

INTERIM REPORT

Januari-March 2013

INVISIO[®]
NO NOISE. ONLY YOUR VOICE.

The Period In Short

SEK m	Q1 2013	Q1 2012
Total income	27.0	6.3
Gross Profit	11.9	2.7
Gross Margin (%)	44.3	43.1
EBITDA	3.0	-6.8
Operating Profit/Loss	1.6	-7.8
Profit/Loss after tax	0.9	-8.5
Profit/Loss per share (SEK)	0.02	-0.25

- Deliveries of the SEK 32 m record order that was received last fall has been successful and will be completed April-May.
- Received SEK 6.3 m order from a new customer for a number of units of the communications system INVISIO V60.
- Received SEK 15 m loan from a leading Swedish commercial bank, which reduces the overall cost of financing by around SEK 700 thousand on a yearly basis.
- Received three-year SEK 4.2 m loan from Almi Business Partner AB. The loan is free of amortization during 2013.
- Outgoing order book is SEK 10.6 m.

Important Events After the Period

- No important events have occurred after the period

About INVISIO Communications

INVISIO Communications AB is a public company listed on the NASDAQ OMX First North Premier Segment (ticker code: IVSO) an alternative market on NASDAQ OMX Stockholm. INVISIO specializes in voice communications in difficult conditions. The company develops, manufactures, markets and sells communication solutions such as advanced headsets control units and accessories for use with two-way radio, primarily for professional users who often work in difficult environments. The customers are for example found in the military and military Special Forces, police and SWAT teams, emergency services, the security sector, and various industries throughout the world. Additional information is available on the company's web site at www.invisio.com. Mangold Fondkommission AB is Certified Adviser for INVISIO Communications AB.

CEO's Comments

It is with great pleasure I inform you that INVISIO shows a positive result this quarter – for the first time* in the company's about ten-year history. The operating profit was SEK 1.6 m this quarter, which also showed the highest total income ever (SEK 27.0 m). The reason is the record order totaling SEK 32 m from the Armed Forces of a NATO country through a leading radio manufacturer that we received by the end of 2012. The order that was our by far largest ever was for a number of units of our new advanced communications system INVISIO V60. The majority of the order was delivered during this quarter, which contributed significantly to the positive result. In addition, we received a number of additional orders during the quarter, among them a large SEK 6.3 m order from a new customer. This is historic for INVISIO and demonstrates that our business model works well and that we are on the right track. The increase in total income during the quarter has been achieved without increased operating expenses and shows that our current organization is ready to handle increased volumes.

With the current gross margin and costs, INVISIO needs a total annual income of about SEK 100 m to show profit. INVISIO begins 2013 with the best quarter ever and a relatively large order book going into the second quarter (SEK 10.6 m). We expect a considerable growth in sales during the year as we have numerous client trials and large offers outstanding, but it is very difficult to determine which quarters these orders will possibly come in. Thus there are conditions for a profitable 2013 and the coming years, but it is too early to give comments about the expected outcome for 2013.

10+ YEARS OF HISTORY – 5 YEAR OLD COMPANY

INVISIO was founded for more than ten years ago with main focus on the consumer market. Five years ago a completely new strategy for the company was implemented and since 2008 we focus on the market for professional users of communications equipment and have seen a number of improvements:

- Increased sales each year (see graph) and a reduction of costs.
- A broadened product portfolio from headsets only to communication solutions with headsets, control units and accessories for use with two-way radio.
- A substantial increase in the number of sales leads, queries and full-scale customer trials.
- A larger customer base and considerably more recurring customers.
- An increase in the number of resellers and strategic cooperations with for example manufacturers of radio equipment.

**With exception from the first quarter 2009 when INVISIO sold the VoIP-patent.*

By the change of strategy in 2008, we did not anticipate that the lead times in the sales work towards above all military users would be as long as proven to be. From that our products has been established and gained trust among smaller groups of users, so called “innovators” that in our case for example are military Special Forces, the process of establishing among larger groups of users (“early adopters”) has taken longer than expected. There is however no doubt that our solutions receive an increasingly larger interest and demand. We can also show a very large number of satisfied users. Our products are literally “proven in combat” in Afghanistan.

