

Interim Report January–September 2009

INVISIO[®]
NO NOISE. ONLY YOUR VOICE.

July–September

- ⇒ Net sales totaled SEK 7.9 m (6.2)
- ⇒ Gross profit was SEK 2.4 m (4.0)
- ⇒ The gross margin was 29.6% (64.2%)
- ⇒ Operating profit was SEK -9.4 m (-7.6)
- ⇒ Profit after tax was SEK -10.2 m (-7.8)
- ⇒ Earnings per share were SEK -0.49 (-0.39)
- ⇒ The order book amounted to SEK 7.7 m at the end of the quarter (8.0)

January–September

- ⇒ Net sales totaled SEK 49.0 m (34.7). Excluding the sale of the VoIP patent, net sales totaled SEK 16.6 m (34.7)
- ⇒ Gross profit was SEK 36.7 m (10.8)
- ⇒ The gross margin was 74.9% (31.2%)
- ⇒ Operating profit was SEK -5.5 m (-33.2)
- ⇒ Profit after tax was SEK -7.6 m (-34.3)
- ⇒ Earnings per share were SEK -0.36 (-1.73)

Important events July–September

- ⇒ INVISIO Headsets' new series of professional products was shown at the DSEi 2009 (Defence Systems & Equipment International) exhibition in London in September and has led to new, promising requests for quotations.
- ⇒ The launch of Motorola's first product, **Motorola Endeavor HX1**, featuring INVISIO Headsets' patented bone conduction technology for total elimination of interfering ambient noise, was begun in June in Asia as the first market and in September in the U.S.
- ⇒ The U.S. weblog [Engadget](#) has rated Motorola Endeavor HX1 as "the best Bluetooth headset we have ever used," and [CNET](#) gave Motorola Endeavor HX1 an "Excellent" rating after its launch in the U.S. in September.
- ⇒ INVISIO Headsets met with investors at a highly attended Capital Markets Day in Stockholm on 3 September.
- ⇒ A directed new issue corresponding to approximately 2.5% of the total number of shares in the Company was carried out in September. The measure strengthens institutional ownership in the Company.
- ⇒ In July INVISIO Headsets AB (publ) became listed on the First North Premier Segment as a step toward its planned listing in 2010 on the Nasdaq OMX Small Cap list.

Important events after the end of the period

- ⇒ INVISIO Headsets has chosen the PR firm Hill & Knowlton as a partner for its communication work.

INVISIO Headsets AB is a public company listed on First North Premier Segment (ticker code: IVSO), an alternative marketplace on Nasdaq OMX Stockholm. INVISIO Headsets holds the patents for Bone Conduction Technology, which supports the best possible sound quality in extreme sound environments, and for Soft Spring™, an ergonomically designed attachment device for headsets that provides optimal wearing comfort. Both patents are featured in the Company's unique INVISIO[®] headsets for professional users and consumer applications. The products are used by military personnel, special forces, police, fire fighters and security companies around the world, as well as exclusively by Motorola Inc. in Bluetooth headsets for the global consumer market.

Additional information is available on the Company's website: www.invisioheadsets.com.

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



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CEO's comments

It is now clearly evident in the market. More and more people are aware that INVISIO Headsets represents and owns tomorrow's technology for communication that is free of interference from surrounding noise and sound. For our part, the third quarter was dominated by a very strong response to our patented Bone Conduction Technology through our cooperation with Motorola in the consumer market and through the continued very keen interest in our new series of products for professional users.

Net sales rose 27% during the third quarter, while operating profit was down from the third quarter a year ago. We are well aware of the reasons, which include introduction costs for our new series of products for professional users and discontinuation costs for the INVISIO® G5 consumer product.

For the nine-month period as a whole, results were favorable compared with the corresponding period in 2008. Net sales climbed 41%, and the operating result has improved considerably – mainly as an effect of the sale of the VoIP patent during the spring.

Operating expenses continue to be at the expected level, despite currency movements, and fell 4.1% during the nine-month period compared with the same period a year ago.

Professional Products business area

The keen interest from end customers and distributors has grown stronger. During the third quarter, several deliveries were completed primarily of the X50 box and X5 headsets. New pilot projects with customers were initiated, and new test orders were received. However, lead times to order are long, which can result in continued wide variation in our quarterly sales figures.

The number of queries continues to rise, among other things due to our presence at strategically important international trade shows. Our participation at the DSEi 2009 exhibition in London reinforced the image that our new series of products is at the cutting edge of defense as well as security-related applications. Several new distributor agreements have been signed with leading companies in the industry around the world.

