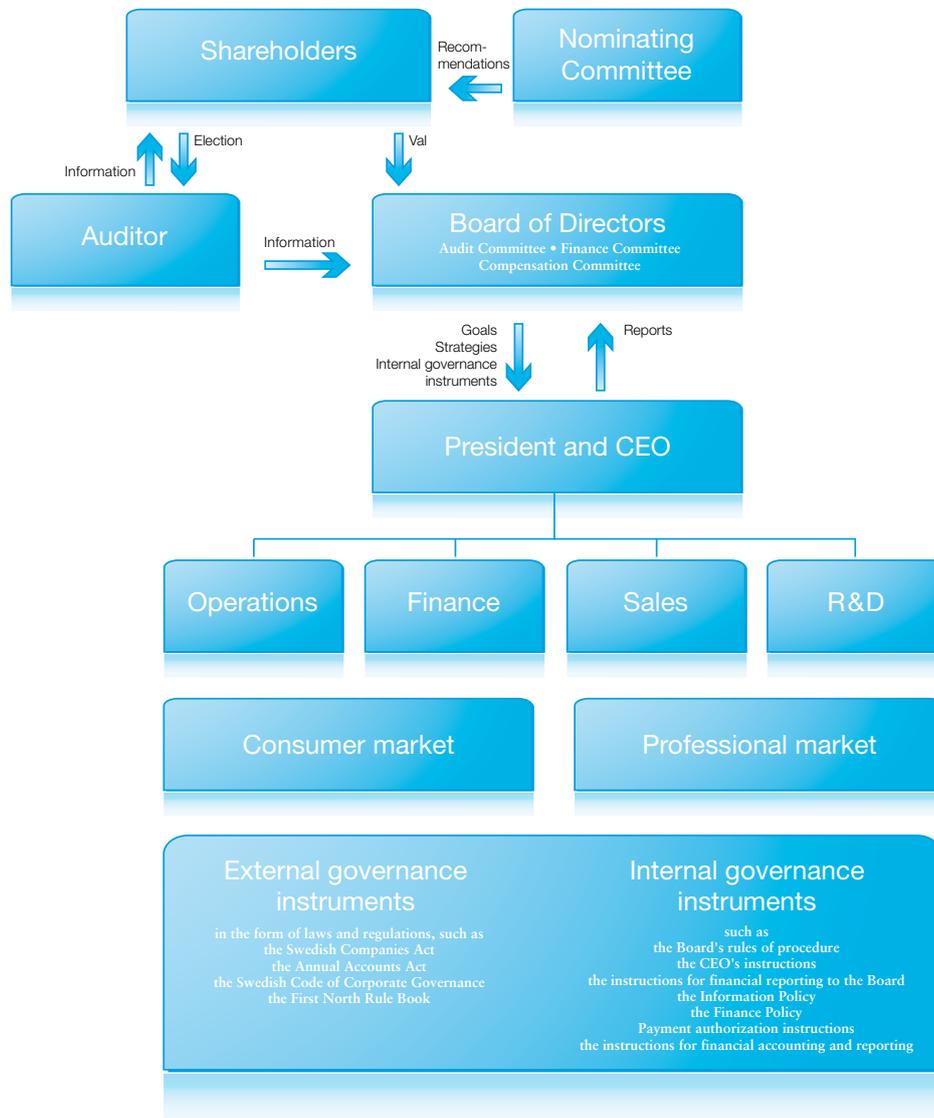


# CORPORATE GOVERNANCE REPORT

## GENERAL

INVISIO Headsets AB (publ) (“INVISIO Headsets” or “the Company”) is a Swedish, public stock corporation with registered office in Stockholm. The Company is listed on First North Stockholm, an alternative marketplace and not a regulated market for trading in equities and other securities that is conducted by NASDAQ OMX Nordic Exchange Stockholm. The Swedish Code of Corporate Governance applies for all Swedish stock corporations whose shares are available for trading in a regulated market in Sweden – currently NASDAQ OMX Nordic Exchange Stockholm and

NGM Equity. INVISIO Headsets is thus not formally bound to the Swedish Code of Corporate Governance. However, the basis of corporate governance used by INVISIO Headsets is the same as for companies listed on a regulated market and emanates from the Swedish Companies Act, the Swedish Code of Corporate Governance, and other applicable Swedish and foreign laws and rules. The departures from the Swedish Code of Corporate Governance are described below. INVISIO Headsets’ corporate governance report has not been reviewed by the Company’s auditors.



