

# Year-End Report

## January–December 2008



### October–December

- ↻ Net sales totaled SEK 6.0 m (9.3)
- ↻ Gross profit was SEK 2.0 m (0.1)
- ↻ The gross margin was 33.9% (1.3%)
- ↻ Operating loss was SEK -10.0 m (-26.9)
- ↻ Loss after tax was SEK -10.6 m (-27.4)
- ↻ Earnings per share were SEK -0.52 (-1.50)
- ↻ The order book amounted to SEK 4.1 m (30.0)

### January–December

- ↻ Net sales totaled SEK 40.7 m (22.7)
- ↻ Gross profit was SEK 12.8 m (8.1)
- ↻ The gross margin was 31.6% (35.4%)
- ↻ Operating loss was SEK -43.2 m (-66.8)
- ↻ Loss after tax was SEK -44.9 m (-69.3)
- ↻ Earnings per share were SEK -2.24 (-4.22)

### Important events October–December

- ↻ New reference orders from customers in Germany and Finland
- ↻ New order from the Canadian Ministry of Defence
- ↻ New heat-resistant headsets launched at PMR Expo in Leipzig
- ↻ Extraordinary General Meeting held, Board expanded by two members
- ↻ Jennie Amareus new Vice President Operations
- ↻ Additional new share issue through exercise of issued stock options

### Important events after year-end

- ↻ Order for the company's new X5 headsets

INVISIO Headsets AB is a public company listed on First North (ticker code: IVSO), an alternative marketplace on the OMX Nordic Exchange Stockholm. INVISIO Headsets holds the patents for Bone Conduction Technology, which provides the best possible speech in extreme sound environments, and for Soft Spring, for optimal wearing comfort. Both patents are featured in the company's INVISIO® headsets for professional and consumer applications, which are used by military personnel, special forces, police, fire fighters and security companies around the world.

Additional information is available on the company's website: [www.invisioheadsets.com](http://www.invisioheadsets.com).

Mangold Fondkommission AB (tel. +46-8-503 015 50) is the Certified Adviser for INVISIO Headsets AB on First North.



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## CEO's comments

In the current business climate, it is not without some measure of pride that we report the outcome for INVISIO Headsets in 2008. The shift in strategy that we decided on in 2007 and carried out since then with accentuated force – entailing a focus on the professional user market – has quickly borne fruit. The result for 2008 was a substantial earnings improvement in several areas compared with a year earlier. Net sales for the year rose 79% compared with 2007. Gross profit improved by 59%, and operating profit was up 35%. Operating expenses fell 25%, despite impairment losses and strong sales growth, and starting with the third quarter, operating expenses have stabilized at a desirable level.

The loss for the year after tax was SEK -44.9 m (-69.3) – which is also an improvement compared with 2007, of 35%. The loss after tax for the fourth quarter was SEK -10.6 m (-27.4), a full 61% improvement.

All this confirms what we wrote in the introduction to our third-quarter interim report – that INVISIO Headsets is currently in a period in which most things are going our way. Our competitive advantages are strong, and the market is there with open arms. We now have a more suitable, efficient organization and – most importantly – we see favorable prospects to generate a profit from our business.

The financial situation in 2008 for INVISIO Headsets, like most other companies in a corresponding phase of development, was strained. However, the company has a substantial base of institutional and dedicated shareholders. The largest single shareholder, Lage Jonason, injected SEK 27 m through the exercise of stock options and by arranging certain complementary credit facilities.

Also in 2009, the company expects its financing need to be greater than what will be provided for operations through continuing revenues.

My best assessment is that the ongoing sale of the VoIP patent will be completed shortly. In the event this sale does not come to fruition or drags out in time, the company has received an assurance of continued financial support from its single largest shareholder.

### Professional Products business area

Our previous forecast for substantial growth in sales of professional products in 2009 remains intact. The global market is growing, and we currently estimate it to be worth more than SEK 4 billion. In this segment, the U.S. is the largest single market with approximately 50% of global sales.