Net sales rose 52% during the third quarter, while operating profit was down compared with the same period a year ago. The decrease stems from a temporarily lower gross margin and is attributable to the delayed launch of the new series of professional products. This delay was caused by previously reported logistic shortcomings and by the fact that the production fine-tuning period for the new series of products was longer than expected. The gross margin and thus operating profit have also been affected by the product mix and a higher share of sales through distributors. In addition, certain distributors have received price adjustments as compensation for the delayed launch. Finally, the gross margin was hurt by the weaker U.S. dollar.

Without a doubt, I continue to stand by my previous forecast of a substantial future rise in sales, despite lingering budget restrictions among customers due to the financial crisis. In pace with the stabilization and improvement of the world economy, the market's interest in larger orders is also growing. We are noticing this through considerably larger values of quotations among end customers.

Consumer Products business area and the cooperation with Motorola



Motorola
Endeavor HX1

The Consumer Products business area today consists of the cooperation with Motorola within the framework of the license and development agreement that was signed in 2008. Only a small volume of closeout sales of remaining inventory of headsets under our own brand remain, and these are expected to be concluded during the fourth quarter this year. Net sales during the third quarter were level with the preceding year and consist of royalties from Motorola and revenue from the ongoing closeout sales of remaining INVISIO® G5 inventory.

The cooperation with Motorola regarding Bluetooth®-based wireless headsets for the



Extreme situations require
clear communication

consumer market is working very well. The first product, Motorola Endeavor HX1, was introduced in Asia in June, and a launch in the U.S. was started in September via the operator Sprint, among others. The market reception has been very positive and has generated several favorable product reviews in the independent trade press, such as Engadget and CNET. In addition, during the autumn Motorola will be intensifying its marketing of the new product, where mention will also be given to the collaboration with INVISIO Headsets.

There are strong indications now that sales of Motorola Endeavor HX1 will also begin in Europe soon. The fact that the climate for such a move is favorable is supported by reports that electronics retailers are increasingly beginning to restock their store inventories to more normal levels. As sales gain momentum, INVISIO Headsets' stream of royalty income from the business area is expected to rise.

Governance and control

The plan to introduce INVISIO Headsets AB (publ) on the Nasdaq OMX Small Cap list next year remains intact. As part of the preparations ahead of this introduction, in July the Company became listed on the First North Premier Segment. In addition, in September, a directed new issue of shares in the Company was carried out, primarily to institutional investors. The aim was to strengthen the Company's financial position due to a need that arose from delays in the launch of our new series of professional products during the second quarter and of the Motorola Endeavor HX1 headset, which has been jointly developed with Motorola. The new issue was also aimed at financing a larger level of tied-up capital in connection with efforts to boost sales of professional products. I am happy that we have now further strengthened our institutional ownership ahead of the planned stock market introduction.

Summary of third quarter 2009

During the period, INVISIO Headsets maintained a continued intensive market presence, with primary focus on the Professional Products business area and the cooperation with Motorola. With our new series of professional products on the market and growing royalty income from Motorola, we are counting on higher revenue from both business areas.

The market's growing interest in our products and specific know-how is increasing the Company's attractiveness, not least by virtue of the high value of its expertise and technology. This is being enhanced by, among other things, Motorola's successful launch of its new Endeavor HX1 headset, where the built-in Stealth Mode function – employing our patented Bone Conduction Technology – gives the product a unique competitive stance. INVISIO Headsets should justifiably be regarded as the world leader in its application areas. Completed deliveries of high-quality professional product solutions to extremely demanding customers in the Professional Products business area and our successful technological cooperation with Motorola bear testimony to this.

Our costs are under control, and the time it takes to reach break-even is now only a function of how fast the sales growth will be in both business areas. I am convinced that we will arrive at this point, but due to lead times in the sales process, it is difficult at present to give any exact forecast on which quarter we will move into the black.

Lars Højgård Hansen
CEO



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is mission critical

Sales and earnings, July–September

Net sales for the third quarter totaled SEK 7.9 m (6.2). The 27% increase compared with the same period a year ago is mainly attributable to sales of professional products, while net sales for the Consumer Products business area were level with a year ago. Following the market launch of Motorola Endeavor HX1 in July, INVISIO Headsets is receiving royalty income from Motorola in accordance with the existing license and development agreement.

Gross profit was SEK 2.4 m (4.0), and the gross margin was 29.6% (64.2%). The lower gross profit and gross margin compared with the same period a year ago is attributable to the product mix, a higher share of sales through distributors, and costs incurred in connection with the delayed launch of the new series of products in the Professional Products business area. Gross profit and the gross margin were also affected by a SEK -0.9 m write-down of remaining inventory of INVISIO® G5 headsets and to a negative currency effect caused by the weaker dollar.

The order book amounted to SEK 7.7 m (8.0) at the end of the quarter, of which SEK 2.9 m (0.0) pertained to royalties from Motorola.