## OVERVIEW OF CORPORATE GOVERNANCE AT INVISIO HEADSETS

Governance and control of INVISIO Headsets are divided among the shareholders at general meetings, the Board of Directors, and the CEO. An overview of INVISIO Headsets' and the INVISIO Headsets Group's organization, governance and control, including external and internal governance documents, is provided below.

## SHAREHOLDERS

### SHAREHOLDERS' VOTING RIGHTS

INVISIO Headsets has been listed on First North, Stockholm, since mid-2004. The Company's share capital at December 31, 2008, amounted to SEK 20.6 m (19.6), divided into 20,646,084 shares (19,623,779) (registered number), each with a share quota value of SEK 1.00. All shares have equal voting power. The Company's market capitalization at year-end was approximately SEK 365 m (373).

### NUMBER OF SHAREHOLDERS

At year-end 2008 INVISIO Headsets had 195 shareholders (143). Major shareholders consist of Intersettle AG, Zurich, with an ownership stake of 33.92%, Lage Jonason (with family and companies), with an ownership stake of 22.82%, and Alecta Pensionsförsäkring, with an ownership stake of 19.37%. The 11 largest shareholders account for an ownership stake of 90.68%.

### GENERAL MEETINGS OF SHAREHOLDERS

The shareholders' right to decide on INVISIO Headsets' affairs is exercised at general meetings of shareholders. Shareholders who are registered in the shareholder register as per the record date and who have given notice of their participation on time have the right to participate at general meetings and vote for all their shares. Shareholders who are represented by proxy must issue a dated power of attorney for such proxy.

The Annual General Meeting (AGM) of INVISIO Headsets shall be held within six months after the end of the financial year and is usually held in April, in Stockholm. At the AGM, decisions are made on – among other things – adoption of the Company's income statement and balance sheet, the consolidated income statement and consolidated balance sheet, disposition of the Company's profit or loss, discharging the board members and CEO from liability to the Company, election of directors, the Chairman of the Board and auditors, the setting of directors' and auditors' fees, and other items of business that are incumbent upon the AGM pursuant to the Swedish Companies Act and the Swedish Code of Corporate Governance. Extraordinary general meetings are held when the Board finds reason for such pursuant to the Swedish Companies Act.

### 2008 ANNUAL GENERAL MEETING

The 2008 Annual General Meeting was held on April 11 in Stockholm. A total of five shareholders were present, representing 47.84% of the number of shares and votes. The minutes from the AGM can be found on INVISIO Headsets' website: [www.invisioheadsets.com](http://www.invisioheadsets.com). Following are some of the resolutions that were made:

Attorney Mattias Anjou was elected to serve as chairman of the AGM.

The AGM resolved to adopt the Company's income statement and balance sheet for 2007, adopt the consolidated income statement and consolidated balance sheet for 2007, dispose of the Company's deficit in accordance with the Board and CEO's recommendation in the 2007 Board of Directors' report through carry-over to a new account, and to discharge the board members and the CEO from liability for the 2007 financial year.

The AGM also resolved to authorize the Board, on one or more occasions before the next AGM, with or without deviation from the shareholders' pre-emption rights, to make decisions on new share issues, issues of stock options or issues of convertibles. The reason for being able to deviate from the shareholders' pre-emption rights was to enable potential company acquisitions, strengthen the Company's financial position when needed, spread ownership in the Company through a listing of the Company's stock on NASDAQ OMX Nordic Exchange Stockholm, or carry out measures aimed at hedging costs that may arise as a result of the Company's synthetic option program. The combined price to be paid for subscribed shares, stock options or convertibles in cash issues or set-off issues for the purpose of strengthening the Company's financial position, and which are carried out with deviation from the shareholders' pre-emption rights, may be a maximum of SEK 40 m divided among one or more such issues. The combined dilution resulting from one or more issues decided on with the support of this authorization may not exceed 20%. The combined dilution resulting from one or more issues decided on with the support of this authorization and which is not conducted with pre-emption rights for the shareholders, including issues with payment in kind, may not exceed 10%. The subscription price for cash issues or set-off issues that are conducted with deviation from the shareholders' pre-emption shall be coupled to the market value of the Company's shares.

Further, the AGM resolved that the Company's name would be changed to INVISIO Headsets AB (publ).

