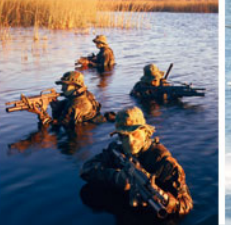


# INVISIO COMMUNICATIONS

## Interim report

January – June 2010



## Interim report January – June 2010

### April – June

- ➔ Total income amounted to SEK 8.8 m (5.5)
- ➔ Sales amounted to SEK 8.8 m (4.4)
- ➔ Other income amounted to SEK 0.0 m (1.1)
- ➔ Gross profit totalled SEK 4.6 m (1.9)
- ➔ Gross margin was 52.0 percent (34.9)
- ➔ Operating loss was SEK -8.0 m (-14.2)
- ➔ Loss after tax was SEK -8.5 m (-14.6)
- ➔ Loss per share was SEK -0.38 (-0.70)
- ➔ The order book for the business area Professional Products was SEK 2.9 m (3.3)

### January – June

- ➔ Total income amounted to SEK 18.4 m (41.1) or, excluding the sale of the VoIP patent 2009, SEK 18.4 m (8.6)
- ➔ Sales amounted to SEK 18.4 m (8.6)
- ➔ Other income amounted to SEK 0.0 m (32.5)
- ➔ Gross profit totalled SEK 9.3 m (34.4) or, excluding the sale of the VoIP patent 2009, SEK 9.3 m (1.9)
- ➔ Gross margin was 50.6 percent (83.6) or, excluding the sale of the VoIP patent 2009, 50.6 percent (21.9)
- ➔ Operating loss was SEK -23.1 m (3.9) or, excluding the sale of the VoIP patent 2009, SEK -23.1 m (-28.6)
- ➔ Loss after tax was SEK -23.9 m (2.7) or, excluding the sale of the VoIP patent 2009, SEK -23.9 m (-29.8)
- ➔ Loss per share was SEK -1.06 (0.13) or, excluding the sale of the VoIP patent 2009, SEK -1.06 (-1.42)

### Important Events April – June

- ➔ INVISIO has, through partners, submitted an offer for communication equipment that includes a large number of units to a military customer, for a so called Future Soldier Program. A decision is expected by the end of 2010, at the earliest.
- ➔ INVISIO has signed a distribution agreement with a well-established manufacturer of two-way radios for professional users. The agreement means that the radio manufacturer will promote and sell INVISIO's products. The agreement is strategically important to INVISIO as the radio manufacturer has a strong presence in several important markets, particularly within Europe and towards Military segments.
- ➔ INVISIO launched two new products at EUROSATORY Defence and Security Trade Show in Paris; a customised dual-digital headset with hearing protection (INVISIO X6) and a wireless PTT solution (INVISIO M80).



- INVISIO's communication solution INVISIO X50 was nominated for the *Best Lightweight Soldier Technology Award* at the 2010 Soldier Technology event in England.
- INVISIO and the communication system INVISIO X50 with the INVISIO X6 headset, was awarded the prestigious *Product Prize 2010* by the Danish magazine Engineering Weekly (*Ingeniørens produktpris 2010*).
- The 2010 Annual General Meeting decided to revise the Company's name to INVISIO Communications AB.
- The 2010 Annual General Meeting decided to re-elect Members of the Board Heléne Bergquist, Anders Persson, Magnus Ruding and Mats Warstedt. In addition, Lars Röckert, marketing manager at BAE Systems AB became a newly appointed Member of the Board. Heléne Bergquist was re-elected as Chairman of the Board.
- INVISIO chose Remium's IR-tool introduce.se to facilitate both for existing shareholders as well as for interested investors to learn more about the Company and follow its development.
- A court ruling was issued by the Supreme Court of Denmark on April 20, concerning a dispute stemming from 2005 between former employees and INVISIO, stating that INVISIO lost the dispute. Funds were reserved for costs associated with the dispute.

### Important Events after the Period

- No significant events have occurred after the period and prior to delivery of this interim report.

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 Communications holds the patents for Bone Conduction Technology, which provides the best possible speech in difficult sound environments, and the Soft Spring, for optimal wearing comfort. Both patents are featured in the company's INVISIO® consumer and military communications headsets. Its professional products are used by police forces, fire fighters, military personnel, security units and Special Forces around the world. Additional information is available on the company's web site at [www.invisiocommunications.com](http://www.invisiocommunications.com). Mangold Fondkommission AB (tel. +46-8-503 015 50) is Certified Adviser for INVISIO Communications AB on First North.



## CEO's Comments

During the year's second quarter INVISIO headsets changed its company name to INVISIO Communications, according to a decision taken at 2010 Annual General Meeting. The name change is a part of our conscious change from a headset company to a communication company, and INVISIO Communications is a name that better reflects the Company's operations. INVISIO's product portfolio now includes advanced headsets as well as control units and accessories for use with two-way radio.

