

# INVISIO COMMUNICATIONS

## Interim Report

January – March 2011



## Interim Report January – March 2011

- Total income amounted to SEK 9.6 m (9.7)
- Sales for the business area Professional products, adjusted for currency effects, increased with 16.7 percent compared with the corresponding period 2010
- Gross profit increased to SEK 5.5 m (4.8)
- Gross margin increased to 57.3 percent (49.4)
- Operating loss decreased to SEK -6.0 m (-15.1)
- Loss after tax decreased to SEK -6.7 m (-15.4)
- Loss per share decreased to SEK -0.26 (-0.70)
- The order book for the business area Professional products was SEK 3.5 m (3.3) at the end of the period

### Important events January – March

- INVISIO has received another order from a Danish fire brigade. The order is for the heat resistant headset INVISIO M3 Fire and the products will be delivered during the first quarter of 2011. The order value is not official.
- INVISIO received an additional order from a previously announced TETRA project in Portugal. The complementary order is again for the headset INVISIO M3, to be used by public safety users in Portugal's current TETRA roll out. The order value is not official but is below SEK 1 m, and the products will be delivered during the second quarter of 2011.
- INVISIO has received an order from a European law enforcement special force. The order is for the headset INVISIO M3H with hearing protection, which will be used with an INVISIO PTT solution (Push to Talk). The order value is approximately SEK 1.3 m, and the products will be delivered during the second quarter of 2011.
- INVISIO and Alecta Pension insurances, mutual, have come to an agreement regarding a subordinated loan of SEK 20 m. The loan runs over a period of two years and shall be paid back to Alecta in February 2013. The loan will, amongst other things, replace an earlier loan of SEK 12 m from Danske Bank that was paid back on February 28, 2011.
- In 2008, INVISIO entered into an exclusive licence and collaboration agreement with Motorola in the Consumer Products business area. The agreement is conditional upon the fulfillment of certain goals including undertakings from Motorola prior to 31 March 2011. Since these goals and undertakings have not been fulfilled, the agreement has expired and renegotiations are taking place.

### Important events after the period

- INVISIO has developed and launched a new version of the successful headset INVISIO M3. The new version, called M3 EX, has been developed to be absolute secure to use in situations where the tiniest spark could result in a fire or an explosion. The headset has received IECEx and ATEX certification, which means that it has gone through rigorous tests in order to make sure that it meets international directives for secure use in explosive environments.

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,



INVISIO®

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

Sales of our professional products were good during the year's first quarter and increased, if we disregard the currency effect, with 16.7 percent compared to the corresponding period 2010. Thus, the positive development from 2010 continues, which was the best year ever sales-wise for our professional products. The gross margin was strengthened and the operating expenses were reduced during the quarter compared to the corresponding period 2010. Loss after tax adjusted for non-recurring income for the sale of the VoIP patent in 2009, was the lowest quarterly loss since INVISIO's new strategy was implemented in 2008.

The quarter was positive also in the sense that we have continued to receive orders from various customer segments, from a fire department to a law enforcement special forces, and from the TETRA project in Portugal.

The exclusive licence and collaboration agreement that INVISIO entered into with Motorola in 2008 was conditioned by certain goals and undertakings, which has not been fulfilled. The agreement has expired and renegotiations are taking place. INVISIO is positive about continued cooperation with Motorola and the renegotiations, which are of positive character, are expected to be concluded during second quarter 2011. The need for consumers and professions using mobile phones during work to be able to communicate in noisy and demanding environments is constant.

### Business Area Professional Products

2010 was the best year ever sales-wise for INVISIO's professional products and sales during the first quarter in 2011 remained good. Sales amounted to SEK 8.0 m compared to SEK 7.7 m in the corresponding period 2010. If currency effects are disregarded, the increase in sales amounted to 16.7 percent. It is also pleasing that the gross margin increased during the quarter and was 48.8 percent compared to 37.2 percent in the corresponding period 2010. This is a result of the product mix, as well as a larger share of direct sales during the quarter and certain implemented price adjustments.