Operating expenses including impairment charges for the third quarter amounted to SEK -11.7 m (-11.6). Operating expenses for the quarter were credited with SEK 1.0 m following the dissolution of a previous provision for possible customer losses. In addition, operating expenses were charged with a provision of DKK 100,000 for attorney and litigation costs stemming from a dispute with a former supplier, whose demand for DKK 1.7 m in compensation for order call-offs that never materialized was rejected in its entirety, and with provisions of SEK -0.5 m (-0.3) for the employment-based stock option program and SEK 0.0 m (0.0) for the performance-based option program.

Net financial items for the third quarter amounted to SEK -0.9 m (-0.1).

The result after tax for the third quarter was SEK -10.2 m (-7.8), corresponding to SEK -0.49 per share (-0.39).

Professional Products

Net sales for the third quarter totaled SEK 4.7 m (3.1). One characteristic of the business area is that sales are often preceded by a long lead time from initial query to quotation and then to firm order. This is because many customers want to conduct advanced technical trials and user tests, while others have preferences for specific product adaptations. Consequently, the Company expects to see continued wide variation in quarterly sales figures.

Gross profit was SEK 1.7 m (1.8), and the gross margin was 35.3% (56.5%). Gross profit and the gross margin were affected by the product mix, a higher share of sales through distributors, and costs incurred in connection with the launch of the new series of professional products, which includes price adjustments granted to certain distributors and production fine-tuning costs. Gross profit and the gross margin have also been hurt by a negative exchange rate effect caused by the lower dollar.

Another characteristic for the business area is that the gross margin can fluctuate from quarter to quarter, depending on the share of sales directly to end customers, with higher margins, compared with the share of sales to distributors, with lower margins.

During the third quarter, new distributors were contracted in several parts of the world.

Consumer Products

Net sales for the third quarter totaled SEK 3.2 m (3.1) and consisted of royalties from Motorola and continued close-out sales of remaining inventory of INVISIO® G5-headsets.

Gross profit was SEK 0.7 m (2.2), and the gross margin was 21.2% (71.8%). Gross profit and the gross margin were hurt by the write-down of the



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for misunderstanding

remaining inventory of INVISIO® G5 units to its estimated market value.

Sales and earnings, January–September

Net sales for the period January–September amounted to SEK 49.0 m (34.7). The increase in net sales compared with the same period a year ago is attributable to the sale of the VoIP patent in March. Excluding the sale of the VoIP patent, net sales for the period totaled SEK 16.6 m (34.7).

The decrease in net sales excluding the patent sale compared with the same period a year ago is mainly due to the fact that the Company now works according to a changed business model for the Consumer Products business area, without any own sales of such products, and to the fact that substantial compensation from Motorola was booked during the corresponding period a year ago. Following the launch of Motorola Endeavor HX1 in June, INVISIO Headsets now receives royalties from Motorola in accordance with a license and development agreement. The decrease is also attributable to the delayed launch of the new series of products in the Professional Products business area.

Gross profit was SEK 36.7 m (10.8). Excluding the sale of the VoIP patent, gross profit was SEK 4.2 m (10.8). The gross margin was 74.9% (31.2%). Excluding the sale of the VoIP patent, the gross margin was 25.6% (32.2%).

Operating expenses including impairment charges for the period January–September amounted to SEK 42.2 m (44.0), a decrease of 4.1% compared with the same period a year ago.

Operating expenses during the period January–September were charged with provisions of SEK -1.7 m (-1.3) for the employment-based stock

option program and SEK -0.5 m (0.0) for the performance-based option program.

The result after tax for the period January–September was SEK -7.5 m (-34.3), or SEK -0.36 per share (-1.73).

Professional Products

Net sales for the period January–September amounted to SEK 12.7 m (13.9).

Gross profit was SEK 4.3 m (7.0), and the gross margin was 34.0% (50.0%). Gross profit and the gross margin were affected by the product mix, a higher share of sales through distributors, and costs incurred in connection with the delayed launch of the new series of professional products, which includes price adjustments granted to certain distributors and production fine-tuning costs. Gross profit and the gross margin have also been affected by the fact that sales of components with low margins were made to the Company's product manufacturers during the first half of the year and by a negative exchange rate effect from the weaker dollar.

Another characteristic for the business area is that the gross margin can fluctuate from quarter to quarter, depending on the share of sales directly to end customers, with higher margins, compared with the share of sales to distributors, with lower margins.

During the first nine months of the year, a large number of new distributors were contracted around the world

Consumer Products

Net sales for the period January–September amounted to SEK 3.8 m (20.7) and consisted of royalties from Motorola as well as close-out sales of the remaining inventory of INVISIO® G5-headsets.



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The decrease compared with the same period a year ago is mainly attributable to the fact that the Company now works according to a changed business model for the Consumer Products business area, without any own sales of such products, and to the fact that substantial compensation from Motorola was booked during the corresponding period a year ago. Following the launch of Motorola Endeavor HX1 in June, INVISIO Headsets now receives royalties from Motorola in accordance with a license and development agreement.