Heléne Bergquist was elected as a new director on the Company's board, and Christian Paulsson, Fredrik Sandelin and Jan Werne were re-elected as directors. Heléne Bergquist was elected to serve as the new Chairman of the Board. The chartered accounting firm PricewaterhouseCoopers AB was newly elected as auditor for a term until the end of the Annual General Meeting that is held in the fourth financial year after the auditor's election. The AGM resolved that directors' fees shall be payable in the amount of SEK 250,000 to the Chairman of the Board and SEK 100,000 to each of the other directors, plus that an extra fee of not more than SEK 60,000 may be payable in special cases for work with financial matters, contract negotiations and other strategic matters pursuant to a Board decision. The AGM also resolved that a fee shall be payable to the auditor in accordance with an approved invoice.

### EXTRAORDINARY GENERAL MEETING 2008

An extraordinary general meeting was held on December 15, 2008, in Stockholm. A total of four shareholders were present, representing 80.14% of the number of shares and votes. The minutes from the extraordinary general meeting can be found on the Company's website:

www.invisioheadsets.com. Following are some of the resolutions that were passed.

At the extraordinary general meeting, two additional directors were elected: Magnus Ruding and Mats Warstedt, to complement the existing board. The extraordinary general meeting resolved that a fee of SEK 40,000 shall be payable to each of the newly elected directors for the period up until the next AGM.

#### **2009 ANNUAL GENERAL MEETING**

The 2009 Annual General Meeting will be held at 9 a.m. on April 28, 2009, at the premises of Mannheimer Swartling Advokatbyrå, Norrlandsgatan 21, Stockholm. The notice of the AGM can be found on INVISIO Headsets' website: www.invisioheadsets.com.

#### **NOMINATING COMMITTEE**

At the 2008 AGM, Lage Jonason, representing himself and related parties, and Ramsay Brufer, representing Alecta Pensionsförsäkring, together representing approximately 40% of the shares and votes, undertook to perform the duties that are normally incumbent upon a company's Nominating Committee.

Lage Jonason, representing himself and related parties, and Ramsay Brufer, representing Alecta Pensionsförsäkring, have notified the Board of INVISIO Headsets that they intend to recommend that the 2009 AGM resolve mainly as follows:

A nominating committee shall be appointed, which shall work during the time until a new nominating committee has been appointed, on the drafting and presentation of recommendations to the shareholders at the AGM regarding the number of directors, election of directors, the Chairman of the Board and, where applicable, the auditor, as well as fees to be paid to the Board of Directors and auditor and other matters that may be incumbent upon a nominating committee pursuant to the Swedish Code of Corporate Governance.

The Nominating Committee shall consist of four members, who shall be appointed as follows: Before the end of the third quarter, the Chairman of the Board shall contact the three largest shareholders of the Company, who then each appoint one member, who should not be director on the Board, to serve on the Nominating Committee. One of these shall be appointed to serve as committee chair. If any of the three largest shareholders refrain from appointing a Nominating Committee member, the Chairman of the Board shall urge another major owner to appoint a member. Shareholders who have appointed a member have the right at any time to replace their designated member with another representative. In addition, the Chairman of the Board shall be a member of the Nominating Committee, but shall not be appointed as committee chair. As part of the Nominating Committee's work, the Chairman of the Board shall report to the Nominating Committee on the circumstances surrounding the Board's work, and the need for special expertise, etc., that may be of importance for the work on appointing a board. Individual shareholders of the Company shall be able to submit nominations to the Board for committee members for further evaluation within the framework of the Committee's work.

Information on the Nominating Committee's composition shall be made public not later than six months before the Annual General Meeting and in the Company's third quarter interim report. The Nominating Committee shall have the right to charge the Company with costs for recruiting consultants if this is deemed necessary to obtain a suitable selection of candidates for the Board. The Nominating Committee shall report its work at the Annual General Meeting.

#### **BOARD OF DIRECTORS**

##### **THE BOARD'S RESPONSIBILITY, DUTIES AND DELEGATION OF DUTIES**

As prescribed by the Swedish Companies Act, INVISIO Headsets' board is responsible for the Company's organization and administration of the Company's affairs. The Board shall continuously assess the Company's and Group's economic situation. The Board shall also make sure that the Company's organization is designed in such a way that the bookkeeping, asset management and the Company's economic conditions in general are controlled in a secure manner.

