

### The Period In Short

SEK m	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012
Total income	12.4	11.9	39.3	18.1
Gross Profit	5.5	4.6	17.5	7.3
Gross Margin (%)	44.7	38.8	44.4	40.3
EBITDA	-4.9	-5.0	-1.9	-11.8
Operating Profit/Loss	-6.4	-6.0	-4.8	-13.9
Profit/Loss after tax	-6.8	-6.4	-5.9	-15.0
Profit/Loss per share (SEK)	-0.18	-0.18	-0.15	-0.44

- Deliveries of the SEK 32 m record order that was received last fall has been final delivered successfully during the quarter.
- Received SEK 4.7 m order from NATO Support Agency for a number of units of the communications systems INVISIO V60 and INVISIO X50.
- Received SEK 1.3 m order from the Finnish Armed Forces for a number of units of a communications system from INVISIO.
- Cash flow from the operating activities was for the first half of the year SEK 1.7 m, compared with SEK -12.2 m the same period previous year.
- Outgoing order book is SEK 11.7 m.
- INVISIO's Management and Board have purchased a total of 227.530 shares in the Company, differently divided among eight persons.

### Important Events After the Period

- Received SEK 8.0 m order from the Canadian Department of National Defense for various headsets and communications solutions.
- Received SEK 7.1 m order from the U.S. Army for a number of units of the communications system INVISIO V60.
- Received ISO 9001:2008 certification after audit of the Company's Quality Management System by German TÜV NORD CERT GmbH.
- Increased credit facilities with SEK 7.5 m from a leading Swedish commercial bank.

#### 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](http://www.invisio.com). Mangold Fondkommission AB is Certified Adviser for INVISIO Communications AB.

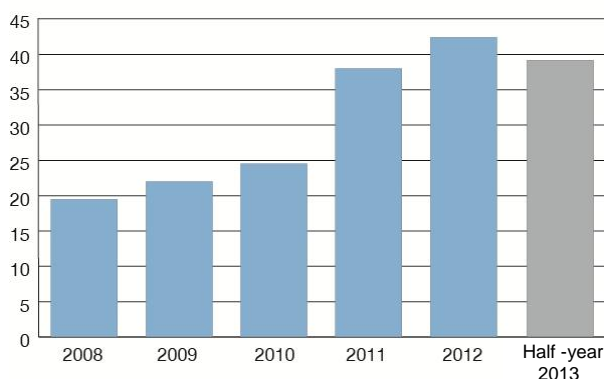
## CEO's Comments

During the first half of the year, our sales more than doubled compared with the corresponding period last year. As the chart below shows, we have already now reached almost the entire sales in 2012, SEK 39.3 m compared with SEK 43 m.

It is also pleasing that we after the period received two larger orders, a SEK 8.0 m order from the Canadian Department of National Defense for various headsets and communications solutions, and a SEK 7.1 m order from the U.S. Army for a number of units of the communications system INVISIO V60. This shows our growth possibilities and that our world leading products now are established on a number of markets.

From this and the numerous customer trials and large offers that we have outstanding, we expect a considerable growth in sales during the year. We hold firm that 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.

This corresponds with our previous communication, namely that it is very difficult to determine exactly which quarters these orders will possibly come in. Sales may therefore, as in this quarter, vary from quarter to quarter due to long lead times from first contact with customer, to inquiry, to customer trials, to quotation, firm order and delivery. Sales during the second quarter was somewhat lower than our internal goal but was higher than the sales the second quarter previous year, SEK 12.4 m compared with SEK 11.9 m.



### POSITIVE CASH FLOW

It is also pleasing that the cash flow from the operating activities during the first half year was positive and amounted to SEK 1.7 m, which can be compared with SEK -12.2 m the corresponding period 2012.

### ANOTHER IMPORTANT NATO-ORDER

During the quarter we successfully final delivered the record order from the Armed Forces of a NATO-country that we received last fall. The advanced communications solution INVISIO V60

is now being used out on the field and helps the users to communicate better and clearer than ever, and at the same time protect their hearing.

