

INVISIO HEADSETS

Year-end Report

January–December 2009



When it is important to be heard

In brief

October–December

- ➔ Net sales totaled SEK 12.1 m (6.0)
- ➔ Gross profit was SEK 6.0 m (2.0)
- ➔ The gross margin was 49.8% (33.9%)
- ➔ Operating result was -8.0 m (-10.0)
- ➔ Result after tax was SEK -9.7 m (-10.6)
- ➔ Earnings per share were SEK -0.45 (-0.52)
- ➔ The order book amounted to SEK 4.4 m at the end of the quarter (4.1)

January–December

- ➔ Net sales totaled SEK 61.1 m (40.7). Excluding the sale of the VoIP patent, net sales totaled SEK 28.6 m (40.7)
- ➔ Gross profit was SEK 42.7 m (12.8)
- ➔ The gross margin was 69.9% (31.6%)
- ➔ Operating result was SEK -13.4 m (-43.2)
- ➔ Result after tax was SEK -17.3 m (-44.9)
- ➔ Earnings per share were SEK -0.82 (-2.24)

Important events October–December

- ➔ INVISIO Headsets received a breakthrough order in the TETRA market.
- ➔ INVISIO Headsets was included in Motorola's advertising campaign in the U.S. for the Endeavor HX1 consumer headset.
- ➔ INVISIO Headsets met investors at a highly attended Capital Markets Day in Stockholm on November 26.
- ➔ A directed new issue corresponding to approximately 2.3% of the total number of shares in the Company was carried out in December. The measure has strengthened institutional ownership in the Company.
- ➔ INVISIO Headsets selected PR firm Hill & Knowlton as its communications partner.

Important events after year-end

- ➔ INVISIO Headsets has received several orders from military customers, including the U.S. Navy, with a total order value of approximately SEK 2 m.

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

2009 closed on a very positive note, with the best sales of professional products in the Company's history. In the nine-month report I wrote that "INVISIO Headsets has 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 and growing royalty revenue, we were counting on rising revenue from both our business areas. We achieved this.

Professional Products business area

The fourth quarter brought a significantly improved order situation, with the highest quarterly net sales to date for the Professional Products business area. The increase was 66% over the same period in 2008 and is largely attributable to our new series of professional products, marketing activities and an expanded number of distributors around the world in 2009.

In December the Company landed a strategically important breakthrough order in the fast-growing digital TETRA market (Terrestrial Trunked Radios), for headsets for blue-light operations in Portugal. The order was for INVISIO® M3 headsets and initially amounts to approximately SEK 2 m.

The changeover from analog to digital radio communication is opening up an entirely new set of opportunities for users. INVISIO Headsets' new products support both the new TETRA standard and current analog standards.

We are clearly seeing a higher demand for in-ear solutions, that is, headsets placed in the ear that also provide hearing protection. Through our intensified market presence and patented Bone Conduction Technology, INVISIO Headsets' products are becoming increasingly well-known in the segment, and interest in the products is rising.

Consumer Products business area and cooperation with Motorola

Our cooperation with Motorola in the Consumer Products business area is continuing as planned. The market successes after the launch of their new Endeavor HX1 headset – which is partly based on our patented Bone Conduction Technology – are convincing. Numerous product reviews have confirmed the benefit of our unique technology also in the area of consumer-oriented products. To quote Rene Ritchie in The iPhone Blog after a visit to the recently concluded Consumer Electronics Show in Las Vegas, the new headset enables "mobile communication from noisy environments where it was previously impossible to hear what was being said."

The prominent New York Times has also given the Endeavor HX1 top scores and concluded its review with the words "It's a fantastic headset."

The first royalty revenue from Motorola was received in 2009, and as of year-end all own sales of consumer products have thereby been concluded.

We fell short of our revenue target during the fourth quarter, which is due to the fact that Motorola's distribution has been limited to Sprint as the only market channel. After year-end the number of distributors is being expanded to other outlets, including Apple Stores, at the same time that the launch of Endeavor HX1 has been started in Europe. For Motorola's new, computer-like DROID mobile phone that was recently launched, Endeavor HX1 is a recommended accessory.