LARGE POTENTIAL IN MILITARY PROGRAMS

The new record order shows that we can successfully offer on what is known as the volume market, for example military modernization programs with orders of thousands of units. We see good possibilities for continued sales in connection with this type of programs. Sales may however vary from quarter to quarter due to long lead times from first contact with customer, to inquiry, to customer testing, to quotation and to firm order. We believe in continued sales opportunities for the communications- and hearing protection system INVISIO V60 and are noticing a lot of interest from existing and new customers in the solution, which is currently being tested by a number of potential military customers in various countries. One trend that we are observing more and more is the demand for hearing protection in communication solutions, which suits INVISIO well as we have world leading technology in the field and a number of very good solutions within the area.

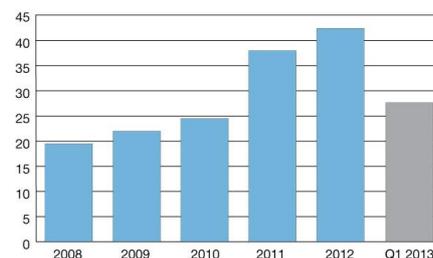
ONLY ONE BUSINESS AREA

From now on we will no longer divide into the business areas Professional Products and Consumer Products. INVISIO focuses all resources on the professional products and do not actively seek new collaborations on the consumer market. The need for consumers and professions that use mobile phones during work to be able to communicate in noisy and demanding environments remains. Our judgement is that long-term there is good potential for INVISIO's patented technology on the consumer market.

Last but not least I want to really thank all our employees that have worked hard to reach a positive result for the quarter.

Lars Højgård Hansen, CEO

INVISIO's sales in million SEK per year since 2008 – record every year.



Total Income and Result January – March 2013

Total income during the first quarter increased compared with the corresponding period 2012 and amounted to SEK 27.0 m (6.3).

Gross profit amounted to SEK 11.9 m (2.7) and the gross margin was 44.3 percent (43.0).

It is characteristic that the gross margin may vary from quarter to quarter depending on product mix and on the share of direct sales to end-customers – with higher margins – compared with the share of sales made through distributors.

The order book was SEK 10.6 m (7.8) at the end of the quarter.

Operating expenses for the first quarter was SEK 10.3 m (10.5). Included in the expenses are depreciations of SEK 1.4 m (1.0).

Operating profit for the first quarter thus amounted to SEK 1.6 m (-7.8).

Net financial items for the first quarter amounted to SEK -0.7 m (-0.7).

Profit after tax for the first quarter amounted to SEK 0.9 m (-8.5).

Profit per share for the first quarter amounted to SEK 0.02 (-0.25).

Capital Expenditure, Cash flow and Liquidity, Financing and Shareholders' Equity

CAPITAL EXPENDITURE

During the first quarter net capital expenditures amounted to SEK -1.1 m (-1.4) of which -1.1 m (-1.4) was activated development costs.

CASH FLOW AND LIQUIDITY

Cash flow from the operating activities during the first quarter amounted to SEK -1.2 m (-3.7). Cash flow from the investment activities amounted to SEK -1.1 m (-1.4). Cash flow from the financing activities amounted to SEK -1.0 m (-10.9). Cash flow during the period thus amounted to SEK -3.3 m (-16.0).

At the end of the period, cash and cash equivalents of the Group amounted to SEK 0.9 m (4.2). Of the Company's total loans of SEK 29.9 m per last March, SEK 7.9 m concerns factoring. The remaining SEK 22 m concerns three-year loans that are free of amortization during 2013. The Company management and Board continue to work actively and continuously with the Company's governance and control, including earnings, liquidity and financial position. The Board is also continuously evaluating that the conditions for further operations are fulfilled. It is not possible to exclude the possibility that the Company might need additional capital until the business generates a positive cash flow. The view held by the Company management and Board is the same as previously, namely that necessary liquidity and financing will be generated and added to operations through continuing income, borrowing, and the authorisation granted by the Annual General Meeting to carry out new issues or such.

FINANCING

INVISIO received during the first quarter a loan of SEK 15 m from a leading Swedish commercial bank. The loan currency has been used to pay a previous loan from Alecta of SEK 10 m and a loan of SEK 5 m from Erik Penser Bankaktiebolag. The loan from the bank is free of amortization charges during 2013 and will be amortized with SEK 6 m in 2014 and with SEK 9 m in 2015. Yggdrasil has guaranteed the loan from the bank with SEK 15 m. INVISIO has pledged the securities against Yggdrasil instead of as previously against Alecta and Erik Penser Bankaktiebolag. INVISIO will pay an annual guarantee commission of 3.5 percent to Yggdrasil and the board of INVISIO has the view that the agreement with Yggdrasil is according to market conditions.