Our broadened product range and high quality are attracting queries regarding increasingly larger deals. However, order lead times are long and may result in a large variation of quarterly sales figures in years immediately ahead. The reason for this is that customers want to conduct advanced technical trials and user tests in their "home environments," while others have preferences for specific product adaptations. At the same time, on account of the high knowledge content in deliveries, we are seeing considerably higher margins than for sales in the consumer sector.

Demand is clearly moving toward a greater preference for in-ear headsets and for combinations of headsets and hearing protection. Through our patented Bone Conduction Technology, INVISIO® is well known in its segment, and interest in our products is growing.



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### **Consumer Products business area and cooperation with Motorola**

Our cooperation with Motorola on wireless headsets for the consumer market is proceeding according to plan and is working very well. The effects of the financial crisis in the consumer products market in the area of mobile telephone accessories have not yet had bearing on us, but we are watching developments closely. In terms of performance, the products covered by the Motorola agreement are in the high-end segment. Experience shows that temporary downturns in the economy usually do not affect the concerned target group's purchasing behavior to any significant extent. Consequently, we remain optimistic ahead of Motorola's launch of the new products in 2009.

Once the launch of the consumer products gets under way, we can expect a regular stream of royalty revenues to INVISIO Headsets from Motorola.

### **Patent portfolio**

The sale of the VoIP patent is in progress, and concrete contract talks are in the final stages with an interested party. The aim is the same as previously communicated – to realize the patent's economic value in a suitable form, either through a sale or through some type of joint venture.

### **Administrative steering and control**

Work on steering and control of INVISIO Headsets generated the intended results during the year. A new structure for the Group's financial reporting has been introduced, with segmental reporting of the Group's income and expenses and a functional presentation in the income statement. This new structure is facilitating our internal follow-up of goals and plans at the same time that it is making our external reporting clearer.

Financial steering and control have also been strengthened, resulting in clearer responsibility for income and expenses throughout the organization.

Preparations for a stock market introduction on the OMX Small Cap list are on track. If the conditions allow in the financial market, the intention is to introduce INVISIO Headsets AB (publ) on the stock market during the second half of 2009.

### **Unique technology shows promise for the future**

INVISIO® PRO headsets are based on unique technology that is patented by INVISIO Headsets – conveying human speech via vibrations in the jawbone. Owing to the headset's integrated jawbone microphone, INVISIO® PRO users can speak very quietly or even whisper, and the sound will still reach the receiver loud and clear. This Bone Conduction Technology entails that disruptive noise from the surrounding environment is screened out entirely – noise that with the still-dominant and older microphone technology is mixed with the user's speech and can sometimes drown out the message.

Our Bone Conduction Technology eliminates this problem, ensuring a crisp and superior audible transmission of the user's voice, regardless of the ambient noise level. For users in which demands on audibility, clarity, hearing comfort and function are decisive, our products are experienced as a revolutionary technological leap into a new reality.



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### Summary of fourth quarter 2008

We believe that the steadily higher demand that we are seeing for our products is a clear sign of an imminent, landmark change in the market for professional headsets, where new user demands are rapidly giving rise to a preference for more modern technology. With our portfolio of small and technically advanced headsets for virtually all application areas that already exist in the market, we can decisively assert our position as one of the leading companies in our industry. Thanks to perseverance, extensive experience, world-class high-tech expertise, and top-quality customer focus at all levels, on our own merits we have now earned a pole position in an expansive market.

The reshaping of INVISIO Headsets into a market-oriented, sales-intensive company has shown its strength and has generated the intended results. Today we have the expertise, ability and flexibility needed to steer the company to segments in which the demand exists.

With our new product platform in place, key reference orders to deliver, numerous bids out in the market and an expanded board with competence in the professional market, I am highly confident that we will continue to see good growth in both sales and earnings. This is to the credit of many people. Above all, on behalf of the Board and myself, I want to express a personal thanks for the past year to our loyal, skilled and committed employees, to our business partners, and not least to our dedicated shareholders, who in a time of financial anxiety have kept their faith in the company and secured the company's financing in 2008 through the exercise of stock options.

I look forward to our continued cooperation and success in 2009.