However, it is in the nature of things that we cannot entirely predict the pace of Motorola's launch, neither with respect to the number of distributors nor markets.



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A good year despite tough conditions

The expression "perseverance pays" is a fitting summary of the 2009 fiscal year. The Company's strategic shift in 2008 to a focus on the world market for professional users' needs for robust, functional communication solutions in demanding environments has been carried out with success. INVISIO Headsets performed well during the past year, however with some delays surrounding the launch of our new professional products and the headset that has been developed in cooperation with Motorola.

For INVISIO Headsets – like other companies in similar stages of development – the situation in the world market in 2009 was difficult. In such a business climate, it is a challenge as a growth company to move into the black; but we can say with satisfaction that that point is approaching ever closer. Compared with 2008, the Group's net sales rose 50%, with a strongly improved operating result. However, adjusted for the sale of the VoIP patent, net sales were down 30% after the wind-up of the Company's own sales of consumer products, while the operating result was down by only 6% as a result of our changed business model. Operating expenses were virtually unchanged on a full-year basis compared with 2008. Against this background I would assert that the year's favorable earnings development has been significant, albeit not entirely at the level of our internally set targets.

One of our strengths at INVISIO Headsets is our important institutional and enduring ownership. Through a number of investor-related activities, during the year the Company even managed to increase its institutional ownership. At year-end 2009 a small, directed new issue was carried out in an effort to secure INVISIO Headsets' financial position and to finance a higher level of tied-up capital in association with our intensified focus on professional products.

Governance and control

Financial governance and control with respect to achieving clearer responsibility for income and expenses was a continued focus area throughout the organization in 2009. Crucial processes and routines in several function areas were verified and documented during the year as part of our continuous quality development.

Summary of fourth quarter 2009

The year came to a close on a very positive note, with the best sales of professional products in the Company's history. Our strategic shift to a focus on the world market for professional users' needs and robust, functional communication solutions in demanding environments has been completed and is beginning to generate results, as is our cooperation with Motorola. We are now developing gradually from a headset manufacturer to a highly specialized communications company with solutions that forge the latest mobile phone technologies with the ongoing digital development in the area of radio communication.

Our cost situation is under control and stable, at the same time that our visibility in the market and cooperation with strategic partners and distributors is developing well.

Our plans to introduce INVISIO Headsets AB (publ) on the Nasdaq OMX Small Cap list in 2010 remain intact, as the stock market climate in 2009 grew increasingly better, and there is reason to presume that the conditions in the finance market are sufficiently favorable. As part of these preparations, in July 2009 the Company became listed in the Nasdaq OMX First North Premier Segment.

As we put 2009 behind us, we are looking forward to an exciting and rewarding new year. Our prospects for success have never felt better.

Lars Højgård Hansen
CEO



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Sales and earnings, October–December

Net sales for the fourth quarter doubled compared with the same period in 2008 and amounted to SEK 12.1 m (6.0). The strong increase is attributable to significantly improved net income from both of INVISIO Headsets' business areas. Gross profit strengthened considerably compared with a year ago and was SEK 6.0 m (2.0). The gross margin for the quarter increased to 49.8% (33.9%).

The order book amounted to SEK 4.4 m (4.1) at the end of the quarter and consists entirely of orders in the Professional Products business area. During the quarter, closeout sales of the remaining inventory of INVISIO® G5 products took place. INVISIO Headsets thereby no longer conducts any sales of its own in the Consumer Products business area.

Operating expenses for the fourth quarter amounted to SEK -14.0 m (-12.1). Operating expenses include SEK -2.6 m (-1.7) in depreciation and SEK -0.7 m (-0.3) in provisions for the employment-based stock option program. No provisions were made for the performance-based option program, as no options were granted.

Net financial items for the fourth quarter amounted to SEK -1.8 m (-0.5).

The result after tax for the fourth quarter improved over 2008 and totaled SEK -9.7 m (-10.6), corresponding to SEK -0.45 per share (-0.52).