Gross profit was SEK -0.1 m (3.9), and the gross margin was -2.5% (18.6%). Gross profit and the gross margin were hurt by the write-down of the remaining inventory of INVISIO® G5-headsets to estimated market value.

Capital expenditures, cash flow and shareholders' equity

Capital expenditures

Net capital expenditures during the third quarter amounted to SEK 2.0 m (0.7), of which SEK 2.4 m (0.5) consisted of capitalized development costs entirely attributable to the new series of products in the Professional Products business area.

Net capital expenditures during the period January–September amounted to SEK 6.2 m (3.1), of which SEK 6.5 m (5.7) consisted of capitalized development costs attributable to the new series of products in the Professional Products business area.

Cash flow and liquidity

Cash flow from operating activities was SEK -2.9 m (-33.0) during the period January–September. Cash and cash equivalents held by the Group at the end of the end of the period amounted to SEK 4.4 m (0.5).

Trade accounts receivable amounted to SEK 10.1 m (4.6) at the end of the third quarter, and inventory was valued at SEK 2.0 m (5.8).

Management and the 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. During the period January–September, the Company's equity was increased through new issues of SEK 11.8 m at the same time that SEK 2.4 m in liabilities to credit institutions was amortized. The new issues were aimed at strengthening the Company's financial position as a result of a need that arose from delays in the launch of the new series of professional products during the second quarter of 2009 and of the Motorola Endeavor HX1 headset, which has been jointly developed with Motorola and was launched on 18 June 2009. The new issues were also aimed at financing a larger level of tied-up capital in connection with efforts to boost sales of professional products.

The Company will be in need of additional capital contributions until the business reaches break-even. The view held by Company management and the Board is the same as previously, namely, that necessary liquidity will be generated and added to operations through continuing revenues, borrowing, the possible exercise of stock options, and the authorization granted by the 2009 AGM to conduct new issues.

Shareholders' equity

The Group's reported shareholders' equity as per the end of the third quarter was SEK 6.3 m (2.2), and the equity ratio was 13.8% (5.0%).

Parent Company

Net sales for the parent company totaled SEK 90,000 (90,000) for the period January–September, and the result after tax was SEK -20.9 m (-7.8).



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Cash and cash equivalents held by the parent company at the end of the third quarter amounted to SEK 1.7 m (0.2), and the equity ratio was 63.6% (85.0%). The parent company had 1 employee (1).

Important events July–September

INVISIO Headsets' new series of professional products shown at the DSEi exhibition in London in September

DSEi (Defence Systems & Equipment International) is the world's largest fully integrated defense and security exhibition, bringing together senior trade and military experts.

The exhibition had high attendance and resulted in the establishment of new contacts with distributors, retailers and end users in all areas of the world, and has led to new, promising requests for quotations.

Launch of Motorola's first product, Motorola Endeavor HX1, featuring INVISIO Headsets' patented Bone Conduction Technology, begun in June with Asia as the first market and in September in the U.S.

Following an evaluation of the product the U.S. consumer electronics weblog Engadget rated Motorola Endeavor HX1 as "the best Bluetooth headset we have ever used." CBS-owned CNET gave the new product an "Excellent" rating and called it a "fantastic headset." Further, the weblog Fuze Mobility called Motorola Endeavor HX1 "the market's best headset" in a review published just after its September launch in the U.S. with the operator Sprint, among others.

Positive reviews from independent and leading trade media are vital for establishing confidence in new products. Therefore it is valuable to gain recognition in this way by highly reputable, independent reviewers.

INVISIO Headsets met with investors at a highly attended Capital Markets Day in Stockholm in September

At an event arranged by Stockholm Corporate Finance and Financial Hearings at Operaterassen in Stockholm, CEO Lars Højgård Hansen presented the Company for approximately 20 guests. Coverage of the Capital Markets Day by the mass media was extensive, with follow-up articles published in business and financial journals such as *Börsveckan*, *Veckans Affärer*, *Dagens Industri*, *Placera Nu* and *Realtid*.

Lars Højgård Hansen's presentation can be viewed at

<http://financialhearings.eframe.se/090903/invisio/>

Directed new issue, corresponding to approximately 2.5% of the total number of shares in the Company, carried out in September

The new issue was aimed at strengthening the Company's financial position due a need that arose from delays in the launch of the new series of professional products during the second quarter of 2009 and of the Motorola Endeavor HX1 headset, which has been jointly developed with Motorola and was launched on 18 June 2009. The new issue was also aimed at financing a larger level of tied-up capital in connection with efforts to boost sales of professional products.