We have still not reached our goal of turning into profit and achieving a positive cash flow from operations, but in terms of sale of professional products – which is our focus market – the year's second quarter was yet another positive quarter. We increased sales of our professional products by 66 percent compared to the corresponding period last year, and for the year's two first quarter's sales increased with 81 percent. Sales of consumer products increased as well compared to the corresponding quarter last year, but sales from the cooperation with Motorola did not reach target level.

### Business Area Professional Products

Sales of our professional products was for the third quarter in a row positive, and almost in line with the first quarter 2010 and the fourth quarter of 2009 – which are the so far best quarters in terms of sales. The increase in sales amounted to 66 percent compared to the corresponding quarter last year and 81 percent compared to the first half of 2010.

This is a success in terms of sales for us, and it is very gratifying that we now are starting to see the results of an increased investment in professional products and sales of these products, which were initiated during 2008. Our new series of world leading products (including INVISIO X50 and X5) that were launched during 2009, and complemented during this year's second quarter with two new products (INVISIO X6 and M80), has reached tremendous success – success in form of awards and recognition as well as in sales and a considerable increase in requests for product testing and tenders. During the last quarter INVISIO Communications received two prestigious recognitions for X50 and X5 – the Danish prize *Ingeniørens produktpris* and a nomination for the prize of *Best Lightweight Soldier Technology* at the 2010 Soldier Technology fair in England.

The effort of increasing sales, initiated in 2008, has resulted in an important geographical spread and a significant increase in number of re-sellers. Another important factor affecting our sales is the number of so-called "sales leads", i.e. qualified customer contacts where there is a specific need and hence an opportunity for an order. As communicated earlier, the lead time from first contact with customer, to inquiry, to customer testing, to offer and to potential order is normally long due to a long procurement – particularly in the military and other programs with requirements of extensive customer testing. It is therefore important for us to continuously receive a quantity of new sales leads. During 2010 a significant increase can be seen in both number of sales leads and their average value compared to the corresponding period previous year.

### Business Area Consumer Products and Cooperation with Motorola

The cooperation with Motorola continues to work well but sales have not yet reached the target level. The market for exclusive wireless headsets, equivalent to the first product of collaboration, the Motorola Endeavor HX-1, has not yet recovered from the financial crisis and the following recession. We estimate that it is a matter of time and perhaps some price adjustment before the



market recovers to its normal position. The need for consumers and professionals which use their mobile phones in noisy and demanding environments still exists.

## Summary of the Second Quarter 2010

The year's second quarter has continued in the same positive direction as the year's first quarter and it is a significant success compared to the same period during last year, even though we have not yet reached our goal of turning into profit and achieving a positive cash flow from operations. Nevertheless, we are taking resolute steps forward according to our strategy to focus on professional products and on the cooperation with Motorola. Although revenues from Motorola are not yet at the target level we remain positive towards the cooperation. Finally, it is very gratifying that the sales of our professional products were good for the third quarter in a row, and we can now see the beginning of a positive trend.

Lars Højgård Hansen

CEO

## Total Income and Result April – June 2010

Total income for the second quarter amounted to SEK 8.8 m (5.5).

Sales during the second quarter of 2010 increased by 103 percent compared to the corresponding period previous year and totalled SEK 8.8 m (4.4). Other income amounted to SEK 0.0 m (1.1).

Gross profit totalled SEK 4.6 m (1.9) and the gross margin was 52.0 percent (34.9). The significant increase of the gross profit margin compared to the equivalent period previous year is mainly attributable to the company's discontinuing of consumer products and the introduction of the new series of professional products during the second half of 2009.

The order book totalled SEK 2.9 m (8.5) by the end of the year's second quarter; SEK 2.9 (3.3) is attributed to our business area Professional Products. The lower level can be explained by the changed business model for the business area Consumer Products, where the Company stopped selling its own products in the market of consumer products during 2009. The order book now consists entirely of the business area Professional Products.

Operating expenses for the year's second quarter decreased to SEK -12.6 (-16.1). Included in the expenses are depreciations SEK -2.5 m (-2.3) and non-recurring costs SEK -1.2 m (0.0), which is mainly attributable to the planned listing at the NASDAQ OMX Small Cap Stockholm. Provisions for the Company's performance-based option program for 2010 amounted to SEK 0.0 m (-1.4) for the second quarter of 2010, as the possibility of receiving employment-related options was discontinued at the end of 2009. During the second quarter of 2010 dissolution of the provision for the Company's performance-based option program of SEK 1.1 m has occurred as a result of the Company's stock-price decrease.

Net financial items amounted for the second quarter of 2010 amounted to SEK -0.5 m (-0.5).