During the quarter INVISIO received orders from various segments, such as an order for the headset INVISIO M3 Fire from a Danish fire brigade and an order for the headset INVISIO M3h from a European law enforcement special force. We also received an additional order from the TETRA project in Portugal, which is evidence that blue-light organizations in Portugal appreciate how well our solutions functions.

During the quarter, INVISIO has also received IECEx and ATEX certification for a new version of the headset INVISIO M3, INVISIO M3 EX. ATEX is an abbreviation for Atmosphères Explosives and the certification means that INVISIO M3 EX meets international directives for secure use in explosive environments. The requirements of the IECEx and ATEX certifications are extremely high and that INVISIO M3 EX has been certified is naturally very positive for us, as it strengthens our position as a supplier of communication solutions for extreme environments, at the same time opening up for business in new customer segments such as the oil and gas industry.

As communicated earlier, INVISIO has submitted offers for two large military programs, where decisions were expected at the earliest during the second quarter of 2011. For one of the programs the decision is now expected at the earliest in the fourth quarter of 2011 and this is due to, as communicated earlier, long purchasing processes in different military and other programs with extensive customer testing. The second program has been cancelled but is expected to be replaced by a new one, where the decision is expected in 2012.



Most of the world's military organizations continually review their equipment in their modernization programs. At present, there are more than 49 ongoing and upcoming programs in 38 countries, of which the majority are in the United States and Europe, but also in Asia and South America. However, all programs do not contain communication equipment but in those programs that do, there is a demand for modern technology with high performance and user friendliness, which is possible to integrate in new and existing systems.

### **Business Area Consumer Products and Cooperation with Motorola**

Sales during the quarter for business area Consumer products decreased with approximately 16 percent and consisted entirely of the quarter's royalty quota from Motorola. The decrease compared to the corresponding period 2010 is due to currency effects.

The income from the cooperation with Motorola did not reach the expected level during the quarter. Motorola launched in the fourth quarter 2010 Motorola Finiti, the second Bluetooth headset for the consumer market with licensed technology from INVISIO. The product has been launched through two important sales channels in the US and has so far received very positive reviews from media, but it is still too early to estimate the long-term sales potential.

The exclusive licence and collaboration agreement that INVISIO entered into with Motorola in 2008 was conditioned by certain goals and undertakings, which has not been fulfilled. The agreement has expired and renegotiations are taking place. INVISIO is positive about continued cooperation with Motorola and the renegotiations, which are of positive character, are expected to be concluded during second quarter 2011. The need for consumers and professions using mobile phones during work to be able to communicate in noisy and demanding environments is constant.

### **Summary of the first quarter 2011**

The year has started well with good sales, our gross margin has been strengthened and our operating costs have reduced during the quarter compared to 2010. Result wise, we have still not reached the goal of turning to profit and achieving a positive cash flow from the operations, but the result after tax adjusted for non-recurring income for the sale of the VoIP patent in 2009 was the lowest quarterly loss since INVISIO's new strategy was implemented in 2008. It is positive that we continue to see orders from various segments, and with the IECEx and ATEC certifications for the headset INVISIO M3 EX, opportunities in new customer segments such as the oil and gas industry are opened.

We remain positive to the cooperation with Motorola and strive for the negotiations to lead to a new deal that is positive for INVISIO.

Lars Højgård Hansen  
CEO

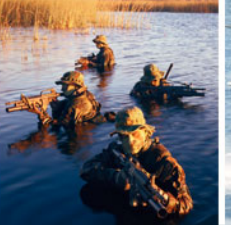
### **Total Income and Result January – March 2011**

Total income for the first quarter decreased with 0.4 percent compared with the corresponding period 2010 and amounted to SEK 9.6 m (9.7)

Gross profit totalled SEK 5.5 m (4.8) and the gross margin was 57.3 percent (49.4).

The order book, consisting entirely of professional products, was SEK 3.5 m (3.3) by the end of the quarter.





Operating expenses for the first quarter decreased to SEK -11.5 m (-19.9). Included in the expenses are depreciations of SEK -2.7 m (-2.6). The decreased expenses is mainly attributable to non-recurring costs and for provisions for the Company's synthetic option program under the operating expenses of a total of SEK -6.3 m during the first quarter 2010, but also due to decreased running expenses during the first quarter 2011.