Lars Højgård Hansen  
CEO



Extreme situations require clear communication

## Sales and earnings, October–December

Net sales for the fourth quarter totaled SEK 6.0 m (9.3). The lower sales compared with a year ago is attributable to the Consumer Products business area and is explained by the fact that since entering into cooperation with Motorola, the company will no longer be selling its own consumer products. However, during the quarter, certain closeout sales of INVISIO G5 products were made.

Gross profit was SEK 2.0 m (0.1). The gross margin was 33.9% (1.3%). The considerably improved gross margin is primarily attributable to the Professional Products business area.

The order book was SEK 4.1 m (30.0) at the end of the quarter. The dramatically lower level is attributable to the Consumer Products business area, since INVISIO Headsets will no longer be conducting its own sales of these products.

Operating expenses for the fourth quarter fell sharply to SEK 12.1 m (27.1). Operating expenses during the period were charged with a provision of SEK 0.3 m (0.3) for the employment-based stock option program. No provisions were made for the performance-based option program, as no options have been granted.

Net financial items for the fourth quarter amounted to SEK -0.5 m (0.5).

The loss after tax for the fourth quarter decreased substantially and amounted to SEK -10.6 m (-27.4), corresponding to SEK -0.52 per share (-1.50).

### Professional Products

Net sales for the fourth quarter totaled SEK 5.2 m (4.1). Net sales for the business area may fluctuate from quarter to quarter due to the long time that transpires between initial quotation and final order. The gross margin for the business area was 52.1% (13.7%). The gross margin for

professional products may fluctuate from quarter to quarter depending on the share of sales that are made directly to end customers, with higher margins, compared with the share of sales made through distributors. The order book for professional products amounted to SEK 4.1 m (6.6) at the end of the period.

### Consumer Products

Net sales for the fourth quarter amounted to SEK 0.8 m (5.2). Net sales consisted of closeout sales of INVISIO® G5 units. The gross margin for the business area was -81.5% (-8.4%).

The very low gross margin is attributable to closeout sales entailing discounts and write-downs.

The order book for consumer products amounted to SEK 0.0 m (23.4) at the end of the period.

## Sales and earnings, January–December

Net sales for the period January–December totaled SEK 40.7 m (22.7). The considerably higher sales compared with a year ago are attributable to both professional and consumer products.

Gross profit was SEK 12.8 m (8.1). The gross margin was 31.6% (35.4%). The lower gross margin is attributable to a product mix that contains a larger share of sales of consumer products, which have lower gross margins.

Operating expenses for the year fell substantially, to SEK 56.1 m (74.9). Operating expenses for the year were charged with a provision of SEK 1.6 m (0.6) for the employment-related stock option program. No provisions were made for the performance-based option program, as no options have been granted.

Net financial items for the year amounted to SEK -1.7 m (-1.3).





## When communicating in extreme situations

The loss after tax for the year narrowed substantially to SEK -44.9 m (-69.3), corresponding to SEK -2.24 per share (-4.22).

### Professional Products

Net sales for the year totaled SEK 19.1 m (14.1), an increase of 35%. The sharp rise in net sales can be credited to the focus on the business area, with a number of new reference orders and thus new customers.

The gross margin for the business area was 50.5% (56.0%). The gross margin for professional products may fluctuate from year to year depending on the share of sales that are made directly to end customers, with higher margins, compared with the share of sales made through distributors. The gross margin for the year was affected in part by the product mix and in part by a lower share of direct sales.

### Consumer Products

Net sales for the year totaled SEK 21.5 m (8.6), an increase of 150%. Net sales consisted of the ongoing closeout of INVISIO® G5 and INVISIO® B3 units.

The gross margin was 14.8% (1.6%).

The very low gross margin is attributable to closeout sales entailing discounts and write-downs.

## Capital expenditures, cash flow and shareholders' equity

### Capital expenditures

Capital expenditures during the year, pertaining primarily to development of future professional products, amounted to SEK 6.5 m (11.3), of which SEK 8.1 m (8.1) consisted of capitalized development costs.