Loss after tax for the second quarter of 2010 amounted to SEK -8.5 m (-14.6), while loss per share amounted to SEK -0.38 (-0.70)



## Professional Products

Sales of our professional products increased by 66 percent during the second quarter compared to the corresponding quarter last year and amount to SEK 6.8 m (4.1). The gross profit margin increased significantly compared to the corresponding quarter previous year and was 38.3 percent (21.9). It is characteristic of the business area that the gross margin for professional products may fluctuate for quarter to quarter depending on the share of direct sales to end-customers – with higher margins – compared with the share of sales made through distributors. The gross margin of the year's second quarter was affected by the product mix and a high share of sales through distributors.

## Consumer Products

Sales of our business area Consumer Products for the second quarter 2010 amounted to SEK 2.0 m (0.2) and consisted of royalty quota from Motorola. The business areas sales corresponds to the lowest volume according to the exclusive license and cooperation agreement that was signed 2008 between INVISIO and Motorola. The agreement is signed for six years and includes the right to compensation for certain minimum quantities and development work for INVISIO. The agreement is under the condition of meeting certain targets before March 31, 2011.

The gross profit margin amounted to 99.0 percent (negative).

## Total income and Result January – June 2010

Total income for the first half of 2010 amounted to SEK 18.4 m (41.1) where SEK 32.5 m is attributable to the sale of VoIP-patent (Voice over Internet Protocol) in March 2009. Excluding the sale of the VoIP-patent in 2009, total income amounted to SEK 18.4 m (8.6).

Sales during the first half of 2010 increased with 114 percent compared to the corresponding period 2009 and amounted to SEK 18.4 m (8.6). Other income amounted to SEK 0.0 m (32.5), where SEK 32.5 m is attributable to the sale of the VoIP-patent in 2009.

The gross profit amounted to SEK 9.3 m (34.4) and excluding the sale of the VoIP-patent in 2009 to SEK 9.3 m (1.9). The gross profit margin was 50.6 percent (83.6) and excluding the sale of the VoIP-patent in 2009 it was 50.6 percent (21.9). The significant increase of the gross profit margin compared to the corresponding period of 2009 is mainly attributable to the Company's discontinuation of its own consumer products and the introduction of the new series of professional products during the second half of 2009.

The operating expenses for the first half of 2010 increased to SEK -32.5 (-30.5). Included in the operating expenses are depreciations of SEK -5.1 m (-4.6) and non-recurring costs of SEK -6.3 m (0.0). Costs attributable to the planned listing at the NASDAQ OMX Small Cap Stockholm was SEK -3.4 m, while costs of SEK -1.0 m associated with a organizational change that was implemented during the first half of 2010. Finally, an additional reserve cost of SEK -1.9 m concerning a dispute stemming from 2005 between former employees and INVISIO, stating that INVISIO lost the dispute. Adjusted for these non-recurring costs the operating expenses decreased compared to the corresponding period 2009.

Provisions for the Company's performance-based option program for 2009 under the operating expenses for the first half of 2010 amounted to SEK -1.2 m (0). Provisions for the Company's performance-based option program for 2010 amounted to SEK 0.0 m (-1.7) as the possibility of



receiving employment-related options was discontinued at the end of 2009. During the first half of 2010 dissolution of the provision for the Company's performance-based option program of SEK 1.1 m has occurred as a result of the Company's stock-price decrease.

Net financial items for the first half of 2010 amounted to SEK -0.8 m (-1.2).

Loss after tax for the first half of 2010 amounted to SEK -23.9 m (2.7) and excluding the sale of the VoIP patent in 2009 to SEK -23.9 m (-29.8).

Loss per share amounted to SEK -1.06 (0.13) and excluding the sale of the VoIP patent in 2009 to SEK -1.06 (-1.42).

### Professional Products

Sales of our professional products increased by 81 percent during the first half of 2010 compared to the corresponding period 2009, and amounted to SEK 14.5 m (8.0). The significant increase is mainly a result of implemented marketing and sales efforts, an increase in numbers of re-sellers in important countries and the introduction of the new series of professional products during the second half of 2009. The product portfolio for professional users now includes headsets, control units and complementary products for usage with two-way radio.

The gross profit margin increased compared to the first half of 2009 and amounted to 37.7 percent (33.3). It is characteristic of the business area that the gross margin for professional products may fluctuate from quarter to quarter depending on the share of direct sales to end-customer, with higher margins, compared with the share of sales made through resellers. The gross margin for the first half of 2010 was affected by the product mix and a high share of sales through resellers.

### Consumer Products

Sales for the first half of 2010 in the business area Consumer Products amounted to SEK 3.9 m (0.6) and consisted entirely of royalty income from Motorola.

The gross profit margin amounted to 98.5 percent (negative).