The new issue was limited to approximately 27% of the issue mandate that was decided on by the Annual General Meeting in April 2009. In view of the costs in relation to the limited size of the issue, the time factor and the interest in spreading ownership ahead of a listing of the Company's stock on the Nasdaq OMX Small Cap list, a new issue has been judged to be the most suitable approach.

A total of 547,936 shares, corresponding to approximately 2.5% of the total number of shares in the Company after the completed new issue, were subscribed primarily by Handelsbanken



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Life & Pension Ltd EP, Catella Institutionell Relativ and Beijerinvest AB.

The subscription price was based on the market value of the stock, with a limited adjustment of the terms for the price of 3.4%, based on the volume-weighted closing price for ten days prior to the Board's decision, of SEK 18.89 and a subscription price of SEK 18.25. This entails a limited financial dilution for the existing shareholders.

The new issue raised SEK 10 m for the Company.

In July, INVISIO Headsets AB (publ) was listed on the First North Premier Segment as part of the planned listing on the Nasdaq OMX Small Cap list

Given the steady improvement in the stock market climate in 2009, there is reason to presume that the conditions in the financial market will be sufficiently favorable for a listing on the Nasdaq OMX Small Cap list during the first half of 2010.

Important events after the end of the reporting period

INVISIO Headsets chooses PR firm Hill & Knowlton as a partner for its communication work

The assignment involves both PR and IR services, which will primarily be performed in Sweden, and to some extent in Denmark.

Through the cooperation with Hill & Knowlton, INVISIO Headsets gains a knowledgeable and global communication partner that can help the Company achieve its objectives. The assignment involves both driving sales with the help of market PR and assisting INVISIO Headsets to become more visible to financial investors and hopefully to attract more investors to want to be shareholders of INVISIO Headsets.

Outlook for fourth quarter of 2009

Professional Products business area

The number of queries and full-scale customer tests is rising following the introduction of the new series of professional products. Follow-up of marketing efforts to end users in key markets is in progress, and queries pertaining to considerably larger order values than previously have been received.

However, net sales for the Professional Products business area will continue to fluctuate from quarter to quarter due to long lead times from initial query to quotation and finally to firm order.

In view of the positive market reactions following the introduction of the new series of professional products, we are counting on substantial future sales growth for the business area.

Consumer Products business area

To date, Motorola Endeavor HX1 has been well-received by the trade press and customers. The positive reactions have exceeded our expectations and are expected to generate positive effects on future royalty revenue. During the autumn Motorola will be intensifying its marketing of the new product. There are strong indications now that sales of Motorola Endeavor HX1 will also begin in Europe soon. The fact that the climate for doing so is favorable is supported by reports that electronics retailers are increasingly beginning to restock their store inventories to more normal levels.

Operating expenses

Operating expenses for the fourth quarter of 2009 are expected to be level with the third quarter.

Accounting principles

This interim report has been prepared, for the Group, in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts



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Act. The parent company's accounts have been prepared in accordance with RFR 2.2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting principles that are described in the 2008 Annual Report have been applied, along with the changes reported in Note 1.

Starting on January 1, 2009, the Company applies the following new principles or IFRS amendments:

- IAS 1 (revised), "Presentation of Financial Statements." The revised standard requires that all changes in shareholders' equity that are not coupled to the owners be reported in a separate presentation. The Company therefore presents two income statements: the Income Statement and the Statement of Comprehensive Income.
- IFRS 8 Operating Segments. This standard replaces IAS 14 Segment Reporting and is based on a management perspective that entails that segmental information is to be presented in the same way as it is presented in the internal reporting for the chief operating decision maker (CODM). At INVISIO Headsets, the Group's management team is defined as the CODM function. The new standard has not resulted in any changes in reported segments.

Significant risks and uncertainties

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

The risks that the Company is mainly exposed to are market-related risks (including competition, technological risks, political risks, changes in public budgets and the global market situation), operational risks (including the ability to manage growth, customers and cooperation agreements, product liability, intangible risks, dependence on

key persons and employees, and fair valuation of intangible non-current assets), and financial risks (including primarily liquidity risk, financing risks and currency risks).

In the Company's opinion, no additional significant risks or uncertainties have arisen during the year, apart from those reported on pages 31, 41, 42 and in Note 2 of the 2008 Annual Report.

As noted in the "Cash flow and liquidity" section, Company management and the 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 view is that necessary liquidity will be generated and added to operations through continuing revenues, borrowing, the possible exercise of stock options and the authorization granted by the 2009 AGM to conduct new share issues.

The Company will be in need of additional capital contributions until the business reaches break-even. The view held by Company management and the Board is the same as previously, namely, that necessary liquidity will be generated and added to operations through continuing revenues, borrowing, the possible exercise of stock options, and the authorization granted by the 2009 AGM to conduct new issues.