During the quarter we also received a new important NATO-order. The SEK 4.7 m order was from NATO Support Agency for a number of units of the communications systems INVISIO V60 and INVISIO X50. The order is a direct result from our previous deliveries within NATO and is continued proof of our products' high quality and that the communications solutions that we offer the most demanding users in the world are astonishing. It is pleasing that our products are increasingly used by NATO-members and this order is of extra importance since we are in NATO's purchase system – NATO Support Agency is the organisation that supports all of the 28 NATO-countries.

During the quarter we also received a SEK 1.3 m order from the Finnish Armed Forces for one of our communications systems. We also received a number of smaller orders that were below SEK 1 m and thus not communicated.

### INCREASED POTENTIAL IN MILITARY PROGRAMS

We have previously highlighted the potential within the larger military modernization programs that are active in a number of countries across the world. This is what we call the volume market and includes thousands of users. It is very pleasing that we see new incoming requests from these types of programs. There are currently customer trials of the communications solution INVISIO V60 by a number of potential military customers in different countries, and during the quarter we received new requests for trials. 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 for this.

We see good possibilities for continued sales in connection with this type of programs, but it is as we have said difficult for us to determine when the actual purchasing would take place.

### BOARD AND MANAGEMENT PURCHASES SHARES

INVISIO's Management and Board purchased during the quarter a total of 227.530 shares in the Company, differently divided among eight persons. This shows our common strong faith in the Company and the possibilities for success.

Lars Højgård Hansen  
CEO

## Total Income and Result April – June 2013

Total income during the second quarter increased compared with the corresponding period 2012 and amounted to SEK 12.4 m (11.9).

Gross profit amounted to SEK 5.5 m (4.6) and the gross margin was 44.7 percent (38.3).

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 11.7 m (5.2) at the end of the quarter.

Operating expenses for the second quarter was SEK 12.0 m (10.6).

Operating loss for the second quarter thus amounted to SEK -6.4 m (-6.0).

Net financial items for the second quarter amounted to SEK -0.4 m (-0.4).

Loss after tax for the second quarter amounted to SEK -6.8 m (-6.4).

Loss per share for the second quarter amounted to SEK -0.18 (-0.18).

## Total Income and Result January – June 2013

Total income during the first half of the year increased compared with the corresponding period 2012 and amounted to SEK 39.3 m (18.1).

Gross profit amounted to SEK 17.5 m (7.3) and the gross margin was 44.4 percent (40.3).

Operating expenses for the first half of the year was SEK 22.3 m (21.2).

Operating loss for the first half of the year thus amounted to SEK -4.8 m (-13.9).

Net financial items for the first half of the year amounted to SEK -1.0 m (-1.1).

Loss after tax for the first half of the year amounted to SEK -5.9 m (-15.0).

Loss per share for the first half of the year amounted to SEK -0.15 (-0.44).

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

### CAPITAL EXPENDITURE

During the first half of the year, capital expenditures amounted to SEK -2.5 m (-3.4) of which -2.5 m (-3.3) was activated development costs.

### CASH FLOW AND LIQUIDITY

Cash flow from the operating activities during the first half of the year amounted to SEK 1.7 m (-12.2). Cash flow from the investment activities amounted to SEK -2.5 m (-3.4). Cash flow from the financing activities amounted to SEK -2.1 m (0.6), of which new share issue SEK 0 m (7.6). Cash flow during the period thus amounted to SEK -2.9 m (-15.0).

At the end of the period, cash and cash equivalents of the Group amounted to SEK 1.3 m (2.4). Of the Company's total loans of SEK 29.9 m per last June, SEK 7.2 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. Almi has thereafter declined the demand of the equity ratio.

After the period, the loan at the bank according to above has increased with SEK 7.5 m until year-end 2013/14. Yggdrasil has pledged securities with the same terms as above.

## SHAREHOLDERS' EQUITY

The Group's reported shareholders' equity at the end of the period amounted to SEK -7.4 m (3.5), which resulted into a negative equity ratio (9.6 percent).

## Parent Company

Net income for the Parent Company during the first half of the year amounted to SEK 58.000 (30.000). Operating loss amounted to SEK -2.8 m (-3.1). The loss after tax was SEK -3.5 m (-19.0), of which SEK 0 m (15) is attributable to shareholder contribution to the subsidiary.