## Capital expenditure, Cash flow, Liquidity and Shareholders' Equity

### Capital Expenditure

Net capital expenditure for the first half of 2010 amounted to SEK -3.9 m (-4.2), of which SEK -3.6 m (-4.2) consisted of capitalized development costs attributable mainly to the development of future professional products.

### Cash Flow and Liquidity

Cash flow from operating activities was SEK -15.4 m (9.8) during the first half of 2010. Cash flow from investing activities amounted to SEK -3.9 m (-4.2) and cash flow from financing activities amounted to SEK 15.3 m (-2.3), including a new share issue of SEK 7.0 m (5.0) and



liabilities to credit institutions of SEK 8.2 m (-7.3). Cash flow during the period thus amounted to SEK -4.0 m (3.3)

At the end of the first half of 2010 cash and cash equivalents of the Group amounted to SEK 1.0 m (4.1). The management and Board continued 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. During the first half of 2010, the equity of the parent company increased due to the issue of new shares with the purpose of securing INVISIO's financial position and financing an increased capitalization to support the increased sales efforts of professional products. The company is in need of additional liquidity until its operations 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 to strengthen operations through income, borrowing, the possible exercise of stock options, and the authorisation for equity issuance granted by the 2010 Annual General Meeting.

## Financing

On January 11, 2010, a total of 500,000 shares were registered relating to the directed share issue implemented in December 2009. On February 26, 2010, The Board of INVISIO decided for a directed share issue of 383,562 shares corresponding to approximately 1.7 percent of the total number of shares in the Company following the issue, which provided the company with approximately SEK 7 m. The subscription price was SEK 18.25 per share, corresponding to the closing price prior to the Board's decision. The issue was directed at a smaller group of external investors. A new line of credit totalling SEK 14 m was raised in March. In addition to this, one of the largest shareholders of INVISIO agreed with the Board to ensure that in 2010, the Company is provided with an additional sum of SEK 20 m through loans or share issues, should this be necessary. As a step towards reaching this level of finance, the Board of Directors of INVISIO Communications has agreed to perform a directed share issue in the near future. Finally, have the Company appointed Erik Penser Bankaktiebolag AB as its financial advisor for the planned listing on the NASDAQ OMX Small Cap list.

## Shareholders' Equity

The Group's reported shareholders' equity as per the end of the first half of 2010 amounts to SEK -11.1 m (7.6), entailing a negative equity ratio (15.4 percent).

## Parent Company

During the first half of 2010, the operating income for the parent company amounted to SEK 0.06 m (0.06), while the operating result for the first half-year amounted to SEK -6.9 m (-3.5). The result after tax for the equivalent period was SEK -23.2 m (-4.8), where SEK 15 m (0.0) is attributable to shareholder contribution to the subsidiary INVISIO Communications A/S.

At the end of the first half-year of 2010, cash and cash equivalents held by the parent company amounted to SEK 0.1 m (5.0) while the shareholders' equity amounted to SEK 72.6 m (82.4) – entailing a equity ratio of 72.8 percent (63.8). The parent company had 1 employee (1).

On January 11, 2010, a total of 500,000 shares were registered relating to the directed share issue implemented in December 2009. Another directed share issue of 383,562 shares corresponding to approximately 1.7 percent of the total amount of shares in the Company





following the issue was carried out in March 2010, which provided the company with approximately SEK 7 m.

## Outlook for the Third Quarter of 2010

### Professional Products

The number of sales leads, queries and full-scale customer trials continued to rise during the year, following the introduction of the new series professional products, and we are most likely beginning to see a start of a positive trend. The positive market response following the introduction of our new series, prizes and recognitions, an even more increased focus on marketing and sales through PR and advertising and the continuous effort to increase the number of resellers and strategic alliances means that INVISIO expects to see a considerable long-term increase in sales in the business area. Short-term sales can be affected by restrictions in public budgets as a result of the financial crisis. As previously explained, sales for the business area can vary from quarter to quarter due to the long lead times from initial query through quotation to firm order.

### Consumer Products

Even though sales from the business area Consumer Products increased significantly compared to the corresponding quarter previous year, and the cooperation with Motorola is working well, sales have not yet reached the target level. The market for exclusive wireless headsets has not yet recovered from the financial crisis and the following recession. We estimate that it is a matter of time and perhaps some price adjustment before the market recovers. The need for consumers and professionals that use their mobile phones at work for communicating in noisy and demanding environments still exists; hence we remain positive towards the cooperation with Motorola and the coming royalty from this.

## 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 2.3 Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting principles that are described in the 2009 Annual Report have been applied.

## Significant Risks and Uncertainties

INVISIO Communications' 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 report and on pages 39, 40, 43, 44 and in note 2 in INVISIO Headsets' annual report for 2009.