Tools and test equipment for consumer products were sold to Motorola during the year as part of the agreement between the two companies.

### Cash flow and liquidity

Cash flow from operating activities was SEK -38.1 m (-53.2) for the year. Cash and cash equivalents held by the Group at year-end amounted to SEK 0.9 m (11.6). After the end of the year, liquidity was strengthened through an inflow of SEK 3.2 m from the exercise of stock options before the end of the year.

Company management and the Board are working actively and continuously on adapting the company's overhead to the prevailing business model, which resulted in lower costs during the year. As a result of the Motorola agreement, during the year the company reduced the number of employees and certain other costs. In addition, net sales for the year were up significantly compared with the preceding year.

The view held by company management and the Board is the same as previously, namely, that necessary liquidity will be generated and added to operations through continuing revenues, one-time revenues (such as from the sale of the VoIP patent), borrowing, exercise of stock options, and new share issues.

When in time and at what price the VoIP patent can be sold are a couple of factors that affect this view.

### Shareholders' equity

Stock options were exercised on a number of occasions during the period October–December. The company received SEK 10.8 m as a result of the exercise of stock options.

The company's share capital increased by SEK 490,000 during the period, of which SEK 280,000 pertained to stock options that were exercised prior to the start of the period, but which were registered with the Swedish Companies Registration Office during the period, and SEK 210,000 to stock options that were exercised and registered with the Swedish Compa-



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nies Registration Office during the period. The total registered share capital thereby amounts to SEK 20,646,084.

Through stock options that were exercised at the end of December, which have not yet been registered with the Swedish Companies Registration Office, an additional 288,000 shares will be issued. In all the company received proceeds of SEK 6.2 m from share issues, of which SEK 3.0 m was paid in before the year-end and the remaining SEK 3.2 m has been reported on the balance sheet as per December 31 as other receivables, which were paid in to the company after the end of the period. The shares are currently being registered with the Swedish Companies Registration Office and will entail an increase in the share capital by SEK 288,000 to SEK 20,934,084. After registration, the number of shares outstanding will increase by 288,000 to 20,934,084.

During the year, the company received SEK 27.0 m through the exercise of various stock options.

The Group's reported shareholders' equity as per December 31, 2008, amounts to SEK 4.1 m (20.0), entailing a visible equity ratio of 9% (34%). The view is that surplus value exists in the VoIP patent, among other things, which is stated at SEK 0 m on the consolidated balance sheet.

## Parent Company

Net sales for the parent company in 2008 totaled SEK 0.7 m (0.6). The operating loss for the year was SEK -7.2 m (-7.8). The loss after tax for the year was SEK -62.5 m (-8.8), of which shareholders' contribution to subsidiaries amounted to SEK 53 m (0).

Cash and cash equivalents held by the parent company at year-end amounted to SEK 0.1 m (7.0), and the equity ratio was 79% (88%). The parent company had 1 employee (1)

## Important events October–December

### New reference orders from customers in Germany and Finland

INVISIO Headsets has received several reference orders from new customers in Germany and Finland, including Deutsches Bundespolizei and the Finnish Border Guard Air Patrol. It is expected that these customers will return with additional orders.

### New order from the Canadian MoD (Ministry of Defence)

An order from the Canadian Ministry of Defence was received and delivered during the quarter. The order pertains to both headsets and PTTs (Push-to-Talk).

### New heat resistant headsets unveiled at PMR Expo in Leipzig

At the PMR (Personal Mobile Radio) trade show in Leipzig, INVISIO unveiled new, heat resistant headsets for use in environments of up to 300°C. The new headsets are designed for use by fire-fighters, rescue services and specialty industries.

### Extraordinary General Meeting held – Board expanded by two new members

At an Extraordinary General Meeting of INVISIO Headsets AB (publ) on December 15, 2008, an additional two board members were elected to complement the existing board.

The newly elected directors are Magnus Ruding (born 1956), head of the Business development and future technology unit at FMV (the Swedish Defense Materiel Administration), and Mats Warstedt (born 1962), Director of Marketing at SAAB AB.