Operating loss for the first quarter thus amounted to SEK -6.0 m (-15.1)

Net financial items for the first quarter amounted to SEK -0.7 m (-0.3).

Loss after tax for the first quarter amounted to SEK -6.7 m (-15.4).

Loss per share for the first quarter amounted to SEK -0.26 (-0.70).

### **Professional Products**

Sales for the first quarter in business area Professional Products increased with 3.6 percent compared to the corresponding period 2010 and amounted to SEK 8.0 m (7.7). Adjusted for currency effects, sales increased with 16.7 percent compared with the corresponding period 2010.

The gross profit margin increased compared to the first quarter 2010 and amounted to 48.8 percent (37.2). It is characteristic of the business area that the gross margin for professional products may vary from 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 profit margin has during the quarter been affected positively by both the product mix, a larger share direct sales during the quarter and certain price adjustments that have been carried out.

### **Consumer Products**

Sales for the business area Consumer Products during the first quarter decreased with 16.6 percent compared to the corresponding period 2010 and amounted to SEK 1.6 m (1.9) and consisted entirely of the quarter's royalty quota from Motorola. The decrease compared to the corresponding period 2010 is due to currency effects.

The gross profit margin amounted to 100.0 percent (98.0).

In 2008, INVISIO Communications entered into an exclusive licence and collaboration agreement with Motorola in the Consumer Products business area. The agreement is conditioned by upon the fulfilment of certain goals including undertakings from Motorola prior to 31 March 2011. Since these goals and undertakings have not been fulfilled, the agreement has expired and renegotiations are taking place. INVISIO Communications is positive towards the cooperation with Motorola and coming royalty income from this, but if negotiations do not lead to the desired result for INVISIO Communications, income from the Consumer Products business area may be somewhat lower in 2011 than in 2010. The renegotiations are expected to be concluded during second quarter 2011.



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

### Capital Expenditure

During the first quarter net capital expenditures amounted to SEK -1.5 m (-1.7), of which SEK -1.3 m (-1.7) consisted of capitalized development costs attributable mainly to the development of future professional products.

### Cash Flow and Liquidity

Cash flow from operating activities during the first quarter amounted SEK -6.8 m (-7.8). Cash flow from investing activities amounted to SEK -1.5 m (-1.7) and cash flow from financing activities amounted to SEK 7.3 m (20.0), of which the new share issue of SEK 0 m (7.0) and liabilities to credit institutions of SEK 7.3 m (13.0). Cash flow during the period thus amounted to SEK -1.0 m (10.5).

At the end of the first quarter cash and cash equivalents of the Group amounted to SEK 11.7 m (15.5). 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. 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 Annual General Meeting to carry out new issues or such.

### Financing

INVISIO Communications has signed an agreement with Alecta Pensionsförsäkringar, mutual, regarding a SEK 20 m loan. The loan is for two years and will be repaid to Alecta in February 2013. Alecta is however permitted to require early repayment of the loan if INVISIO Communications should carry out a share issue with pre-emption rights. The loan is at 10 percent interest in the first year and 15 percent interest in the second. The loan is partly to replace an earlier loan of SEK 12 m from Danske Bank that was paid back on February 28, 2011. Alecta controls more than 10 percent of the shares and votes in INVISIO Communications, for which reason the loan is to be considered as a transaction with a related party.

On January 13, 2011, all of the 2 350 132 shares concerning the new issue of shares with preferential rights for the Company's existing shareholders that was carried out during November to December 2010 was registered, which corresponded to about 9.1 percent of the total number of shares in the Company following the issue. The issue was fully subscribed and provided the Company SEK 20.5 m net after issue expenses. The subscription price was SEK 10 per share.

### Shareholders' Equity

The Group's reported shareholders' equity at the end of the first quarter amounted to SEK -1.2 m (-2.2), which resulted into a negative equity ratio (negative).