Each year, in connection with the statutory board meeting, the Board of INVISIO Headsets adopts the rules of procedure for its work (the rules of procedure for the Board of Directors of INVISIO Headsets). According to these rules of procedure, the Board's duties include setting goals and strategies, adopting internal governance instruments, approving important agreements, approving investments according to certain criteria, approving investments including acquisitions of operations, shares in companies, real property and intangible rights, approving sales of operations, shares in companies, real property and intangible rights, approving loans taken up according to certain criteria, approving important surety and guarantee obligations, evaluating the CEO and other members of management and ensuring succession planning, overseeing the CEO's work through continuous monitoring of operations, and evaluating the work of the Board.

In addition to the Board's duties as outlined above, the Board's rules of procedure also clarify the Board's and its committees' internal division of responsibilities including the Chairman's role, the forms of board meetings, the minimum number of board meetings, routines for issuing summonses to board meetings, the Board's meeting plan, items of business to be discussed at board meetings, quorums of the Board, routines for recording minutes of board meetings, and routines for providing decision-making documentation to the Board.

The Chairman of the Board shall lead the Board's work and conduct oversight to ensure that the Board fulfills its duties pursuant to the Swedish Companies Act and other obligations, and make sure that the Board's work is conducted effectively. In particular, the Chairman shall organize and lead the Board's work on creating the best possible conditions for the Board's work, make sure that new board members are provided necessary orientation training and other training that the Chairman and such director jointly find suitable, make sure that the Board continuously updates and deepens its knowledge about the Company, take responsibility for contacts with the owners on owner matters and convey views from the owners to the Board,

make sure that the Board receives satisfactory information and decision-making documentation for its work, set a proposed agenda for board meetings in consultation with the CEO, check to make sure that the Board's decisions are executed, and make sure that the Board's work is evaluated yearly through a systematic and structured process designed to develop the Board's work forms and effectiveness. The Board has established three working committees: the Audit Committee, the Compensation Committee and the Finance Committee.

#### AUDIT COMMITTEE

The Board is responsible for ensuring that the Company has good internal control and formalized routines that ensure compliance with established principles for financial reporting and internal control and that the Company's financial reporting is prepared in accordance with law, applicable accounting standards and other requirements for stock corporations.

The Audit Committee's duties and responsibilities include:

- responsibility for drafting for the Board's work on quality assuring the Company's financial reporting,
- meeting with the Company's auditors on a regular basis to obtain information on the focus and scope of the audit work and to discuss coordination between external audit and the internal control activities and views of the Company's risks,
- establishing guidelines for what other services than auditing that the Company may procure from the Company's auditors,
- evaluating the audit work and informing the Company's Nominating Committee about the result of the audit, and
- assisting the Nominating Committee in the submission of recommendations for auditor and the auditor's fee for its audit assignment.

Quality assurance of the Company's financial reporting is normally conducted in such way that the Audit Committee reviews all critical accounting issues and the financial reports

issued by the Company. The Audit Committee is tasked with, among other things, considering matters such as internal control, regulatory compliance, significant uncertainties in reported values, non-adjusted errors, post-balance sheet events, changes in estimations and assumptions, any confirmed improprieties and other conditions that may affect the quality of the financial reporting.

The Audit Committee consists of all of the board members and is chaired by the Chairman of the Board. Minutes from Audit Committee meetings are included in the minutes from board meetings.

At board meetings the Audit Committee discussed the interim report for January–March 2008, the half-year interim report for January–June 2008, the interim report for January–September 2008, the year-end report for January–December 2008 and the 2008 Annual Report. At board meetings the Audit Committee met with the Company's auditor to obtain information on the audit plan and the result of the auditor's audit.

#### COMPENSATION COMMITTEE

The Compensation Committee's duties and responsibilities include drafting work on matters related to compensation and other terms of employment for the CEO and other senior executives.

The Compensation Committee consists of all of the board members and is chaired by the Chairman of the Board. Minutes from Compensation Committee meetings are included in the minutes from board meetings.

At board meetings the Compensation Committee discussed matters that are incumbent upon the Compensation Committee.

#### FINANCE COMMITTEE

The Finance Committee's duties and responsibilities involve representing the Board on continuing matters pertaining to liquidity and financing. In this role the Finance Committee has a supporting function for the Company's CEO and CFO. The Finance Committee's duties and responsibilities also include drafting work ahead of Board decisions on liquidity and financing.