Related party transactions

Lage Jonason with related parties is the Company's largest individual shareholder. Lage Jonason has personally stood surety for some of the Company's liabilities to credit institutions, for a nominal amount of SEK 8.0 m.

Nominating Committee

At the Company's Annual General Meeting in April 2009 it was resolved that a Nominating Committee would be appointed to conduct drafting work and submit recommendations to the shareholders at future AGMs regarding the



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election of directors and directors' fees. The Nominating Committee that has now been appointed consists of Lage Jonason (committee chair), representing himself and related parties, Ramsay Brufer, representing Alecta, Jan Andersson, representing Swedbank Robur Funds, and Heléne Bergquist, Chairman of the Board.

The Nominating Committee can be contacted via Lage Jonason.

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Future reporting dates

- Year-end report 2009: 17 February 2010
- Annual General Meeting 2010: April 27, 2010, in Stockholm

Stockholm, November 5, 2009

Lars Højgård Hansen
President and CEO
INVISIO Headsets AB (publ)

Review report

We have reviewed this report for the period January 1, 2009, to September 30, 2009 for INVISIO Headsets AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other

generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, November 5, 2009

PricewaterhouseCoopers
Michael Bengtsson
Authorized Public Accountant
Auditor in charge

Tables

Consolidated Income Statement

SEK 000s	July-Sept. 2009	July-Sept. 2008	Jan.-Sept. 2009	Jan.-Sept. 2008	Jan.-Dec. 2008
Income statement					
Income	7,938	6,218	49,049	34,670	40,686
Goods for resale	-5,588	-2,229	-12,334	-23,865	-27,845
Gross profit	2,350	3,989	36,715	10,805	12,841
Operating expenses ¹⁾	-11,690	-11,612	-42,164	-43,980	-56,055
Operating profit/loss	-9,340	-7,623	-5,449	-33,175	-43,214
Net financial items	-861	-147	-2,101	-1,138	-1,666
Profit/loss before tax	-10,201	-7,770	-7,550	-34,313	-44,880
Income tax	-	-	-	-	-
Profit/loss for the period	-10,201	-7,770	-7,550	-34,313	-44,880
Other comprehensive income					
Translation differences during the period from translation of foreign businesses	-1,836	-236	-2,038	214	1,871
Comprehensive income for the period	-12,037	-8,006	-9,588	-34,099	-43,009

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

¹⁾ Of which, depreciation	-2,362	-1,454	-6,943	-5,348	-7,036
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Per-share data	July-Sept. 2009	July-Sept. 2008	Jan.-Sept. 2009	Jan.-Sept. 2008	Jan.-Dec. 2008
Earnings per share, SEK	-0.49	-0.39	-0.36	-1.73	-2.24
Earnings per share after full dilution, SEK	-0.47	-0.38	-0.35	-1.68	-2.23
Earnings per share based on comprehensive income, SEK	-0.58	-0.39	-0.44	-1.67	-2.14
Earnings per share based on comprehensive income, after full dilu	-0.56	-0.39	-0.44	-1.67	-2.14
Shareholders' equity per share, SEK	0.29	0.11	0.29	0.11	0.19
Shareholders' equity per share after full dilution, SEK	0.29	0.11	0.29	0.11	0.20
Equity ratio	14%	5%	14%	5%	9%
Number of shares outstanding	21,565,126	20,436,084	21,565,126	20,436,084	20,646,084
Average number of shares outstanding	20,814,107	20,111,084	20,896,056	19,795,280	20,052,807
Number of shares outstanding after full dilution	21,565,126	20,436,084	21,565,126	20,436,084	20,135,913
Share price, SEK	18.90	21.00	18.90	21.00	17.70

Consolidated Balance Sheet

Condensed balance sheet

SEK 000s

Assets	30-09-2009	30-09-2008	30-06-2009	31-12-2008
Intangible assets	24,565	21,604	25,695	25,375
Property, plant and equipment	1,950	2,733	2,402	3,238
Financial assets	742	737	786	759
Inventories	1,999	5,816	4,310	6,421
Accounts receivable - trade	10,075	4,611	10,167	5,713
Other receivables, prepaid expenses and accrued income	1,671	6,485	1,677	5,059
Cash and bank balances	4,389	529	4,138	864
Total assets	45,391	42,515	49,175	47,429

Shareholders' equity and liabilities	30-09-2009	30-09-2008	30-06-2009	31-12-2008
Shareholders' equity	6,278	2,200	7,573	4,068
Liabilities to credit institutions	15,109	17,043	10,515	17,856
Accounts payable - trade	7,383	11,720	11,332	14,231
Other liabilities, accrued expenses and deferred income	16,621	11,552	19,755	11,274
Total shareholders' equity and liabilities	45,391	42,515	49,175	47,429