## Parent Company

Net income for the Parent Company during the first quarter amounted to SEK 0.015 m (0.03). Operating loss for the period amounted to SEK -1.7 m (-4.0). The difference is mainly attributable to non-recurring costs in connection with the planned listing at NASDAQ OMX Small Cap Stockholm. The period's result was SEK -12.2 m (-4.2), where SEK -10 m (0) is attributable to shareholder contribution to the subsidiary company INVISIO Communications A/S.

At the end of the first quarter, cash and cash equivalents held by the Parent Company amounted to SEK 8.6 m (13.9) and shareholders' equity amounted to SEK 76.8 m (91.7), which resulted into an equity ratio of 72.7 (77.5). The Parent Company had 1 employee (1).

On January 13, 2011, all of the 2 350 132 shares concerning the new issue of shares with preferential rights for the Company's existing shareholders that was carried out during November to December 2010 was registered, which corresponded to about 9.1 percent of the total number of shares in the Company following the issue. The issue was fully subscribed and provided the Company SEK 20.5 m net after issue expenses. The subscription price was SEK 10 per share.

## Outlook for the Second Quarter of 2011

### Professional Products

As a result of INVISIO Communications' conscious development towards becoming a communication company, where the INVISIO Communications' now offers advanced communication solutions and has a product portfolio that includes headsets, control units and accessories, opportunities for orders that partly are a larger part of the value-chain and partly in new customer segments have been opened. A current example of the latter is the new headset M3 Ex. The number of sales leads, queries and full-scale customer trials has continued to increase during 2011. This, as well as continuous efforts to increase the number of resellers and strategic cooperations, and the fact that the products deliver what they promise during trials, means that INVISIO expects a considerable long-term increase of sales in the business area. Short-term the next few quarters, sales can be affected in some markets by restrictions in public budgets as a result of the financial crisis. In addition, sales in the business area can as previously communicated vary from quarter to quarter due to long lead times from first contact with customer, to inquiry, to customer testing, to quotation and to firm order.

### Consumer Products

The cooperation with Motorola continues to work well but even though sales increased during 2010 it has not yet reached the target level. The first product under the exclusive license and cooperation agreement, Motorola Endeavor HX-1, received excellent reviews and during the fourth quarter of 2010 Motorola announced the new wireless headset Motorola Finiti in the US. The need for consumers and professions using mobile phones during work to be able to communicate in noisy and demanding environments is constant, and our confidence in the new Motorola Finiti is strong. The exclusive licensing and cooperation agreement between INVISIO Communications and Motorola is conditional upon the fulfilment of certain goals including undertakings from Motorola prior to March 31, 2011. Since these goals and undertakings have not been fulfilled, the agreement has expired and renegotiations are taking place. INVISIO Communications is positive towards the cooperation with Motorola and coming royalty income from this, but if negotiations do not lead to the desired result for INVISIO Communications, income from the Consumer Products business area may be somewhat lower in 2011 than in 2010. The renegotiations are expected to be concluded during second quarter 2011.





## 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 2010 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 43, 46, 47, 48 and in note 2 in INVISIO's Annual Report for 2010 and in the prospect dated November 25, 2010 with reason of the then forthcoming share issue.

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, the possible exercise of stock options, and the authorisation granted by the 2010 Annual General Meeting to carry out new issues or such.

## Related Party Transaction

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 12 m, and for undertakings vis-à-vis suppliers. The loan of SEK 12 m was paid back by the Company on February 28, 2011. The Company has not compensated Lage Jonason for his current security responsibility.