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### **Jennie Amareus new Vice President Operations**

Jennie Amareus has been appointed as the new Vice President Operations with responsibility for the company's purchasing, logistics and customer service activities. Jennie has held various key positions at INVISIO Headsets since May 2006 and is now a member of the company's executive management.

### **Additional new issue of shares through exercise of granted stock options**

Stock options were exercised on a number of occasions during the fourth quarter. Altogether the company received SEK 10.8 m, and the number of shares will increase by 498,000.

## **Important events after year-end**

### **Order for the company's new X5 headset**

An order worth SEK 1.2 m was received and will be delivered during the first and second quarters of 2009. The order is for INVISIO® X5, the company's new, high-end headset with built-in hearing protection.

## **Outlook for first quarter 2009**

### **Professional Products business area**

The number of queries and full-scale customer tests is rising in pace with growing sales activities. During the first quarter, the company expects to sign additional cooperation agreements and thereby continue increasing the number of distributors and major business partners.

In 2008 INVISIO® Headsets participated for the first time in a number of important trade shows (EUROSATORY in Paris, TETRA World Congress, PMR Expo, etc.), with very good results. These activities will be stepped up during the first quarter of 2009 and throughout the rest of the year. Additional marketing activities will also be started toward end users in key markets.

As previously mentioned, net sales for the Professional Products business area may fluctuate from quarter to quarter due to the long time that passes from initial query to quotation and finally to a firm order.

Sales for the first quarter of 2009 are expected to be level with or higher than the fourth quarter of 2008, depending on the component supply situation.

### **Consumer Products business area**

During the first quarter all energy will be dedicated to the continued cooperation with Motorola in the aim of preparing for and bringing about the launch of Motorola's first consumer product employing INVISIO Headsets' technology. Motorola's market launch is expected to take place some time into 2009.

In addition, further work remains to be done during the quarter regarding sales of the remaining INVISIO® G5 products. Final sales of these are expected to take place during the first half of the year.

### **Operating expenses**

Operating expenses during the first quarter of 2009 are expected to be level with the fourth quarter of 2008.

## **Accounting principles**

The Group applies International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act and Swedish Financial Accounting Standards Council recommendation 30 – Supplementary Accounting Rules. The year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting, which is in accordance with the requirements made in Swedish Financial Accounting Standards Council recommendation 31, Interim reporting for groups.

During the second quarter of 2008 a changeover was made to an income statement classified by





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function. In addition, the Group's segmental reporting of income and expenses has been further developed. Comparison figures have not been changed.

## Significant risks and uncertainties

INVISIO Headsets' 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 competition, technological development and political risks), operational risks (including product liability, intangible rights and disputes, customer dependence and contract risks), and financial risks (including primarily liquidity and currency risks).

In the company's opinion, no additional significant risks or uncertainties have arisen in 2008, apart from those reported on p. 28 and Note 2 of the 2007 Annual Report, and in this year-end report.

As noted in the "Cash flow and liquidity" section, company management and the Board are working continuously with the company's liquidity. The view is the same as previously, namely, that necessary liquidity will be generated and added to operations through continuing revenues, one-time revenues (such as from the sale of the VoIP patent), borrowing, exercise of stock options, and new share issues. When in time and at what

price the VoIP patent can be sold are a couple of factors that affect this view.

## Related party transactions

Lage Jonason with related parties is the company's largest individual shareholder. A total of SEK 454 thousand was invoiced between INVISIO Headsets and Lage Jonason AB during the year. These costs pertained mainly to outlays for the company director Christian Paulsson, an employee of Lage Jonason AB, in connection with completed negotiations with Motorola.

During the year Lage Jonason contributed SEK 27 m to the company through the exercise of stock options.

Lage Jonason has personally stood surety for some of the company's liabilities to credit institutions, for a nominal amount of SEK 15.5 m.

## Annual General Meeting

The Annual General Meeting of INVISIO Headsets AB (publ) will be held at 9 a.m. on April 28. A separate notice of the AGM will be issued shortly.