INVISIO received during the first quarter a three-year loan of SEK 4.2 million from Almi Företagspartner AB. This loan will require no repayments in 2013. INVISIO has provided securities in form of a pledge of shares in the subsidiary Nextlink IPR AB. Terms of the loan is that the equity ratio

of the Group amounts to no less than 10 percent per end of June 2013 and remains so during the term of the loan.

SHAREHOLDERS' EQUITY

The Group's reported shareholders' equity at the end of the period amounted to SEK -1.5 m (2.3), which resulted into a negative equity ratio (7 percent).

Parent Company

Net income for the Parent Company during the first quarter amounted to SEK 15.000 (15.000). Operating loss amounted to SEK -1.1 m (-1.4). The period's result was SEK -1.5 m (-1.8).

At the end of the period, cash and cash equivalents held by the Parent Company amounted to SEK 0 m (0) and shareholders' equity amounted to SEK 61.2 m (77.9), which resulted into an equity ratio of 71.9 (83.3). The Parent Company had 1 employee (1).

Accounting Principles

This Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's accounts have been prepared in accordance with RFR 2, Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting principles that are described in the 2012 Annual Report have been applied.

Significant Risks and Uncertainties

INVISIO's business and earnings are affected by a number of external and internal factors. A continuous process is conducted to identify all risks and to assess how each respective risk shall be managed.

The risks that the Company is mainly exposed to are market-related risks (including legislation and political decisions, global economic situation, competition, technological risks and market acceptance of new products and dependency of suppliers), operational risks (including the ability to manage growth, customers and cooperation agreements, product liability, immaterial rights, dependence on key persons and employees, as well as risks related to financial reporting) and financial risks (including primarily currency risk, financing risks and liquidity risks).

In the Company's opinion, no additional significant risks or uncertainties have arisen during the year, apart from those reported in this Interim Report and on the pages 42-44 and 57-58 in the Annual Report for 2012.

As noted in the section "Cash Flow and Liquidity", the Company management and Board are working actively and continuously with the Company's governance and control, including earnings, liquidity and financial position. The Board continuously tests that the conditions for continued operation exist. It is not possible to exclude the possibility that the Company might need additional capital until the business reaches break-even. The view held by the Company management and Board is the same as previously, namely that necessary liquidity and financing will be generated and added to operations through continuing income, borrowing, and the authorisation granted by the Annual General Meeting to carry out new issues or such.

Related Party Transactions

Lage Jonason with related parties is one of the Company's largest individual shareholders. Lage Jonason has personally stood surety for some of the Company's undertakings vis-à-vis suppliers. Lage Jonason has the right to 1.5 percent annual reimbursement concerning his surety.

Future Reporting Dates

- Interim Report April – June: August 15, 2013
- Interim Report July – September: November 7, 2013
- Year-End Report 2013: February 19, 2014

Stockholm April 24, 2013

Lars Röckert
Chairman of the Board

Anders Persson
Director

Lage Jonason
Director

Jan Samuelson
Director

Mats Warstedt
Director

Lars Højgård Hansen
CEO

For further information, please contact:

Lars Højgård Hansen, CEO
+ 45 5372 7722

Lars.HojgaardHansen@invisio.com

Thomas Larsson, CFO
+45 5372 7735

Thomas.Larsson@invisio.com

INVISIO Communications AB (publ.)
Box 49149
100 29 Stockholm
Sweden
Registered number: 556651-0987

Financial Reports

Consolidated Income Statement

SEK 000s	Q1 2013	Q1 2012	Full year 2012
Sales	26 978	6 275	43 031
Cost of goods sold	-15 036	-3 571	-24 914
Gross Profit	11 942	2 704	18 117
Operating expenses*	-10 332	-10 532	-43 930
Operating profit/loss	1 610	-7 828	-25 813
Net financial items	-680	-715	-3 678
Profit/loss before tax	930	-8 543	-29 491
Income tax	-	-	-
Profit/loss for the period	930	-8 543	-29 491
Other comprehensive income			
Translation differences	-594	-249	-641
Comprehensive income for the period (Entirely attributable to equity holders of the parent)	336	-8 792	-30 132
*Depreciation incl. in operating expenses	-1 422	-987	-5 226