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

## Future Reporting Dates

- Interim Report April – June: July 20, 2011
- Interim Report July – September: November 2, 2011



➔ Year-End Report 2011: February 17, 2012

Stockholm, April 27, 2011

Heléne Vibbleus 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  
+45-53 72 77 22  
Lars.HojgaardHansen@invisiocommunications.com

Bengt Nilsson, CFO  
+45-53 72 77 13  
bengt.nilsson@invisiocommunications.com

**Address and contact information:**

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

## Tables

### Consolidated Income Statement

SEK 000s

<b>Income statement</b>	<b>Jan. - March 2011</b>	<b>Jan. - March 2010</b>	<b>Jan. - Dec. 2010</b>
Sales	9 619	9 659	32 787
Cost of goods sold	-4 104	-4 892	-14 955
<b>Gross Profit</b>	<b>5 515</b>	<b>4 767</b>	<b>17 832</b>
Operating expenses <sup>1/ 2/</sup>	-11 526	-19 910	-55 698
<b>Operating profit/loss</b>	<b>-6 011</b>	<b>-15 143</b>	<b>-37 866</b>
Net financial items	-683	-250	-1 948
<b>Profit/loss before tax</b>	<b>-6 694</b>	<b>-15 393</b>	<b>-39 814</b>
Income tax	-	-	-
<b>Profit/loss for the period</b>	<b>-6 694</b>	<b>-15 393</b>	<b>-39 814</b>
<b>Other comprehensive income</b>			
Translation differences during the period from translation of foreign businesses	-140	-837	-3 187
<b>Comprehensive income for the period</b>	<b>-6 834</b>	<b>-16 230</b>	<b>-43 001</b>

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

1/ Of which, depreciation	-2 712	-2 553	-12 224
2/ Of which, cost of one-off measure	-	-5 075	-5 568

<b>Per-share data</b>	<b>Jan. - March 2011</b>	<b>Jan. - March 2010</b>	<b>Jan. - Dec. 2010</b>
Earnings per share, SEK	-0,26	-0,70	-1,75
Earnings per share after dilution, SEK	-0,26	-0,70	-1,75
Shareholders' equity per share, SEK	neg.	neg.	0,24
Shareholders' equity per share after dilution, SEK	neg.	neg.	0,24
Equity ratio	neg.	neg.	12%
Number of shares outstanding	25 851 452	22 448 688	23 501 320
Average number of shares outstanding	25 538 101	22 064 974	22 723 151
Number of shares outstanding after dilution	25 851 452	24 448 688	23 501 320
Share price, SEK	9,60	18,00	10,00

### Consolidated Balance Sheet

#### **Condensed balance sheet**

SEK 000s

<b>Assets</b>	<b>3/31/2011</b>	<b>3/31/2010</b>	<b>12/31/2010</b>
Intangible assets	15 602	22 550	16 948
Property, plant and equipment	804	1 235	834
Financial assets	638	697	643
Inventories	3 018	2 153	2 780
Accounts receivable - trade	6 549	6 022	10 169
Other receivables, prepaid expenses and accrued income	1 399	2 083	3 156
Cash and bank balances	11 740	15 546	12 752
<b>Total assets</b>	<b>39 750</b>	<b>50 286</b>	<b>47 282</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	-1 204	-2 200	5 630
Liabilities to credit institutions	26 604	23 217	21 570
Accounts payable - trade	6 208	9 559	9 301
Other liabilities, accrued expenses and deferred income	8 142	19 710	10 781
<b>Total shareholders' equity and liabilities</b>	<b>39 750</b>	<b>50 286</b>	<b>47 282</b>
<b>Changes in shareholders' equity</b>			
Opening balance	5 630	7 030	7 030
New issues	0	7 000	41 601
Comprehensive income for the period	-6 834	-16 230	-43 001
<b>Closing balance</b>	<b>-1 204</b>	<b>-2 200</b>	<b>5 630</b>


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

	Share capital	Other capital contributions	Loss carried forward	Total shareholders' equity
<b>Interim period 1/1/2011 – 3/31/2011</b>				
Opening balance, 1/1/2011	23 501	216 676	-234 547	5 630
Issues during registration 31/12/2010	2 350	-2 350	-	0
Comprehensive income for the period	-	-	-6 834	-6 834
<b>Shareholders' equity, 3/31/2011</b>	<b>25 851</b>	<b>214 326</b>	<b>-241 381</b>	<b>-1 204</b>