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. The parent company has, during the quarter, received equity through new share issues with the purpose of securing INVISIO' Communications' financial position and financing an increased capitalization to support the increased sales efforts of professional products.

The Company is in need of 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, the possible exercise of stock options, and the authorisation granted by the 2010 Annual General Meeting to carry out new issues.

## 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 liabilities to Credit Institutions, for a nominal amount of SEK 13.0 m, and for undertakings vis-à-vis suppliers. The Company has not compensated Lage Jonason due to his current security responsibility towards INVISIO Communications.

## Future Reporting Dates

- ⇒ Interim report July-September: November 1, 2010
- ⇒ Year-end report 2010: February 18, 2011

## The Board of Directors' Guarantee

The Board and the CEO certify that the interim report gives a true and fair view of the Group's operations, financial position and results and describes significant risks and uncertainties that the parent company and the included entities are facing.



Stockholm, 22 July, 2010

Heléne Bergquist  
Chairman of the Board

Anders Persson  
Director

Magnus Ruding  
Director

Lars Röckert  
Director

Mats Warstedt  
Director

Lars Højgård Hansen  
CEO

**For further information, please contact:**

Lars Højgård Hansen, CEO  
+45-72-40 55 55  
lars.hojgard@invisiocommunications.com

Bengt Nilsson, CFO  
+45-72-40 55 60  
bengt.nilsson@invisiocommunications.com

**Address and contact information:**

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

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

## Tables

### Consolidated Income Statement

SEK 000s

Income statement	April - June 2010	April - June 2009	Jan.-June 2010	Jan.-June 2009	Jan.-Dec. 2009
Sales	8 786	5 457	18 445	8 638	28 633
Other income	-	-	-	32 473	32 473
<b>Total income</b>	<b>8 786</b>	<b>5 457</b>	<b>18 445</b>	<b>41 111</b>	<b>61 106</b>
Cost of goods sold	-4 217	-3 555	-9 109	-6 746	-18 388
<b>Gross Profit</b>	<b>4 569</b>	<b>1 902</b>	<b>9 336</b>	<b>34 365</b>	<b>42 718</b>
Operating expenses <sup>1/ 2/</sup>	-12 560	-16 054	-32 470	-30 474	-56 156
<b>Operating profit/loss</b>	<b>-7 991</b>	<b>-14 152</b>	<b>-23 134</b>	<b>3 891</b>	<b>-13 438</b>
Net financial items	-516	-495	-766	-1 240	-3 857
<b>Profit/loss before tax</b>	<b>-8 507</b>	<b>-14 647</b>	<b>-23 900</b>	<b>2 651</b>	<b>-17 295</b>
Income tax	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>-8 507</b>	<b>-14 647</b>	<b>-23 900</b>	<b>2 651</b>	<b>-17 295</b>
<b>Other comprehensive income</b>					
Translation differences during the period from translation of foreign businesses	-377	-202	-1 214	-944	-541
<b>Comprehensive income for the period</b>	<b>-8 884</b>	<b>-14 849</b>	<b>-25 114</b>	<b>1 707</b>	<b>-17 836</b>

Profit for the period as well as comprehensive income are entirely attributable to equity holders of the parent.

1/ Of which, depreciation	-2 538	-2 338	-5 091	-4 581	-9 480
2/ Of which, cost of one-off measure	-1 243	-	-8 318	-	-

Per-share data	April - June 2010	April - June 2009	Jan.-June 2010	Jan.-June 2009	Jan.-Dec. 2009
Earnings per share, SEK	-0,38	-0,70	-1,06	0,13	-0,82
Earnings per share after dilution, SEK	-0,38	-0,70	-1,06	0,13	-0,82
Shareholders' equity per share, SEK	neg	0,36	neg	1,07	0,33
Shareholders' equity per share after dilution, SEK	neg	0,36	neg	1,07	0,33
Equity ratio	neg	15%	neg	15%	14%
Number of shares outstanding	22 448 688	21 017 190	22 448 688	21 017 190	21 565 126
Average number of shares outstanding	22 448 688	21 017 190	22 256 831	20 937 260	21 063 789
Number of shares outstanding after dilution	22 448 688	21 017 190	22 448 688	21 017 190	21 565 126
Share price, SEK	14,20	19,20	14,20	19,20	18,00