Professional Products

Net sales for the fourth quarter totaled SEK 8.6 m (5.2), with a gross margin of 47.7% (52.1%). One characteristic of the business area is that the gross margin for professional products 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 via distributors. The order book for professional products amounted to SEK 4.4 m (4.1) at the end of the period.

Consumer Products

Net sales for the fourth quarter totaled SEK 3.5 m (0.8) and consisted of closeout sales of the remaining inventory of INVISIO® G5 headsets, totaling SEK 0.6 m, and royalties from Motorola, totaling SEK 2.9 m. The gross margin improved considerably compared with 2008 and was 55.0% (-81.6%).

Sales and earnings, January–December

Net sales for the year amounted to SEK 61.1 m (40.7), of which SEK 32.5 m pertains to the sale of the VoIP patent in March. Excluding the patent sale, net sales totaled SEK 28.6 m (40.7). The decrease in net sales compared with a year ago is mainly due to the fact that the Company no longer conducts own sales in the Consumer Products business area, and to the fact that substantial compensation from Motorola was booked during the corresponding period in 2008. Following the launch of Motorola Endeavor HX1 in June 2009, INVISIO Headsets receives royalties from Motorola in accordance with the existing license and development agreement.

Gross profit was SEK 42.7 m (12.8), and the gross margin was 69.9% (31.6%). Excluding the sale of the VoIP patent, the gross margin was 35.8% (31.6%).

Operating expenses were virtually unchanged for the year, at SEK -56.2 m (-56.1). Operating expenses include SEK -9.5 m (-7.0) in depreciation and SEK -2.0 m (-1.6) in provisions for the employment-based stock option program. Provisions for the performance-based stock option program amounted to SEK -0.5 m (0). Operating expenses were favorably affected by the dissolution of reserves for trade accounts receivable in the Consumer Products business area, totaling SEK 0.8 m.



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Net financial items for the year amounted to SEK -3.9 m (-1.7). The decline is mainly due to higher borrowing costs and currency movements.

The result after tax for the full year improved considerably compared with 2008 and was SEK -17.3 m (-44.9), corresponding to SEK -0.82 per share (-2.24).

Professional Products

Net sales for the year totaled SEK 21.3 m (19.1), with a significant increase following the launch of the new series of professional products during the third quarter. Growth can be credited to the rapidly growing interest in the INVISIO® X50 control unit and the INVISIO® X5 headset, as well as to an increase in the number of distributors in several parts of the world.

The gross margin for the business area was 39.6% (50.5%). One 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 via distributors. 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, including price adjustments granted to certain distributors and production-related fine-tuning costs.

Gross profit and the gross margin were also 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.

Consumer Products

Net sales for the year amounted to SEK 7.3 m (21.5). Net sales consisted in part of closeout sales of the remaining inventory of INVISIO® G5 products, totaling SEK 1.4 m, and in part of royalties from Motorola during the second and fourth quarters, totaling SEK 5.9 m. The decrease in net sales compared with a year ago is mainly due to the fact that the Company no longer conducts own sales in the Consumer Products business area, and to the fact that substantial compensation from Motorola was booked in 2008. Following the launch of Motorola Endeavor HX1 in June 2009, INVISIO Headsets receives royalties from Motorola in accordance with the existing license and development agreement.

The gross margin for the business area increased to 24.7% (14.8%), of which the cooperation with Motorola had a gross margin of 100.0% and the closeout sales of INVISIO G5 products -291.9%.

Capital expenditures, cash flow and shareholders' equity

Capital expenditures

Net capital expenditures during the year amounted to SEK -8.2 m (-6.5), of which SEK -8.5 m (-8.1) 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 -11.0 m (-38.1) for the year. Cash and cash equivalents held by the Group at year-end amounted to SEK 5.1 m (0.9). Trade accounts receivable amounted to SEK 13.4 m (5.7) and inventory was valued at SEK 2.7 m (6.4).

Management and the Board are working actively and continuously with the Company's governance and control, including earnings, liquidity and financial position.