	Share capital	Other capital contributions	Loss carried forward	Total shareholders' equity
<b>Interim period 1/1/2010 – 3/31/2010</b>				
Opening balance, 1/1/2010	21 565	177 011	-191 546	7 030
Issues during registration 31/12/2009	500	-500	-	0
New Issues	383	6 617	-	7 000
Comprehensive income for the period	-	-	-16 230	-16 230
<b>Shareholders' equity, 3/31/2010</b>	<b>22 448</b>	<b>183 128</b>	<b>-207 776</b>	<b>-2 200</b>

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

Cash flow	Jan. - March 2011	Jan. - March 2010	Jan. - Dec. 2010
<b>Operating activities</b>			
Profit/loss before tax	-6 694	-15 393	-39 814
Adjustments for non-cash items	2 661	3 028	9 519
Taxes	-	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>-4 033</b>	<b>-12 365</b>	<b>-30 295</b>
Cash flow from changes in working capital	-2 810	4 569	-6 927
<b>Cash flow from operating activities</b>	<b>-6 843</b>	<b>-7 796</b>	<b>-37 222</b>
<b>Investing activities</b>			
Capitalization of non-current assets	-1 273	-1 682	-6 472
Acquisition/divestment of property, plant and equipment	-204	-42	-565
<b>Cash flow from investing activities</b>	<b>-1 477</b>	<b>-1 724</b>	<b>-7 037</b>
<b>Financing activities</b>			
New issues	-	7 000	41 601
Change in financial assets	7 300	13 000	10 550
Acquisition/divestment of financial assets	-	28	-19
<b>Cash flow from financing activities</b>	<b>7 300</b>	<b>20 028</b>	<b>52 132</b>
<b>Cash flow for the period</b>	<b>-1 020</b>	<b>10 508</b>	<b>7 873</b>
Cash and bank balances at start of period	12 752	5 059	5 059
Translation differences in cash and bank balances	8	-21	-180
Cash and bank balances at end of period	11 740	15 546	12 752

**Parent Company Income Statement**
*SEK 000s*

Income statement	Jan. - March 2011	Jan. - March 2010	Jan. - Dec. 2010
Operating income	15	30	383
Operating expenses <sup>3)</sup>	-1 749	-4 037	-9 804
<b>Operating loss</b>	<b>-1 734</b>	<b>-4 007</b>	<b>-9 421</b>
Net financial items <sup>4)</sup>	-10 422	-163	-32 338
<b>Loss before tax</b>	<b>-12 156</b>	<b>-4 170</b>	<b>-41 759</b>
Income tax	-	-	68
<b>Loss for the period</b>	<b>-12 156</b>	<b>-4 170</b>	<b>-41 691</b>

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

<sup>4/</sup> Of which, SEK 10 m in shareholder contribution to subsidiaries as per 3/31/2010 ( 30 m as per 12/31/2010)



### Parent Company Balance Sheet

#### Condensed balance sheet

SEK 000s

<b>Assets</b>	<b>3/31/2011</b>	<b>3/31/2010</b>	<b>12/31/2010</b>
Financial assets/shares in subsidiaries	81 819	81 871	81 819
Receivables from Group companies	14 752	21 891	16 804
Other receivables, prepaid expenses and accrued income	342	596	2 278
Cash and bank balances	8 627	13 893	11 798
<b>Total assets</b>	<b>105 540</b>	<b>118 251</b>	<b>112 699</b>

<b>Shareholders' equity and liabilities</b>	<b>3/31/2011</b>	<b>3/31/2010</b>	<b>12/31/2010</b>
Shareholders' equity	76 765	91 652	88 921
Liabilities to credit institutions	25 600	20 750	18 300
Accounts payable - trade	1 682	2 951	2 736
Liabilities to Group companies	103	180	103
Other liabilities, accrued expenses and deferred income	1 390	2 718	2 639
<b>Total shareholders' equity and liabilities</b>	<b>105 540</b>	<b>118 251</b>	<b>112 699</b>

<b>Changes in shareholders' equity</b>	<b>3/31/2011</b>	<b>3/31/2010</b>	<b>12/31/2010</b>
Opening balance	88 921	88 822	88 822
New issues	-	7 000	22 000
Issues expenses	-	-	-900
Issues during registration	-	-	23 501
Issues expenses issues during registration	-	-	-3 000
Group contribution	-	-	257
Tax group contribution	-	-	-68
Loss for the period <sup>4)</sup>	-12 156	-4 170	-41 691
<b>Closing balance</b>	<b>76 765</b>	<b>91 652</b>	<b>88 921</b>