### Consolidated Balance Sheet

#### Condensed balance sheet

SEK 000s

Assets	6/30/2010	6/30/2009	3/31/2010	12/31/2009
Intangible assets	21657	25 695	22 550	24 521
Property, plant and equipment	1117	2 402	1 235	1 611
Financial assets	679	786	697	769
Inventories	1703	4 310	2 153	2 716
Accounts receivable - trade	6920	10 167	6 022	13 404
Other receivables, prepaid expenses and accrued income	1518	1 677	2 083	2 149
Cash and bank balances	953	4 138	15 546	5 059
<b>Total assets</b>	<b>34 547</b>	<b>49 175</b>	<b>50 286</b>	<b>50 229</b>
<b>Shareholders' equity and liabilities</b>	<b>6/30/2010</b>	<b>6/30/2009</b>	<b>3/31/2010</b>	<b>12/31/2009</b>
Shareholders' equity	-11 084	7 573	-2 200	7 030
Liabilities to credit institutions	24 441	10 515	23 217	16 815
Accounts payable - trade	8 490	11 332	9 559	11 761
Other liabilities, accrued expenses and deferred income	12 700	19 755	19 710	14 623
<b>Total shareholders' equity and liabilities</b>	<b>34 547</b>	<b>49 175</b>	<b>50 286</b>	<b>50 229</b>
<b>Changes in shareholders' equity</b>	<b>6/30/2010</b>	<b>6/30/2009</b>	<b>3/31/2010</b>	<b>12/31/2009</b>
Opening balance	7 030	4 068	7 030	4 068
New issues	7 000	1 798	7 000	20 798
Comprehensive income for the period	-25 114	1 707	-16 230	-17 836
<b>Closing balance</b>	<b>-11 084</b>	<b>7 573</b>	<b>-2 200</b>	<b>7 030</b>



**Statement of financial position, Group**  
SEK 000s

Interim period 1/1/2010 – 6/30/2010	Share capital	Other capital contributions	Loss carried forward	Total shareholders' equity
Opening balance, 1/1/2010	21 665	177 011	-191 546	7 030
New issues	500	-500	-	-
Issues during registration	383	6 617	-	7 000
Comprehensive income for the period	-	-	-25 114	-25 114
<b>Shareholders' equity, 6/30/2010</b>	<b>22 448</b>	<b>183 128</b>	<b>-216 660</b>	<b>-11 084</b>

Interim period 1/1/2009 – 6/30/2009	Share capital	Other capital contributions	Loss carried forward	Total shareholders' equity
Opening balance, 1/1/2009	20 646	157 132	-173 710	4 068
New issues	-	1 798	-	1 798
Comprehensive income for the period	-	-	1 707	1 707
<b>Shareholders' equity, 6/30/2009</b>	<b>20 646</b>	<b>158 930</b>	<b>-172 003</b>	<b>7 573</b>

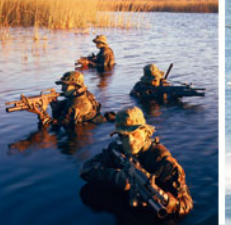
**Statement of cash flows – Group**  
SEK 000s

Cash flow	April - June 2010	April - June 2009	Jan.-June 2010	Jan.-June 2009	Jan.-Dec. 2009
<b>Operating activities</b>					
Profit/loss before tax	-8 507	-14 647	-23 900	2 651	-17 295
Adjustments for non-cash items	349	974	3 377	-28 848	9 034
Taxes	-	-	-	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>-8 158</b>	<b>-13 673</b>	<b>-20 523</b>	<b>-26 197</b>	<b>-8 261</b>
Cash flow from changes in working capital	537	27 233	5 106	35 974	-2 433
<b>Cash flow from operating activities</b>	<b>-7 621</b>	<b>13 560</b>	<b>-15 417</b>	<b>9 777</b>	<b>-10 694</b>
<b>Investing activities</b>					
Capitalization of non-current assets	-1 934	-2 325	-3 616	-4 193	-8 286
Acquisition/divestment of property, plant and equipment	-208	-31	-250	-26	-189
<b>Cash flow from investing activities</b>	<b>-2 142</b>	<b>-2 356</b>	<b>-3 866</b>	<b>-4 219</b>	<b>-8 475</b>
<b>Financing activities</b>					
New issues	-	-	7 000	5 044	24 044
Change in financial assets	-4 752	-7 293	8 248	-7 328	-743
Acquisition/divestment of financial assets	1	8	29	-27	-10
<b>Cash flow from financing activities</b>	<b>-4 751</b>	<b>-7 285</b>	<b>15 277</b>	<b>-2 311</b>	<b>23 291</b>
<b>Cash flow for the period</b>	<b>-14 514</b>	<b>3 919</b>	<b>-4 006</b>	<b>3 247</b>	<b>4 122</b>
Cash and bank balances at start of period	15 546	197	5 059	864	864
Translation differences in cash and bank balances	-79	22	-100	27	73
Cash and bank balances at end of period	953	4 138	953	4 138	5 059