#### COMPOSITION OF THE BOARD

2008	Born	Function	Elected	Independent	Audit Committee	Compensation Committee	Finance Committee
Heléne Bergquist	1958	Chairman <sup>1)</sup>	2008	Yes	Chairman	Chairman	Member
Andrew L. Berman	1958	Director <sup>2)3)</sup>	2007	No <sup>6)</sup>	-	-	-
Joseph C. Formichelli	1942	Director <sup>2)</sup>	2007	Yes	-	-	-
Christian Paulsson	1975	Director <sup>4)</sup>	2005	No <sup>7)</sup>	Member	Member	Member
Magnus Ruding	1956	Director <sup>5)</sup>	2008	Yes	Member	Member	-
Fredrik Sandelin	1962	Director	2006	Yes	Member	Member	-
Mats Warstedt	1962	Director <sup>5)</sup>	2008	Yes	Member	Member	-
Jan Werne	1952	Director	2004	Yes	Member	Member	-

<sup>1)</sup> Chairman and director as from 2008 AGM.

<sup>2)</sup> Director until the 2008 AGM.

<sup>3)</sup> CEO from May 3, 2006–February 14, 2007.

<sup>4)</sup> Chairman until the 2008 AGM.

<sup>5)</sup> Director as from the extraordinary general meeting on December 15, 2008.

<sup>6)</sup> Non-independent due to previous position as CEO of the Company.

<sup>7)</sup> Non-independent in relation to Lage Jonason, a major shareholder of the Company.

The Finance Committee consists of two board members including the Chairman of the Board – currently Christian Paulsson and Heléne Bergquist. The Finance Committee’s work is reported orally to the entire Board at board meetings and is documented in the minutes from board meetings.

#### COMPOSITION OF THE BOARD AND ITS COMMITTEES, AND DIRECTORS’ INDEPENDENCE

According to the Articles of Association, the Board of INVISIO Headsets shall consist of a minimum of three and maximum of six directors, and currently consists of six directors who were elected to terms extending until the 2009 Annual General Meeting. These directors are Heléne Bergquist, Christian Paulsson, Magnus Ruding, Fredrik Sandelin, Mats Warstedt and Jan Werne. Board members Andrew Berman and Joseph Formichelli left their board assignments in connection with the 2008 AGM. The composition of the Board’s Audit Committee, Compensation Committee and Finance Committee is shown in the table “Composition of the Board 2008” on page 35. The same table also shows the Board’s opinion regarding directors’ independence in relation to the Company and the shareholders and also shows that INVISIO Headsets complies with the requirements in Swedish Code of Corporate Governance that a majority of directors shall be independent in relation to the Company and management, and that at least two of these shall also be independent in relation to the Company’s major shareholders.

#### THE WORK OF THE BOARD

According to the Articles of Association, INVISIO Headsets’ board shall meet at least eight times each year in addition to the statutory board meeting. In 2008 the Board met 23 times. The board members’ attendance at board meetings is shown in the table “Directors’ attendance 2008” below.

The main issues covered at board meetings in 2008 were:

- Budget 2008,
- Year-end report 2007,
- Annual Report 2007,
- the agreement with Motorola,
- Company signatories,
- internal governance instruments,
- establishment of Audit Committee, Compensation Committee and Finance Committee,
- financial accounting and reporting,
- compensation of CEO and other senior executives,
- interim report January–March 2008,
- half-year report January–June 2008,
- the auditor’s audit plan,
- interim report January–September 2008,
- Business Plan 2008–2010,
- budget 2009,
- liquidity and financing matters,
- sale of patent,
- the CEO’s report and business follow-up, and
- the result of the auditor’s audit.

The secretary at the Board’s meetings was an external attorney.

#### DIRECTORS’ ATTENDANCE 2008

	Function	Board meetings
Heléne Bergquist	Chairman <sup>1</sup>	17 of 18
Andrew L. Berman	Director <sup>2</sup>	5 of 5
Joseph C. Formichelli	Director <sup>2</sup>	5 of 5
Christian Paulsson	Director <sup>3</sup>	23 of 23
Magnus Ruding	Director <sup>4</sup>	2 of 2
Fredrik Sandelin	Director	18 of 23
Mats Warstedt	Director <sup>4</sup>	2 of 2
Jan Werne	Director	23 of 23

<sup>1</sup> Chairman of the Board and director as from 2008 AGM.