At the end of the period, cash and cash equivalents held by the Parent Company amounted to SEK 0 m (0.3) and shareholders' equity to SEK 59.2 m (68.5), which resulted into an equity ratio of 71.0 percent (81.5). 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 July – September: November 7, 2013
- Year-End Report 2013: February 19, 2014

This Interim Report has not been reviewed by the Company's auditor.

Stockholm August 15, 2013

Lars Højgård Hansen  
CEO

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# Financial Reports

## Consolidated Income Statement

SEK 000s	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Sales	12 363	11 858	39 341	18 133	43 031
Cost of goods sold	-6 834	-7 257	-21 870	-10 828	-24 914
<b>Gross Profit</b>	<b>5 529</b>	<b>4 601</b>	<b>17 471</b>	<b>7 305</b>	<b>18 117</b>
Operating expenses*	-11 955	-10 636	-22 287	-21 168	-43 930
<b>Operating profit/loss</b>	<b>-6 426</b>	<b>-6 035</b>	<b>-4 816</b>	<b>-13 863</b>	<b>-25 813</b>
Net financial items	-367	-404	-1 047	-1 119	-3 678
<b>Profit/loss before tax</b>	<b>-6 793</b>	<b>-6 439</b>	<b>-5 863</b>	<b>-14 982</b>	<b>-29 491</b>
Income tax	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>-6 793</b>	<b>-6 439</b>	<b>-5 863</b>	<b>-14 982</b>	<b>-29 491</b>
<b>Other comprehensive income</b>					
Translation differences	885	-149	291	-398	-641
<b>Comprehensive income for the period</b> (Entirely attributable to equity holders of the parent)	<b>-5 908</b>	<b>-6 588</b>	<b>-5 572</b>	<b>-15 380</b>	<b>-30 132</b>
*Depreciation incl. in operating expenses	-1 503	-1 044	-2 925	-2 031	-5 226

Per-share data	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Earnings per share, SEK	-0,18	-0,18	-0,15	-0,44	-0,83
Earnings per share after dilution, SEK	-0,18	-0,18	-0,15	-0,44	-0,83
Shareholders' equity per share, SEK	neg.	0,10	neg.	0,10	neg.
Shareholders' equity per share after dilution, SEK	neg.	0,10	neg.	0,10	neg.
Equity ratio	neg.	10%	neg.	10%	neg.
Number of shares, thousand	38 440	36 167	38 440	36 167	38 440
Average number of shares, thousand	38 440	35 156	38 440	34 365	35 345
Number of shares after dilution, thousand	38 440	36 167	38 440	36 167	38 440
Share price, SEK	4,10	3,11	4,10	3,11	5,00

## **Consolidated Balance Sheet**

SEK 000s

<b>Assets</b>	<b>2013-06-30</b>	<b>2012-06-30</b>	<b>2012-12-31</b>
Intangible assets	16 743	16 562	16 832
Property, plant and equipment	119	365	139
Financial assets	659	665	670
Inventories	9 838	4 540	3 240
Accounts receivable - trade	9 660	10 182	17 362
Other receivables	1 353	1 577	1 488
Cash and bank balances	1 290	2 391	4 240
<b>Total assets</b>	<b>39 662</b>	<b>36 282</b>	<b>43 971</b>

<b>Shareholders' equity and liabilities</b>	<b>2013-06-30</b>	<b>2012-06-30</b>	<b>2012-12-31</b>
Shareholders' equity	-7 386	3 494	-1 814
Liabilities to credit institutions	29 216	20 664	31 245
Accounts payable - trade	12 589	5 867	8 840
Other liabilities	5 243	6 257	5 700
<b>Total shareholders' equity and liabilities</b>	<b>39 662</b>	<b>36 282</b>	<b>43 971</b>

<b>Changes in shareholders' equity</b>	<b>2013-06-30</b>	<b>2012-06-30</b>	<b>2012-12-31</b>
Opening balance	-1 814	11 287	11 287
New issues	-	7 587	17 031
Comprehensive income for the period	-5 572	-15 380	-30 132
<b>Closing balance</b>	<b>-7 386</b>	<b>3 494</b>	<b>-1 814</b>