**Parent Company Income Statement**  
SEK 000s

Income statement	April - June 2010	April - June 2009	Jan.-June 2010	Jan.-June 2009	Jan.-Dec. 2009
Operating income	30	30	60	60	345
Operating expenses <sup>3)</sup>	-2940	-2005	-6 977	-3 530	-6 005
<b>Operating loss</b>	<b>-2 910</b>	<b>-1 975</b>	<b>-6 917</b>	<b>-3 470</b>	<b>-5 660</b>
Net financial items <sup>4)</sup>	-16123	-534	-16 286	-1 337	-33 609
<b>Loss before tax</b>	<b>-19 033</b>	<b>-2 509</b>	<b>-23 203</b>	<b>-4 807</b>	<b>-39 269</b>
Income tax	-	-	-	-	5 761
<b>Loss for the period</b>	<b>-19 033</b>	<b>-2 509</b>	<b>-23 203</b>	<b>-4 807</b>	<b>-33 508</b>

<sup>3/</sup> Of which, depreciation



**Parent Company Balance Sheet**

**Condensed balance sheet**

SEK 000s

<b>Assets</b>	<b>6/30/2010</b>	<b>6/30/2009</b>	<b>3/31/2010</b>	<b>2009-12-31</b>
Financial assets/shares in subsidiaries	81 871	81 871	81 871	81 871
Receivables from Group companies	17 368	41 866	21 891	14 697
Other receivables, prepaid expenses and accrued income	356	395	596	299
Cash and bank balances	101	4 991	13 893	3 533
<b>Total assets</b>	<b>99 696</b>	<b>129 123</b>	<b>118 251</b>	<b>100 400</b>

<b>Shareholders' equity and liabilities</b>	<b>6/30/2010</b>	<b>6/30/2009</b>	<b>3/31/2010</b>	<b>12/31/2009</b>
Shareholders' equity	72 619	82 379	91 652	88 822
Liabilities to credit institutions	20 000	8 000	20 750	7 750
Accounts payable - trade	3 636	5 056	2 951	2 232
Liabilities to Group companies	161	32 602	180	198
Other liabilities, accrued expenses and deferred income	3 280	1 086	2 718	1 398
<b>Total shareholders' equity and liabilities</b>	<b>99 696</b>	<b>129 123</b>	<b>118 251</b>	<b>100 400</b>

<b>Changes in shareholders' equity</b>	<b>6/30/2010</b>	<b>6/30/2009</b>	<b>3/31/2010</b>	<b>12/31/2009</b>
Opening balance	88 822	85 388	88 822	85 388
New issues	7 000	1 798	7 000	11 798
Issues during registration	-	-	-	9 000
Group contribution	-	-	-	21 906
Tax group contribution	-	-	-	-5 762
Loss for the period <sup>4)</sup>	-23 203	-4 807	-4 170	-33 508
<b>Closing balance</b>	<b>72 619</b>	<b>82 379</b>	<b>91 652</b>	<b>88 822</b>

4/ Of which, SEK 15 m in shareholder contribution to subsidiaries as per 6/30/2010 ( 30 m as per 12/31/2009)

**Consolidated Income Statement - Segmental Breakdown**

SEK 000s

<b>Income statement, per segment, April - June 2010</b>	<b>Professional Products</b>	<b>Consumer Products</b>	<b>Other</b>	<b>Total</b>
Sales	6 806	1 980	-	8 786
Other income	-	-	-	-
<b>Total income</b>	<b>6 806</b>	<b>1 980</b>	<b>-</b>	<b>8 786</b>
Cost of goods sold	-4 198	-19	-	-4 217
<b>Gross Profit</b>	<b>2 608</b>	<b>1 961</b>	<b>-</b>	<b>4 569</b>
Selling and marketing expenses	-3 369	-59	-571	-3 999
Administrative expenses	-3 185	-18	-1 142	-4 345
Research and development costs	-2 797	-1 269	-150	-4 216
<b>Operating profit/loss <sup>5)</sup></b>	<b>-6 743</b>	<b>615</b>	<b>-1 863</b>	<b>-7 991</b>
Net financial items	-227	-	-289	-516
<b>Profit/loss before tax</b>	<b>-6 970</b>	<b>615</b>	<b>-2 152</b>	<b>-8 507</b>
Tax	-	-	-	-
<b>Profit/loss for the period</b>	<b>-6 970</b>	<b>615</b>	<b>-2 152</b>	<b>-8 507</b>