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The Board continuously tests that the conditions for continued operation exist. During the year, the parent company received an equity injection of SEK 20.8 m through new share issues, at the same time that liabilities to credit institutions were amortized in the amount of SEK -0.7 m (4.3) net. The new issues were aimed at strengthening INVISIO Headsets' financial position and financing a higher level of tied-up capital associated with greater sales of professional products.

The Company is 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

Two directed new issues were carried out in 2009 – in September and December. The first issue, for 547,936 shares, corresponded to a SEK 547,936 increase in capital stock and an increase in other equity of SEK 9,451,896, and the second, for 500,000 shares, corresponded to a SEK 500,000 increase in capital stock and an increase in other equity of SEK 8,500,000. During the year, stock options were exercised for 83,106 shares, resulting in an increase in the capital stock by SEK 83,106 and an increase in other equity by SEK 1,715,308.

Registered capital stock increased by SEK 919,042 in 2009. The total registered capital stock thus amounts to SEK 21,565,126. At year-end, 500,000 shares were not registered. These were registered on January 11, 2010.

The Group's reported shareholders' equity as per December 31, 2009, was SEK 7.0 m (4.1), entailing a visible equity ratio of 14% (9%).

Parent company

Operating income for the parent company in 2009 totaled SEK 0.3 m (0.7). The operating result for the year was SEK -5.7 m (-7.8). The result after tax for the year was SEK -33.5 m (-62.5), of which shareholder contributions to subsidiaries amounted to SEK 30 m (53).

Cash and cash equivalents held by the parent company at year-end amounted to SEK 3.5 m (0.1), and the equity ratio was 88% (79%). The parent company had 1 employee (1).

Important events October–December

INVISIO Headsets lands breakthrough order in TETRA market

An initial order worth approximately SEK 2 m was received in the strongly expanding TETRA market in Europe. The order marks an important market breakthrough and pertains to INVISIO® M3 headsets using INVISIO's patented Bone Conduction Technology, which enables interference-free communication even in extreme environments.

The deal was made in connection with Sepura plc, a leading supplier of TETRA radios, receiving a major order from the Portuguese government. The products will be included in an advanced digital communication solution for blue-light activities together with radio equipment employing the TETRA protocol and will be delivered during the first quarter of 2010.



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INVISIO Headsets included in Motorola's advertising campaign in the U.S. for the Endeavor HX1 headset

INVISIO Headsets was included in Motorola's advertising film for the unique Endeavor HX1 Bluetooth headset employing INVISIO's patented Bone Conduction Technology, which was shown at airports across the U.S. in November (see link to film here). The headset is the first within the framework of the agreement and makes crystal clear communication possible even in noisy environments.

Motorola Endeavor HX1 was introduced in Asia in June 2009 and is also being sold in the U.S. since early September through the mobile operator Sprint. The market reception has been very positive, and reviews conducted in prominent U.S. technology media have called the headset "the best ever." (See Motorola's website for Endeavor HX1.)

INVISIO Headsets met with investors at a highly attended Capital Markets Day in Stockholm on November 26

At a highly attended event arranged by Avanza Bank, the analyst firm Redeye and Financial Hearings at the Hamburgerbörs restaurant in Stockholm, INVISIO Headsets was presented by CEO Lars Højgård Hansen. The moderator was financial analyst Hjalmar Ahlbergh, from Redeye.

A directed new issue corresponding to approximately 2.3% of the total number of shares in the Company following the completed new issue was carried out in December. The issue increases the Company's institutional ownership.

In December the Board of INVISIO Headsets AB decided to carry out a directed new issue of 500,000 shares, corresponding to approximately 2.3% of the total number of shares in the Company after the completed new issue. The subscription price was SEK 18.00 per share and raised SEK 9 m for the Company.

The new issue was aimed at strengthening INVISIO Headsets' financial position and financing a higher level of tied-up capital associated with greater sales of professional products. The issue was directed at a small group of external investors, including the Åland Mutual Insurance Company. In view of the limited size of the issue, the time factor and the objective to spread ownership ahead of a listing of the Company's stock on the NASDAQ OMX Stockholm exchange, a directed issue at a subscription price corresponding to current share price was judged to be the most suitable approach.