**Statement of cash flows – Group**

SEK 000s

<b>Cash flow</b>	<b>Q2 2013</b>	<b>Q2 2012</b>	<b>Jan-Jun 2013</b>	<b>Jan-Jun 2012</b>	<b>Full year 2012</b>
<b>Operating activities</b>					
Profit/loss before tax	-6 793	-6 439	-5 863	-14 982	-29 491
Adjustments for non-cash items	1 495	955	2 992	1 914	5 312
Taxes	-	-	-	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>-5 298</b>	<b>-5 484</b>	<b>-2 871</b>	<b>-13 068</b>	<b>-24 179</b>
Cash flow from changes in working capital	8 136	-2 992	4 557	850	-2 644
<b>Cash flow from operating activities</b>	<b>2 838</b>	<b>-8 476</b>	<b>1 686</b>	<b>-12 218</b>	<b>-26 823</b>
<b>Investing activities</b>					
Capitalization of non-current assets	-1 413	-1 941	-2 530	-3 272	-6 797
Acquisition of property, plant and equipment	-14	-58	-14	-104	-145
<b>Cash flow from investing activities</b>	<b>-1 427</b>	<b>-1 999</b>	<b>-2 544</b>	<b>-3 376</b>	<b>-6 942</b>
<b>Financing activities</b>					
New issues	-	7 745	-	7 587	17 031
Issues during registration	-	-	-	-	-
Change in financial assets	-1 082	3 820	-2 084	-6 949	3 795
<b>Cash flow from financing activities</b>	<b>-1 082</b>	<b>11 565</b>	<b>-2 084</b>	<b>638</b>	<b>20 826</b>
<b>Cash flow for the period</b>	<b>329</b>	<b>1 090</b>	<b>-2 942</b>	<b>-14 956</b>	<b>-12 939</b>
Cash and bank balances at start of period	898	1 229	4 240	17 305	17 305
Translation differences in cash and bank balances	63	72	-8	42	-126
Cash and bank balances at end of period	1 290	2 391	1 290	2 391	4 240



### Parent Company Income Statement

SEK 000s	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Operating income	43	15	58	30	60
Operating expenses	-1 695	-1 713	-2 841	-3 103	-5 907
<b>Operating loss</b>	<b>-1 652</b>	<b>-1 698</b>	<b>-2 783</b>	<b>-3 073</b>	<b>-5 847</b>
Net financial items**	-401	-15 423	-751	-15 890	-28 346
<b>Loss before tax</b>	<b>-2 053</b>	<b>-17 121</b>	<b>-3 534</b>	<b>-18 963</b>	<b>-34 193</b>
Income tax	-	-	-	-	-
<b>Loss for the period</b>	<b>-2 053</b>	<b>-17 121</b>	<b>-3 534</b>	<b>-18 963</b>	<b>-34 193</b>
**Of which, shareholder contribution to subsidiaries	-	-15 000	-	-15 000	-26 000

### Parent Company Balance Sheet

SEK 000s

Assets	2013-06-30	2012-06-30	2012-12-31
Financial assets/shares in subsidiaries	81 512	81 512	81 512
Receivables from Group companies	1 303	1 915	825
Other receivables	427	355	254
Cash and bank balances	82	255	205
<b>Total assets</b>	<b>83 324</b>	<b>84 037</b>	<b>82 796</b>
<b>Shareholders' equity and liabilities</b>	<b>2013-06-30</b>	<b>2012-06-30</b>	<b>2012-12-31</b>
Shareholders' equity	59 156	68 477	62 690
Liabilities to credit institutions	22 000	13 500	17 800
Accounts payable - trade	1 086	626	523
Liabilities to Group companies	111	111	111
Other liabilities	971	1 323	1 672
<b>Total shareholders' equity and liabilities</b>	<b>83 324</b>	<b>84 037</b>	<b>82 796</b>
<b>Changes in shareholders' equity</b>	<b>2013-06-30</b>	<b>2012-06-30</b>	<b>2012-12-31</b>
Opening balance	62 690	79 852	79 852
New issues	-	7 750	17 750
Issues expenses	-	-162	-719
Loss for the period**	-3 534	-18 963	-34 193
<b>Closing balance</b>	<b>59 156</b>	<b>68 477</b>	<b>62 690</b>
**Of which, shareholder contribution to subsidiaries	-	-15 000	-26 000