<sup>2</sup> Director until 2008 AGM.

<sup>3</sup> Director until 2008 AGM.

<sup>4</sup> Director as from extraordinary general meeting on December 15, 2008.

#### EVALUATION OF DIRECTORS

According to the Board’s rules of procedure, the Chairman of the Board is responsible for ensuring that the Board’s work is evaluated each year through a systematic and structured process aimed at developing the Board’s work forms and effectiveness. For 2008 the evaluation was conducted through interviews and discussions between the Chairman of the Board and individual directors, with subsequent reporting to and discussions with the entire board.

#### AUDITOR

INVISIO Headsets’ auditor audits the annual report, consolidated accounts and bookkeeping, and the Board’s and CEO’s administration. The auditor works according to an audit plan and reports his observations to the Audit Committee at board meetings. The auditor participates at the Annual General Meeting in order to present the audit report, which describes the audit work and the auditor’s conclusions. Under assignment from the Board, the auditor also conducted a review of the interim report for January–September 2008.

At the 2008 AGM, the chartered accounting firm PricewaterhouseCoopers AB was newly elected to serve as auditor for the time extending through the end of the Annual General Meeting that is held in the fourth financial year after the auditor was elected. The chief auditor is Michael Bengtsson, Authorized Public Accountant.

#### CEO, MANAGEMENT, FUNCTIONS AND EMPLOYEES

According to the Swedish Companies Act, the CEO shall be responsible for the continuing administration in accordance with the Board’s guidelines and instructions. Each year, in connection with the statutory board meeting, the Board of INVISIO Headsets adopts a set of instructions for the CEO. According to these, the CEO shall, in consultation with the Chairman of the Board, make sure that matters are properly prepared for ahead of board meetings and that satisfactory written decision-making documentation that is characterized by objectively presented facts, thoroughness and relevance is provided to the Board. At board meetings the CEO shall make presentations and suggest recommendations on matters prepared by management. The CEO’s report on the business situation, future outlook and financial reporting is a standing agenda item at regular board meetings.

## BOARD OF DIRECTORS



**HELÉNE BERGQUIST (BORN 1958)**

Chairman of the Board.  
Elected in April 2008.  
M.Sc. Econ., management consultant.  
Director of Trelleborg AB (publ) and  
Nordic Growth Market NGM AB.  
Former Senior Vice President, Group  
Controller, AB Electrolux, Authorized  
Public Accountant, partner and direc-

tor on the board of PricewaterhouseCooper, Sweden. Heléne Bergquist owns 40,950 shares in INVISIO Headsets.



**CHRISTIAN PAULSSON (BORN 1975)**

Director since 2005.  
Christian Paulsson has been involved  
in INVISIO Headsets since 2005. He  
has extensive experience in the finance  
industry, including with Lage Jonason  
AB, Mangold Fondkommission AB  
and Alfred Berg Fondkommission  
AB (today ABN Ambro). He also

has experience from Booz Allen & Hamilton and Akzo Nobel Industrier. Christian Paulsson owns 20,039 shares in INVISIO Headsets.



**MAGNUS RUDING (BORN 1956)**

Director, elected in December 2008.  
D.Eng., Head of Business Development  
& Future Technology, Swedish  
Defense Materiel Administration.  
Deputy Vice Chairman of AFCEA  
(Armed Forces Communications and  
Electronics Association), Stockholm  
Chapter. Magnus Ruding owns no

shares in INVISIO Headsets.



**FREDRIK SANDELIN (BORN 1962)**

Director since 2006.  
Fredrik Sandelin has been involved in  
INVISIO Headsets since 2006. He is  
CEO of A-Com AB and serves as a  
director for companies in the A-Com  
Group. Fredrik Sandelin has exten-

sive experience in executive positions,  
including with Ratos, where he served  
as CFO. Fredrik Sandelin also served for many years with Scandic Hotels, as an executive vice president and CFO. Frederik Sandelin owns no shares in INVISIO Headsets.



**MATS WARSTEDT (BORN 1962)**

Director, elected in December 2008.  
Director of Marketing, Saab AB (publ).  
Chairman of Saab International USA  
LLC, a wholly owned subsidiary of  
Saab AB (publ). Mats Warstedt owns  
no shares in INVISIO Headsets.