INVISIO Headsets has selected PR firm Hill & Knowlton as its communication partner

The assignment involves both PR and IR services, which will primarily be performed in Sweden, and to some extent in Denmark. Through this cooperation, 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 in the aim of increasing the number shareholders in the Company.



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Important events after year-end

INVISIO Headsets has received several orders from military customers, including the U.S. Navy, for a total order value of approximately SEK 2 m

INVISIO Headsets has received several orders from military customers in Europe and the U.S. The total order value is worth approximately SEK 2 m. The orders are for INVISIO Headsets' new INVISIO® X5 headset with hearing protection, together with the INVISIO® X50 control unit. This is the world's first digital communication system with certified hearing protection and INVISIO Headsets' patented Bone Conduction Technology, which makes communication possible in extreme noise conditions. The customers include the U.S. Navy.

Outlook for first quarter of 2010

Professional Products business area

The number of queries and full-scale customer tests continues to rise 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. As previously noted, net sales for the 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 favorable effects on future royalties. Motorola will be intensifying its marketing of the new product in 2010, at the same time that the launch of Endeavor HX1 is begun in Europe. Endeavor HX1 is a recommended accessory for Motorola's new computer-like DROID mobile phone.

However, it is in the nature of things that we cannot entirely predict the pace of Motorola's launch, neither with respect to the number of distributors nor markets.

Operating expenses

Operating expenses for the first quarter of 2010 are expected to be level with or lower than in the fourth quarter of 2009.

Accounting principles

This year-end report has been prepared, for the Group, 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 2.2 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.



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- 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.

The year-end report has not been reviewed by the Company's auditors.

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 Company is 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 7.8 m, and for undertakings vis-à-vis suppliers.

Annual General Meeting 2010

The 2010 Annual General Meeting of INVISIO Headsets AB (publ) will be held on April 27, 2010, in Stockholm. A separate notice of the AGM will be sent out shortly.

Future reporting dates

Annual Report 2009: to be published by April 13, 2010, at the latest

- Quarterly report January–March: April 22, 2010
- Quarterly report April–June: July 22, 2010
- Quarterly report July–September: November 3, 2010
- Year-end report 2010: February 17, 2011



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Stockholm, February 17, 2010

Heléne Bergquist
Chairman of the Board

Magnus Ruding
Director

Anders Persson
Director

Mats Warstedt
Director

Lars Højgård Hansen
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Tables

Consolidated Income Statement

SEK 000s

Income statement	Okt-Dec 2009	Okt-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Income	12,057	6,017	61,106	40,686
Goods for resale	-6,053	-3,980	-18,388	-27,845
Gross profit	6,004	2,037	42,718	12,841
Operating expenses ¹⁾	-13,992	-12,075	-56,156	-56,055
Operating profit/loss	-7,988	-10,038	-13,438	-43,214
Net financial items	-1,756	-529	-3,857	-1,666
Profit/loss before tax	-9,744	-10,567	-17,295	-44,880
Income tax	-	-	-	-
Profit/loss for the period	-9,744	-10,567	-17,295	-44,880
Other comprehensive income				
Translation differences during the period from translation of foreign businesses	1,497	1,657	-541	1,871
Comprehensive income for the period	-8,247	-8,910	-17,836	-43,009

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

¹⁾ Of which, depreciation

Per-share data	Okt-Dec 2009	Okt-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Earnings per share, SEK	-0.45	-0.52	-0.82	-2.24
Earnings per share after full dilution, SEK	-0.45	-0.50	-0.80	-2.14
Earnings per share based on comprehensive income, SEK	-0.38	-0.43	-0.83	-2.14
Earnings per share based on comprehensive income, after full dilution, SEK	-0.38	-0.43	-0.83	-2.05
Shareholders' equity per share, SEK	0.33	0.19	0.33	0.19
Shareholders' equity per share after full dilution, SEK	0.33	0.19	0.33	0.19
Equity ratio	14%	9%	14%	9%
Number of shares outstanding	21,565,126	20,934,084	21,565,126	20,646,084
Average number of shares outstanding	21,565,126	20,507,917	21,063,789	20,052,807
Number of shares outstanding after full dilution	21,565,126	20,934,084	21,565,126	20,934,084
Share price, SEK	18.00	17.70	18.00	17.70