## Future reporting dates

Annual Report 2008: will be published not later than April 14, 2009

- Q1 report January–March: May 14, 2009
- Q2 report April–June: July 27, 2009
- Q3 report July–Sept.: November 5, 2009
- Year-end report 2009: February 17, 2010

Stockholm, February 16, 2009

Heléne Bergquist  
Chairman of the Board

Jan Werne  
Director

Fredrik Sandelin  
Director

Christian Paulsson  
Director

Magnus Ruding  
Director

Mats Warstedt  
Director

Lars Højgård Hansen  
CEO  
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## Tables

### Consolidated Income Statement

SEK 000s

Income statement	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Net sales	6 017	9 319	40 686	22 786
Cost of goods sold	-3 980	-9 195	-27 845	-14 720
<b>Gross profit</b>	<b>2 037</b>	<b>124</b>	<b>12 841</b>	<b>8 066</b>
Operating expenses <sup>1)</sup>	-12 075	-27 019	-56 055	-74 871
<b>Operating loss</b>	<b>-10 038</b>	<b>-26 895</b>	<b>-43 214</b>	<b>-66 805</b>
Net financial items	-529	-500	-1 666	-1 267
<b>Loss after financial items and before tax</b>	<b>-10 567</b>	<b>-27 395</b>	<b>-44 880</b>	<b>-68 072</b>
Tax	-	-43	-	-1 262
<b>Loss after tax</b>	<b>-10 567</b>	<b>-27 438</b>	<b>-44 880</b>	<b>-69 334</b>

1) Of which, depreciation -1 688 -954 -7 036 -3 192

### Per-share data

	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Earnings per share, SEK	-0.52	-1.50	-2.24	-4.22
Earnings per share after full dilution, SEK	-0.50	-1.39	-2.14	-3.52
Shareholders' equity per share, SEK	0.19	1.02	0.19	1.02
Shareholders' equity per share after full dilution, SEK	0.19	1.02	0.19	1.02
Equity ratio	9%	34%	9%	34%
Number of shares outstanding <sup>4/</sup>	20 934 084	19 623 779	20 934 084	19 623 779
Average number of shares outstanding	20 507 917	18 315 527	20 052 390	16 432 882
Average number of shares outstanding after full dilution <sup>4/</sup>	20 934 084	19 686 701	20 934 084	19 686 701
Share price, SEK	17.70	19.00	17.70	19.00

### Consolidated Balance Sheet

SEK 000s

Assets	31/12/2008	31/12/2007
Intangible assets	25 375	19 316
Property, plant and equipment	3 238	5 984
Financial assets	759	3 983
Inventories	6 421	4 415
Accounts receivable - trade	5 713	6 797
Other receivables <sup>2/ 3/</sup>	5 059	6 916
Cash and bank balances	864	11 633
<b>Total assets</b>	<b>47 429</b>	<b>59 044</b>

<sup>2/</sup> Including a bank guarantee of SEK 1,622 thousand as per 12/31/2007.

<sup>3/</sup> Of which, receivable of SEK 3,246 thousand in issue proceeds as per 12/31/2008

Shareholders' equity and liabilities	31/12/2008	31/12/2007
Shareholders' equity <sup>4/</sup>	4 068	20 031
Liabilities to credit institutions	17 856	13 195
Accounts payable - trade	14 231	13 352
Other liabilities	11 274	12 466
<b>Total shareholders' equity and liabilities</b>	<b>47 429</b>	<b>59 044</b>

Changes in shareholders' equity	31/12/2008	31/12/2007
Opening balance	20 031	16 688
Translation difference	1 871	257
New issues <sup>4/</sup>	27 046	72 420
Loss after tax <sup>5/</sup>	-44 880	-69 334
<b>Closing balance</b>	<b>4 068</b>	<b>20 031</b>

<sup>4/</sup> Of which, 280 000 shares under registration as per December 31, 2008, corresponding to an increase in share capital of SEK 280 000 and an increase in other shareholders' equity of SEK 5 944 320.

