy and engineering. Offices are located in Sweden, Denmark, Norway and India. The company has approximately 600 employees.

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

For more information, see www.prevas.com.