4/ Of which, SEK 10 m in shareholder contribution to subsidiaries as per 3/31/2010 ( 30 m as per 12/31/2010)

#### Consolidated Income Statement - Segmental Breakdown

SEK 000s

<b>Income statement, per segment, Jan. - March 2011</b>	<b>Professional Products</b>	<b>Consumer Products</b>	<b>Other</b>	<b>Total</b>
Sales	8 008	1 611	-	9 619
Cost of goods sold	-4 104	-	-	-4 104
<b>Gross Profit</b>	<b>3 904</b>	<b>1 611</b>	<b>-</b>	<b>5 515</b>
Selling and marketing expenses	-3 533	-54	-135	-3 722
Administrative expenses	-1 507	-16	-1 498	-3 021
Research and development costs	-3 578	-1 160	-45	-4 783
<b>Operating profit/loss <sup>5)</sup></b>	<b>-4 714</b>	<b>381</b>	<b>-1 678</b>	<b>-6 011</b>
Net financial items	-260	-	-423	-683
<b>Profit/loss before tax</b>	<b>-4 974</b>	<b>381</b>	<b>-2 101</b>	<b>-6 694</b>
Tax	-	-	-	-
<b>Profit/loss for the period</b>	<b>-4 974</b>	<b>381</b>	<b>-2 101</b>	<b>-6 694</b>

5/ Includes depreciation of SEK 2 712 thousand for the period Jan. - March 2011



Income statement, per segment, Jan. - March 2010	Professional Products	Consumer Products	Other	Total
Sales	7 728	1 931	-	9 659
Cost of goods sold	-4 854	-38	-	-4 892
<b>Gross Profit</b>	<b>2 874</b>	<b>1 893</b>	-	<b>4 767</b>
Selling and marketing expenses	-7 194	-314	-1 305	-8 813
Administrative expenses	-2 303	-102	-3 217	-5 622
Research and development costs	-3 649	-1 392	-434	-5 475
<b>Operating profit/loss<sup>6/</sup></b>	<b>-10 272</b>	<b>85</b>	<b>-4 956</b>	<b>-15 143</b>
Net financial items	-86	-	-164	-250
<b>Profit/loss before tax</b>	<b>-10 358</b>	<b>85</b>	<b>-5 120</b>	<b>-15 393</b>
Tax	-	-	-	-
<b>Profit/loss for the period</b>	<b>-10 358</b>	<b>85</b>	<b>-5 120</b>	<b>-15 393</b>

6/ Includes depreciation of SEK 2 553 thousand for the period Jan. - March 2010

Income statement, per segment, Jan. - Dec. 2010	Professional Products	Consumer Products	Other	Total
Sales	24 375	8 412	-	32 787
Other income	-	-	-	-
<i>Total income</i>				
Cost of goods sold	-14 918	-37	-	-14 955
<b>Gross Profit</b>	<b>9 457</b>	<b>8 375</b>	-	<b>17 832</b>
Selling and marketing expenses	-17 489	-482	-1 511	-19 482
Administrative expenses	-8 744	-163	-7 611	-16 518
Research and development costs	-14 163	-5 096	-439	-19 698
<b>Operating profit/loss<sup>7/</sup></b>	<b>-30 939</b>	<b>2 634</b>	<b>-9 561</b>	<b>-37 866</b>
Net financial items	-1 482	-	-466	-1 948
<b>Profit/loss before tax</b>	<b>-32 421</b>	<b>2 634</b>	<b>-10 027</b>	<b>-39 814</b>
Tax	-	-	-	-
<b>Profit/loss for the period</b>	<b>-32 421</b>	<b>2 634</b>	<b>-10 027</b>	<b>-39 814</b>

7/ Includes depreciation of SEK 12 224 thousand for the period Jan. - Dec. 2010