Changes in shareholders' equity	30-09-2009	30-09-2008	30-06-2009	31-12-2008
Opening balance	4,068	20,031	4,068	20,031
New issues	11,798	16,268	1,798	27,046
Comprehensive income for the period	-9,588	-34,099	1,707	-43,009
Closing balance	6,278	2,200	7,573	4,068

Statement of financial position, Group

	Share capital	Other capital contributions	Loss carried forward	Total shareholders' equity
Interim period 1/1/2009 – 9/30/2009				
Opening balance, 1/1/2009	20,646	157,132	-173,710	4,068
New issues	919	10,879	-	11,798
Comprehensive income for the period	-	-	-9,588	-9,588
Shareholders' equity, 9/30/2009	21,565	168,011	-183,298	6,278

	Share capital	Other capital contributions	Loss carried forward	Total shareholders' equity
Interim period 1/1/2008 – 9/30/2008				
Opening balance, 1/1/2008	19,624	132,283	-131,876	20,031
New issues	-	16,268	-	16,268
Comprehensive income for the period	-	-	-34,099	-34,099
Shareholders' equity, 9/30/2008	19,624	148,551	-165,975	2,200

Statement of cash flows – Group

SEK 000s

Cash flow	July-Sept. 2009	July-Sept. 2008	Jan.-Sept. 2009	Jan.-Sept. 2008	Jan.-Dec. 2008
Operating activities					
Profit/loss before tax	-10,201	-7,770	-7,550	-34,313	-44,880
Adjustments for non-cash items	1,184	683	-27,664	5,034	6,015
Taxes	-	-	-	-	-
Cash flow from operating activities before changes in working capital	-9,017	-7,087	-35,214	-29,279	-38,865
Cash flow from changes in working capital	-3,674	-10,613	32,300	-3,705	732
Cash flow from operating activities	-12,691	-17,700	-2,914	-32,984	-38,133
Investing activities					
Capitalization of non-current assets	-2,352	-474	-6,545	-5,734	-8,081
Acquisition/divestment of property, plant and equipment	322	-	296	-	1,605
Acquisition/divestment of financial assets	44	-256	17	2,653	4,955
Cash flow from investing activities	-1,986	-730	-6,232	-3,081	-1,521
Financing activities					
New issues	10,000	8,006	15,044	16,268	24,401
Change in financial assets	-	-	-	4,892	-
Loans floated	4,950	2,395	-2,378	3,796	4,329
Cash flow from financing activities	14,950	10,401	12,666	24,956	28,730
Cash flow for the period	273	-8,029	3,520	-11,109	-10,924
Cash and bank balances at start of period	4,138	8,569	864	11,633	11,633
Translation differences in cash and bank balances	-22	-11	5	5	155
Cash and bank balances at end of period	4389	529	4389	529	864

Parent Company Income Statement

SEK 000s

Income statement	July-Sept. 2009	July-Sept. 2008	Jan.-Sept. 2009	Jan.-Sept. 2008	Jan.-Dec. 2008
Operating income	30	30	90	90	120
Operating expenses ²⁾	-1,028	-2,079	-4,558	-6,795	-7,904
Operating profit/loss	-998	-2,049	-4,468	-6,705	-7,784
Net financial items	-15,125	-333	-16,462	-1,082	-54,669
Profit/loss before tax	-16,123	-2,382	-20,930	-7,787	-62,453
Income tax	-	-	-	-	-
Profit/loss for the period	-16,123	-2,382	-20,930	-7,787	-62,453

2) Includes depreciation of SEK 13 thousand for the period July-Sept. 2008

Parent Company Balance Sheet

SEK 000s

Assets	30-09-2009	30-09-2008	30-06-2009	31-12-2008
Financial assets/shares in subsidiaries	81,871	81,871	81,871	81,871
Receivables from Group companies	36,115	65,116	41,866	22,703
Other receivables, prepaid expenses and accrued income ³⁾	272	5,475	395	3,590
Cash and bank balances	1,690	170	4,991	154
Total assets	119,948	152,632	129,123	108,318

³⁾ Of which, receivable of SEK 3,246 thousand in issue proceeds as per 12/31/2008.

Shareholders' equity and liabilities	30-09-2009	30-09-2008	30-06-2009	31-12-2008
Shareholders' equity	76,256	129,801	82,379	85,388
Liabilities to credit institutions	8,000	15,502	8,000	15,502
Accounts payable - trade	2,610	3,344	5,056	3,434
Liabilities to Group companies	31,852	2,277	32,602	2,010
Other liabilities, accrued expenses and deferred income	1,230	1,708	1,086	1,984
Total shareholders' equity and liabilities	119,948	152,632	129,123	108,318

Changes in shareholders' equity	30-09-2009	30-09-2008	31-03-2009	31-12-2008
Opening balance	85,388	122,428	85,388	122,428
New issues	11,798	16,268	1,798	27,046
Group contribution	-	-1,108	-	-1,633
Loss for the period ⁴⁾	-20,930	-7,787	-4,807	-62,453
Closing balance	76,256	129,801	82,379	85,388

⁴⁾ Of which, SEK 53 m in shareholder contribution to subsidiaries as per 12/31/2008.