5/ Includes depreciation of SEK 2 538 thousand for the period April - June 2010

<b>Income statement, per segment, Jan. - June 2010</b>	<b>Professional Products</b>	<b>Consumer Products</b>	<b>Other</b>	<b>Total</b>
Sales	14 534	3 911	-	18 445
Other income	-	-	-	-
<b>Total income</b>	<b>14 534</b>	<b>3 911</b>	<b>-</b>	<b>18 445</b>
Cost of goods sold	-9 052	-57	-	-9 109
<b>Gross Profit</b>	<b>5 482</b>	<b>3 854</b>	<b>-</b>	<b>9 336</b>
Selling and marketing expenses	-10 563	-373	-1 876	-12 812
Administrative expenses	-5 488	-120	-4 359	-9 967
Research and development costs	-6 446	-2 661	-584	-9 691
<b>Operating profit/loss <sup>6)</sup></b>	<b>-17 015</b>	<b>700</b>	<b>-6 819</b>	<b>-23 134</b>
Net financial items	-313	-	-453	-766
<b>Profit/loss before tax</b>	<b>-17 328</b>	<b>700</b>	<b>-7 272</b>	<b>-23 900</b>
Tax	-	-	-	-
<b>Profit/loss for the period</b>	<b>-17 328</b>	<b>700</b>	<b>-7 272</b>	<b>-23 900</b>

6/ Includes depreciation of SEK 5 091 thousand for the period Jan. - June 2010



Income statement, per segment, April - June 2009	Professional Products	Consumer Products	Other	Total
Sales	4 100	230	-	4 330
Other income	-	-	1 127	1 127
<b>Total income</b>	<b>4 100</b>	<b>230</b>	<b>1 127</b>	<b>5 457</b>
Cost of goods sold	-3 203	-352	-	-3 555
<b>Gross Profit</b>	<b>897</b>	<b>-122</b>	<b>1 127</b>	<b>1 902</b>
Selling and marketing expenses	-6 897	-77	-168	-7 142
Administrative expenses	-2 437	-21	-1 675	-4 133
Research and development costs	-3 253	-1 435	-91	-4 779
<b>Operating profit/loss <sup>7)</sup></b>	<b>-11 690</b>	<b>-1 655</b>	<b>-807</b>	<b>-14 152</b>
Net financial items	-216	-1	-278	-495
<b>Profit/loss before tax</b>	<b>-11 906</b>	<b>-1 656</b>	<b>-1 085</b>	<b>-14 647</b>
Tax	-	-	-	-
<b>Profit/loss for the period</b>	<b>-11 906</b>	<b>-1 656</b>	<b>-1 085</b>	<b>-14 647</b>

7/ Includes depreciation of SEK 2 338 thousand for the period April - June 2009

Income statement, per segment, Jan - June 2009	Professional Products	Consumer Products	Other	Total
Sales	8 016	622	-	8 638
Other income	-	-	32 473	32 473
<b>Total income</b>	<b>8 016</b>	<b>622</b>	<b>32 473</b>	<b>41 111</b>
Cost of goods sold	-5 347	-1 399	-	-6 746
<b>Gross Profit</b>	<b>2 669</b>	<b>-777</b>	<b>32 473</b>	<b>34 365</b>
Selling and marketing expenses	-13 025	-311	-315	-13 651
Administrative expenses	-4 868	-99	-2 911	-7 878
Research and development costs	-5 897	-2 940	-108	-8 945
<b>Operating profit/loss <sup>8)</sup></b>	<b>-21 121</b>	<b>-4 127</b>	<b>29 139</b>	<b>3 891</b>
Net financial items	-125	-1	-1 114	-1 240
<b>Profit/loss before tax</b>	<b>-21 246</b>	<b>-4 128</b>	<b>28 025</b>	<b>2 651</b>
Tax	-	-	-	-
<b>Profit/loss for the period</b>	<b>-21 246</b>	<b>-4 128</b>	<b>28 025</b>	<b>2 651</b>

8/ Includes depreciation of SEK 4 581 thousand for the period Jan. - June 2009

Income statement, per segment, Jan. - Dec. 2009	Professional Products	Consumer Products	Other	Total
Sales	21 345	7 288	-	28 633
Other income	-	-	32 473	32 473
<b>Total income</b>	<b>21 345</b>	<b>7 288</b>	<b>32 473</b>	<b>61 106</b>
Cost of goods sold	-12 902	-5 486	-	-18 388
<b>Gross Profit</b>	<b>8 443</b>	<b>1 802</b>	<b>32 473</b>	<b>42 718</b>
Selling and marketing expenses	-23 121	-860	-655	-24 636
Administrative expenses	-9 250	69	-4 771	-13 952
Research and development costs	-12 397	-4 976	-195	-17 568
<b>Operating profit/loss <sup>9)</sup></b>	<b>-36 325</b>	<b>-3 965</b>	<b>26 852</b>	<b>-13 438</b>
Net financial items	-2 548	-1	-1 308	-3 857
<b>Profit/loss before tax</b>	<b>-38 873</b>	<b>-3 966</b>	<b>25 544</b>	<b>-17 295</b>
Tax	-	-	-	-
<b>Profit/loss for the period</b>	<b>-38 873</b>	<b>-3 966</b>	<b>25 544</b>	<b>-17 295</b>

9/ Includes depreciation of SEK 9 480 thousand for the period Jan. - Dec. 2009