Per-share data	Q1 2013	Q1 2012	Full year 2012
Earnings per share, SEK	0,02	-0,25	-0,83
Earnings per share after dilution, SEK	0,02	-0,25	-0,83
Shareholders' equity per share, SEK	neg.	0,35	neg.
Shareholders' equity per share after dilution, SEK	neg.	0,35	neg.
Equity ratio	neg.	7%	neg.
Number of shares, thousand	38 440	33 667	38 440
Average number of shares, thousand	38 440	33 582	35 345
Number of shares after dilution, thousand	38 440	33 667	38 440
Share price, SEK	5,00	2,80	5,00

Consolidated Balance Sheet

SEK 000s

Assets	2013-03-31	2012-03-31	2012-12-31
Intangible assets	16 021	15 651	16 832
Property, plant and equipment	117	463	139
Financial assets	628	670	670
Inventories	2 628	6 306	3 240
Accounts receivable - trade	25 523	6 430	17 362
Other receivables	1 730	1 413	1 488
Cash and bank balances	898	1 229	4 240
Total assets	47 545	32 162	43 971

Shareholders' equity and liabilities	2013-03-31	2012-03-31	2012-12-31
Shareholders' equity	-1 478	2 337	-1 814
Liabilities to credit institutions	29 912	16 918	31 245
Accounts payable - trade	13 662	7 422	8 840
Other liabilities	5 449	5 485	5 700
Total shareholders' equity and liabilities	47 545	32 162	43 971

Changes in shareholders' equity	2013-03-31	2012-03-31	2012-12-31
Opening balance	-1 814	11 287	11 287
New issues	0	-158	17 031
Comprehensive income for the period	336	-8 792	-30 132
Closing balance	-1 478	2 337	-1 814

Statement of cash flows – Group

SEK 000s

Cash flow	Q1 2013	Q1 2012	Full year 2012
Operating activities			
Profit/loss before tax	930	-8 543	-29 491
Adjustments for non-cash items	1 497	959	5 312
Taxes	-	-	-
Cash flow from operating activities before changes in working capital	2 427	-7 584	-24 179
Cash flow from changes in working capital	-3 579	3 842	-2 644
Cash flow from operating activities	-1 152	-3 742	-26 823
Investing activities			
Capitalization of non-current assets	-1 117	-1 331	-6 797
Acquisition of property, plant and equipment	-	-46	-145
Cash flow from investing activities	-1 117	-1 377	-6 942
Financing activities			
New issues	-	-158	17 031
Change in financial assets	-1 002	-10 769	3 795
Cash flow from financing activities	-1 002	-10 927	20 826
Cash flow for the period	-3 271	-16 046	-12 939
Cash and bank balances at start of period	4 240	17 305	17 305
Translation differences in cash and bank balances	-71	-30	-126
Cash and bank balances at end of period	898	1 229	4 240

Parent Company Income Statement

<i>SEK 000s</i>	Q1 2013	Q1 2012	Full year 2012
Operating income	15	15	60
Operating expenses	-1 146	-1 390	-5 907
Operating loss	-1 131	-1 375	-5 847
Net financial items**	-350	-467	-28 346
Loss before tax	-1 481	-1 842	-34 193
Income tax	-	-	-
Loss for the period	-1 481	-1 842	-34 193
**Of which, shareholder contribution to subsidiaries	-	-	-26 000

Parent Company Balance Sheet

SEK 000s

Assets	2013-03-31	2012-03-31	2012-12-31
Financial assets/shares in subsidiaries	81 512	81 512	81 512
Receivables from Group companies	3 283	11 599	825
Other receivables	255	220	254
Cash and bank balances	26	85	205
Total assets	85 076	93 416	82 796
Shareholders' equity and liabilities	2013-03-31	2012-03-31	2012-12-31
Shareholders' equity	61 208	77 852	62 690
Liabilities to credit institutions	22 000	13 500	17 800
Accounts payable - trade	275	626	523
Liabilities to Group companies	111	111	111
Other liabilities	1 482	1 327	1 672
Total shareholders' equity and liabilities	85 076	93 416	82 796
Changes in shareholders' equity	2013-03-31	2012-03-31	2012-12-31
Opening balance	62 690	79 852	79 852
New issues	-	-	17 750
Issues expenses	-	-158	-719
Loss for the period**	-1 481	-1 842	-34 193
Closing balance	61 209	77 852	62 690
**Of which, shareholder contribution to subsidiaries	-	-	-26 000