Consolidated Balance Sheet

Condensed balance sheet

SEK 000s

Assets	2009-12-31	2008-12-31
Intangible assets	24,521	25,375
Property, plant and equipment	1,611	3,238
Financial assets	769	759
Inventories	2,716	6,421
Accounts receivable - trade	13,404	5,713
Other receivables, prepaid expenses and accrued income	2,149	5,059
Cash and bank balances	5,059	864
Total assets	50,229	47,429
Shareholders' equity and liabilities	2009-12-31	2008-12-31
Shareholders' equity	7,030	4,068
Liabilities to credit institutions	16,815	17,856
Accounts payable - trade	11,761	14,231
Other liabilities, accrued expenses and deferred income	14,623	11,274
Total shareholders' equity and liabilities	50,229	47,429
Changes in shareholders' equity	2009-12-31	2008-12-31
Opening balance	4,068	20,031
New issues	20,798	27,046
Comprehensive income for the period	-17,836	-43,009
Closing balance	7,030	4,068



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Statement of financial position, Group

	Share capital	Other capital contributions	Loss carried forward	Total shareholders' equity
Interim period 1/1/2009 – 12/31/2009				
Opening balance, 1/1/2009	20,646	157,132	-173,710	4,068
New issues	919	10,879	-	11,798
Issues during registration	-	9,000	-	9,000
Comprehensive income for the period	-	-	-17,836	-17,836
Shareholders' equity, 12/31/2009	21,565	177,011	-191,546	7,030

	Share capital	Other capital contributions	Loss carried forward	Total shareholders' equity
Interim period 1/1/2008 – 12/31/2008				
Opening balance, 1/1/2008	19,624	131,108	-130,701	20,031
New issues	1,022	26,024	-	27,046
Comprehensive income for the period	-	-	-43,009	-43,009
Shareholders' equity, 12/31/2008	20,646	157,132	-173,710	4,068

Statement of cash flows – Group

SEK 000s

Cash flow	Okt-Dec 2009	Okt-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Operating activities				
Profit/loss before tax	-9,744	-10,567	-17,295	-44,880
Adjustments for non-cash items	3,953	982	8,762	6,015
Taxes	-	-	-	-
Cash flow from operating activities before changes in working capital	-5,791	-9,585	-8,533	-38,865
Cash flow from changes in working capital ^{2/}	-2,260	9,413	-2,432	732
Cash flow from operating activities	-8,051	-172	-10,965	-38,133
Investing activities				
Capitalization of non-current assets	-1,906	-2,347	-8,451	-8,081
Acquisition/divestment of property, plant and equipment	-48	-1,048	248	1,605
Acquisition/divestment of financial assets	-17	-	-	4,955
Cash flow from investing activities	-1,971	-3,395	-8,203	-1,521
Financing activities				
New issues	9,000	3,156	24,044	24,401
Change in financial assets	-10	63	-10	-
Loans floated	1,635	533	-743	4,329
Cash flow from financing activities	10,625	3,752	23,291	28,730
Cash flow for the period	603	185	4,123	-10,924
Cash and bank balances at start of period	4,389	529	864	11,633
Translation differences in cash and bank balances	67	150	72	155
Cash and bank balances at end of period	5,059	864	5,059	864

^{2/} Cashflow from Patent sale has been net accounted for the period Jan. - Sept. 2009.

Parent Company Income Statement

SEK 000s

Income statement	Okt-Dec 2009	Okt-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Operating income	255	649	345	120
Operating expenses ³⁾	-1,447	-1,109	-6,005	-7,904
Operating loss	-1,192	-460	-5,660	-7,784
Net financial items	-17,147	-54,206	-33,609	-54,669
Loss before tax	-18,339	-54,666	-39,269	-62,453
Income tax	5,761	-	5,761	-
Loss for the period	-12,578	-54,666	-33,508	-62,453

³⁾ Includes depreciation of SEK 13 thousand for the period Jan - Dec 2008

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When it is important to be heard

Parent Company Balance Sheet

SEK 000s

Assets	2009-12-31	2008-12-31
Financial assets/shares in subsidiaries	81,871	81,871
Receivables from Group companies	14,697	22,703
Other receivables, prepaid expenses and accrued income ⁴⁾	299	3,590
Cash and bank balances	3,533	154
Total assets	100,400	108,318

⁴⁾ Of which, receivable of SEK 3,246 thousand in issue proceeds as per 12/31/2008.