Consolidated Income Statement - Segmental Breakdown

SEK 000s

Income statement, per segment, July-Sept 2009	Professional		Consumer	Other	Total
	Products	Products	Products		
Income	4,724	3,214	-	-	7,938
Goods for resale	-3,056	-2,532	-	-	-5,588
Gross profit/loss	1,668	682	0	0	2,350
Selling and marketing expenses	-4,731	-37	-215	-	-4,983
Administrative expenses	-2,141	-18	-710	-	-2,869
Research and development costs	-3,124	-664	-50	-	-3,838
Operating profit/loss ⁵⁾	-8,328	-37	-975	-	-9,340
Net financial items	-903	-	42	-	-861
Profit/loss before tax	-9,231	-37	-933	-	-10,201
Tax	-	-	-	-	-
Profit/loss for the period	-9,231	-37	-933	-	-10,201

5) Includes depreciation of SEK 2,362 thousand for the period July-Sept.

	Professional Products	Consumer Products	Other	Total
Income statement, per segment, Jan.-Sept. 2009				
Income	12,740	3,836	32,473	49,049
Goods for resale	-8,403	-3,931	-	-12,334
Gross profit/loss	4,337	-95	32,473	36,715
Selling and marketing expenses	-17,756	-348	-531	-18,635
Administrative expenses	-7,009	-117	-3,619	-10,745
Research and development costs	-9,021	-3,604	-159	-12,784
Operating profit/loss⁶⁾	-29,449	-4,164	28,164	-5,449
Net financial items	-1,028	-1	-1,072	-2,101
Profit/loss before tax	-30,477	-4,165	27,092	-7,550
Tax	-	-	-	-
Profit/loss for the period	-30,477	-4,165	27,092	-7,550

6) Includes depreciation of SEK 6 943 thousand for the period Jan - Sept.

	Professional Products	Consumer Products	Other	Total
Income statement, per segment, July-Sept. 2008				
Income	3,107	3,111	-	6,218
Goods for resale	-1,350	-879	-	-2,229
Gross profit	1,757	2,232	-	3,989
Selling and marketing expenses	-4,488	-17	-817	-5,322
Administrative expenses	-1,786	-557	-841	-3,184
Research and development costs	-1,609	-1,236	-261	-3,106
Operating profit/loss⁷⁾	-6,126	422	-1,919	-7,623
Net financial items	386	-111	-422	-147
Profit/loss before tax	-5,740	311	-2,341	-7,770
Tax	-	-	-	-
Profit/loss for the period	-5,740	311	-2,341	-7,770

7) Includes depreciation of SEK 1,454 thousand for the period July-Sept.

	Professional Products	Consumer Products	Other	Total
Income statement, per segment, Jan.-Sept. 2008				
Income	13,945	20,725	-	34,670
Goods for resale	-6,990	-16,875	-	-23,865
Gross profit	6,955	3,850	-	10,805
Selling and marketing expenses	-11,557	-6,220	-817	-18,594
Administrative expenses	-4,615	-2,911	-5,701	-13,227
Research and development costs	-6,201	-5,697	-261	-12,159
Operating profit/loss⁸⁾	-15,418	-10,978	-6,779	-33,175
Net financial items	388	-112	-1,414	-1,138
Profit/loss before tax	-15,030	-11,090	-8,193	-34,313
Tax	-	-	-	-
Profit/loss for the period	-15,030	-11,090	-8,193	-34,313

8) Includes depreciation of SEK 5,348 thousand for the period Jan.-Sept.

	Professional Products	Consumer Products	Other	Total
Income statement, per segment, Jan.-Dec. 2008				
Income	19,142	21,544	-	40,686
Goods for resale	-9,482	-18,363	-	-27,845
Gross profit	9,660	3,181	-	12,841
Selling and marketing expenses	-16,485	-6,764	-1,506	-24,755
Administrative expenses	-5,733	-3,065	-6,855	-15,653
Research and development costs	-6,514	-8,654	-479	-15,647
Operating profit/loss⁹⁾	-19,072	-15,302	-8,840	-43,214
Net financial items	-214	-177	-1,275	-1,666
Profit/loss before tax	-19,286	-15,479	-10,115	-44,880
Tax	-	-	-	-
Profit/loss for the period	-19,286	-15,479	-10,115	-44,880

9) Includes depreciation of SEK 7,036 thousand for the period Jan.-Dec.

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