**JAN WERNE (BORN 1952)**

Director since 2004.  
Jan Werne has been involved with  
INVISIO Headsets since 2004. He is  
CEO of Portendo AB and Chairman  
of Labs2. Jan Werne has extensive  
experience from leading positions,  
including as CEO of Tilgin AB, Utfors  
AB and SignOn AB. Jan Werne owns

no shares in INVISIO Headsets

## SENIOR EXECUTIVES



From left: Bengt Nilsson, Jennie Amareus, Lars Højgård Hansen, Jan Larsen, Carsten Aagesen.

Following is presentation of senior executives of INVISIO Headsets, their backgrounds, positions and years of service.

### **LARS HØJGÅRD HANSEN (BORN 1963)**

CEO since July 2007, and prior to that acting CEO for the period February–June 2007.

Lars Højgård Hansen has been involved in INVISIO Headsets since 2006. Prior to joining INVISIO Headsets, Lars Højgård Hansen has a long record of experience from executive positions in the telecom industry, including Vice President Marketing for Jabra/GN Netcom and as Sales and Marketing Director for mobile phone accessories in Europe, the Middle East and Africa for Ericsson and SonyEricsson. Lars Højgård Hansen has a Graduate Diploma (HD-A) from Copenhagen Business School and an Executive MBA from Lund University, School of Economics. Lars Højgård Hansen owns 116,666 shares and stock options for 55,000 shares in INVISIO Headsets.

### **BENGT NILSSON (BORN 1951)**

CFO since 2007.

Bengt Nilsson has been involved in INVISIO Headsets since 2007. Prior to joining INVISIO Headsets he has a long record of experience from executive positions, including as Finance Director and Administrative Director for Shurgard Scandinavia, CFO of Vattenfall Division Sales, Sweden, and as an independent consultant with assignments such as CFO/controller for Diligentia AB and with Carnegie Holding AB. Bengt Nilsson has a degree in Economics from Stockholm University. Bengt Nilsson owns no shares in INVISIO Headsets.

### **JAN LARSEN (BORN 1962)**

Vice President Research & Development since May 2007.

Jan Larsen has been involved in INVISIO Headsets since

2007. Prior to joining INVISIO Headsets he has a long record of experience from executive positions in product development for various types of hearing and acoustics applications, including as Vice President R&D for GN Netcom and various positions with Oticon and Unomedical. Jan Larsen has a degree in Electrical Engineering (B. Sc. EE) from the Technical University of Denmark and a Graduate Diploma (HD-O) from Copenhagen Business School. Jan Larsen owns 8,000 shares in INVISIO Headsets.

### **JENNIE AMAREUS (BORN 1975)**

Vice President Operations since October 2008.

Jennie Amareus joined INVISIO Headsets in 2006 as Project Office Manager and has thereafter also served as the Company's Head of Business Development. She has previous experience as Supply Chain Manager & Product Manager for connectBlue in Malmö, Sweden, and prior to that she served as a Team Leader for ABB Automation Products. Jennie Amareus has a degree in Engineering from the Blekinge Institute of Technology. Jenny Amareus owns no shares in INVISIO Headsets.

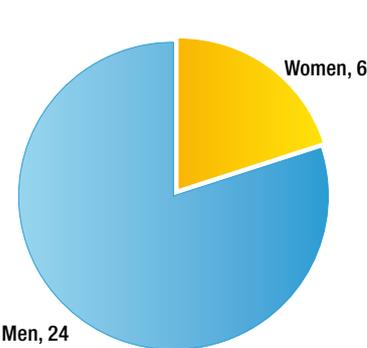
### **CARSTEN AAGESEN (BORN 1968)**

Senior Vice President, Global Sales since May 2008.

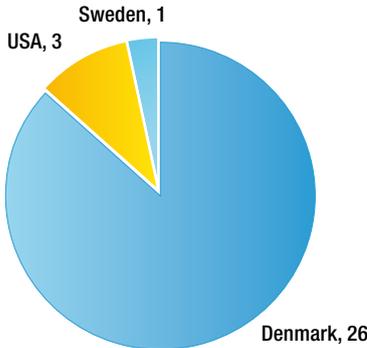
Carsten Aagesen joined INVISIO Headsets in May 2007 as Vice President Consumer Sales, EMEA. He has 15 years of executive experience in international sales and marketing, including as Sales & Marketing Manager and Marketing Manager, Nordic region and Benelux, for Apple; as Director, Global Marketing, for GN Great Nordic/GN Netcom; and as Director, Sales & Product Sourcing, for F Group. Carsten Aagesen has an M.Sc. Econ. degree and a Master's in Marketing and Strategic Management. Carsten Aagesen owns no shares in INVISIO Headsets.