Shareholders' equity and liabilities

	2009-12-31	2008-12-31
Shareholders' equity	88,822	85,388
Liabilities to credit institutions	7,750	15,502
Accounts payable - trade	2,232	3,434
Liabilities to Group companies	198	2,010
Other liabilities, accrued expenses and deferred income	1,398	1,984
Total shareholders' equity and liabilities	100,400	108,318

Changes in shareholders' equity

	2009-12-31	2008-12-31
Opening balance	85,387	122,428
New issues	11,798	27,046
Issues during registration	9,000	-
Group contribution	21,906	-1,633
Tax group contribution	-5,761	-
Loss for the period ⁵⁾	-33,508	-62,453
Closing balance	88,822	85,388

⁵⁾ Of which, SEK 30 m (53 m 12/31/2008) in shareholder contribution to subsidiaries as per 12/31/2009.

Consolidated Income Statement - Segmental Breakdown

SEK 000s

	Professional Products	Consumer Products	Other	Total
Income statement, per segment, Oct.-Dec. 2009				
Income	8,605	3,452	-	12,057
Goods for resale	-4,498	-1,555	-	-6,053
Gross profit/loss	4,107	1,897	-	6,004
Selling and marketing expenses	-5,365	-512	-124	-6,001
Administrative expenses	-2,241	186	-1,152	-3,207
Research and development costs	-3,376	-1,372	-36	-4,784
Operating loss ⁶⁾	-6,875	199	-1,312	-7,988
Net financial items	-1,520	0	-236	-1,756
Loss before tax	-8,395	199	-1,548	-9,744
Tax	-	-	-	-
Loss for the period	-8,395	199	-1,548	-9,744

⁶⁾ Includes depreciation of SEK 2 537 thousand for the period Oct - Dec.

	Professional Products	Consumer Products	Other	Total
Income statement, per segment, Jan.-Dec. 2009				
Income	21,345	7,288	32,473	61,106
Goods for resale	-12,902	-5,486	-	-18,388
Gross profit/loss	8,443	1,802	32,473	42,718
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
Operating profit/loss ⁷⁾	-36,325	-3,965	26,852	-13,438
Net financial items	-2,548	-1	-1,308	-3,857
Profit/loss before tax	-38,873	-3,966	25,544	-17,295
Tax	-	-	-	-
Profit/loss for the period	-38,873	-3,966	25,544	-17,295

⁷⁾ Includes depreciation of SEK 9 480 thousand for the period Jan - Dec.



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Income statement, per segment, Oct.-Dec. 2008	Professional Products	Consumer Products	Other	Total
Income	5,197	820	-	6,017
Goods for resale	-2,491	-1,489	-	-3,980
Gross profit	2,706	-669	-	2,037
Selling and marketing expenses	-4,928	-544	-689	-6,161
Administrative expenses	-1,118	-154	-1,154	-2,426
Research and development costs	-313	-2,957	-218	-3,488
Operating loss⁸⁾	-3,653	-4,324	-2,061	-10,038
Net financial items	-602	-65	138	-529
Loss before tax	-4,255	-4,389	-1,923	-10,567
Tax	-	-	-	-
Loss for the period	-4,255	-4,389	-1,923	-10,567

8) Includes depreciation of SEK 1 688 thousand for the period Oct-Dec.

Income statement, per segment, Jan.-Dec. 2008	Professional Products	Consumer Products	Other	Total
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 loss⁹⁾	-19,072	-15,302	-8,840	-43,214
Net financial items	-214	-177	-1,275	-1,666
Loss before tax	-19,286	-15,479	-10,115	-44,880
Tax	-	-	-	-
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.