**Cash Flow Statement - Group**

SEK 000s

<b>Cash flow</b>	<b>Oct-Dec 2008</b>	<b>Oct-Dec 2007</b>	<b>Jan-Dec 2008</b>	<b>Jan-Dec 2007</b>
<b>Loss before tax</b>	-10 567	-27 395	-44 880	-68 072
Adjustments for non-cash items	982	490	6 016	4 813
Taxes	-	-43	-	-1 262
<b>Cash flow from operating activities before changes in working capital</b>	<b>-9 585</b>	<b>-26 948</b>	<b>-38 864</b>	<b>-64 521</b>
Changes in working capital	9 413	8 575	731	11 308
<b>Cash flow from operating activities</b>	<b>-172</b>	<b>-18 373</b>	<b>-38 133</b>	<b>-53 213</b>
Capitalization of development costs	-2 347	-3 106	-8 081	-8 048
Acquisition/divestment of financial assets	-1 048	-840	1 605	-3 494
Acquisition/divestment of property, plant and equipment	0	145	0	203
<b>Cash flow from investing activities</b>	<b>-3 395</b>	<b>-3 801</b>	<b>-6 476</b>	<b>-11 339</b>
New issues	3 156	40 365	24 401	72 420
Change in financial assets	63	364	4 955	-4 892
Change in liabilities to credit institutions	533	-8 012	4 329	-4 651
<b>Cash flow from financing activities</b>	<b>3 752</b>	<b>32 717</b>	<b>33 685</b>	<b>62 877</b>
<b>Cash flow for the period</b>	<b>185</b>	<b>10 543</b>	<b>-10 924</b>	<b>-1 675</b>
Cash and cash equivalents at start of period	529	1 090	11 633	13 171
Translation difference of cash and cash equivalents	150	-	155	137
Cash and cash equivalents at end of period	864	11 633	864	11 633

**Parent Company Income Statement**

SEK 000s

Income statement	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Net sales	649	-	739	584
Operating expenses <sup>1/</sup>	-1 109	-1 655	-7 904	-8 368
<b>Total operating income</b>	<b>-460</b>	<b>-1 655</b>	<b>-7 165</b>	<b>-7 784</b>
Net financial items <sup>5/</sup>	-54 206	-249	-55 288	-980
<b>Loss after financial items and before tax</b>	<b>-54 666</b>	<b>-1 904</b>	<b>-62 453</b>	<b>-8 764</b>
Tax	-	-	-	-
<b>Loss after tax</b>	<b>-54 666</b>	<b>-1 904</b>	<b>-62 453</b>	<b>-8 764</b>

1/ Of which, depreciation

-

-6

-13

-6

**Parent Company Balance Sheet**

SEK 000s

Assets	31/12/2008	31/12/2007
Tangible assets	-	13
Shares in subsidiaries	81 871	81 871
Other non-current receivables	-	3 270
Non-current receivables from Group companies	22 703	43 119
Other receivables <sup>2/ 3/</sup>	3 590	3 448
Cash and bank balances	154	7 017
<b>Total assets</b>	<b>108 318</b>	<b>138 738</b>

2/ Including a bank guarantee of SEK 1,622 thousand as per 12/31/2007.

3/ Of which, receivable of SEK 3.246 thousand in issue proceeds as per 12/31/2008.

**Shareholders' equity and liabilities**

	31/12/2008	31/12/2007
Shareholders' equity <sup>4/</sup>	85 387	122 428
Liabilities to credit institutions	15 502	10 002
Accounts payable - trade	3 434	1 772
Non-current liabilities to Group companies	2 010	3 010
Other liabilities	1 985	1 526
<b>Total shareholders' equity and liabilities</b>	<b>108 318</b>	<b>138 738</b>

**Changes in shareholders' equity**

	31/12/2008	2007-12-31
Opening balance	122 428	58 772
New issues <sup>4/</sup>	27 044	72 420
Group contribution	-1 632	-
Loss after tax <sup>5/</sup>	-62 453	-8 764
<b>Closing balance</b>	<b>85 387</b>	<b>122 428</b>

4/ Of which, 280 000 shares under registration as per December 31, 2008, corresponding to an increase in share capital of SEK 280 000 and an increase in other shareholders' equity of SEK 5 944 320.

5/ Of which, SEK 53,000 thousand as an unconditional shareholder contribution to daughter companies.



**Consolidated Income Statement - Segmental Breakdown**

SEK 000s

<b>Income statement, per segment, Oct-Dec, 2008</b>	<b>Professional Products</b>	<b>Consumer Products</b>	<b>Other</b>	<b>Total</b>
Net sales	5 197	820	-	6 017
Cost of goods sold	-2 491	-1 489	-	-3 980
<b>Gross profit</b>	<b>2 706</b>	<b>-668</b>	<b>-</b>	<b>2 037</b>
Selling and marketing expenses	-4 928	-544	-689	-6 161
Administrative expenses	-1 118	-154	-1 154	-2 426
Research and development costs	-313	-2 957	-218	-3 488
<b>Operating loss <sup>1)</sup></b>	<b>-3 654</b>	<b>-4 324</b>	<b>-2 061</b>	<b>-10 038</b>
Net financial items	-602	-65	138	-529
<b>Loss after financial items and before tax</b>	<b>-4 256</b>	<b>-4 388</b>	<b>-1 923</b>	<b>-10 567</b>
Tax	-	-	-	-
<b>Loss after tax</b>	<b>-4 256</b>	<b>-4 388</b>	<b>-1 923</b>	<b>-10 567</b>

<sup>1/</sup> Includes depreciation of SEK 1 688 thousand for the period October-December

<b>Income statement, per segment, Jan-Dec, 2008</b>	<b>Professional Products</b>	<b>Consumer Products</b>	<b>Other</b>	<b>Total</b>
Net sales	19 142	21 544	-	40 686
Cost of goods sold	-9 482	-18 363	-	-27 845
<b>Gross profit</b>	<b>9 660</b>	<b>3 182</b>	<b>-</b>	<b>12 841</b>
Selling and marketing expenses	-16 485	-6 764	-1 506	-24 755
Administrative expenses	-5 733	-3 065	-6 855	-15 653
Research and development costs	-6 514	-8 654	-479	-15 647
<b>Operating loss <sup>1)</sup></b>	<b>-19 073</b>	<b>-15 302</b>	<b>-8 840</b>	<b>-43 214</b>
Net financial items	-214	-177	-1 275	-1 666
<b>Loss after financial items and before tax</b>	<b>-19 287</b>	<b>-15 478</b>	<b>-10 115</b>	<b>-44 880</b>
Tax	-	-	-	-
<b>Loss after tax</b>	<b>-19 287</b>	<b>-15 478</b>	<b>-10 115</b>	<b>-44 880</b>

<sup>1/</sup> Includes depreciation of SEK 7 036 thousand for the period Jan-December

<b>Income statement, per segment, Oct-Dec, 2007</b>	<b>Professional Products</b>	<b>Consumer Products</b>	<b>Total</b>
Net sales	4 096	5 223	9 319
Cost of goods sold	-3 533	-5 662	-9 195
<b>Gross profit</b>	<b>563</b>	<b>-439</b>	<b>124</b>
Undistributed operating expenses			-26 065
Undistributed depreciation			-954
<b>Operating loss</b>			<b>-26 895</b>
Undistributed net financial items			-500
<b>Loss after financial items and before tax</b>			<b>-27 395</b>
Tax			-43
<b>Loss after tax</b>			<b>-27 438</b>

<b>Income statement, per segment, Jan-Dec, 2007</b>	<b>Professional Products</b>	<b>Consumer Products</b>	<b>Total</b>
Net sales	14 140	8 646	22 786
Cost of goods sold	-6 216	-8 504	-14 720
<b>Gross profit</b>	<b>7 924</b>	<b>142</b>	<b>8 066</b>
Undistributed operating expenses			-71 679
Undistributed depreciation			-3 192
<b>Operating loss</b>			<b>-66 805</b>
Undistributed net financial items			-1 267
<b>Loss after financial items and before tax</b>			<b>-68 072</b>
Tax			-1 262
<b>Loss after tax</b>			<b>-69 334</b>