# EMPLOYEES AND ORGANIZATION

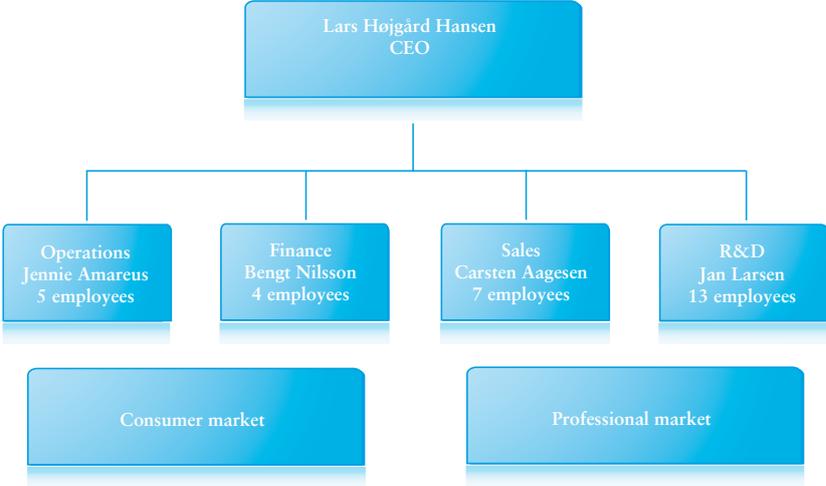
GENDER DISTRIBUTION 12/31/08



GEOGRAPHIC DISTRIBUTION OF EMPLOYEES, 12/31/08



ORGANIZATIONAL STRUCTURE



INVISIO Headsets' operations are organized in two business areas, Professional Products and Consumer Products, and in four functions: Operations, Finance, Sales and Research & Development. INVISIO Headsets' head offices are in Copenhagen, Denmark, which is where management, business operations, marketing and sales, and research and development are conducted. All manufacturing is outsourced to subcontractors. The CEO leads the operations and makes decisions in consultation with the other members of management, who consist of the managers of the four functions. During the year, employees were recruited to key positions in logistics, development and sales. The Company had 30 (40) employees as per December 31, 2008, of which 13 (18) worked in R&D.

### COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, THE AUDITOR, THE CEO AND OTHER SENIOR EXECUTIVES

#### DIRECTORS' FEES

Directors' fees are decided on by the shareholders at a general meeting. The 2008 Annual General Meeting resolved that a director's fee of SEK 250,000 shall be payable to the Chairman of the Board, and of SEK 100,000 to each of the other directors, plus that an extra fee of a maximum of SEK 600,000 may be payable in special cases pursuant to a board decision. In 2008 the Board decided in favor of an extra fee of SEK 500,000 for the Chairman of the Board. The extraordinary general meeting resolved that a fee of SEK 40,000 shall be payable to each of the newly elected directors – Magnus Ruding and Mats Warstedt – for the period up until the next AGM. No extra fee is payable to members of the Audit Committee, Compensation Committee or Finance Committee.

Through the company JW Management Consulting, board member Jan Werne invoiced the Company for SEK 420,000 in consulting fees (700,000) in 2008. This work pertained to management support and consulting on various contractual matters during the first quarter.

Directors' fees are described in more detail in note 11 to the 2008 Annual Report.

#### AUDITOR'S FEE

The auditor's fee is decided on by the shareholders at a general meeting. The 2008 Annual General Meeting resolved that a fee shall be payable to the auditor in accordance with an approved invoice. Auditor's fees are shown in the table below. Other assignments pertain primarily to consulting on accounting and tax matters.

SEK 000s	2008	2007
<b>Auditing</b>		
PricewaterhouseCoopers	558	-
SET Revisionsbyrå	203	365
Palsgaard & Hansen	346	123
MCG LLP	148	32
	1,255	520

#### Other assignments

PricewaterhouseCoopers	-	-
SET Revisionsbyrå	120	-
Palsgaard & Hansen	448	368
MCG LLP	30	187
	598	555
	1,853	1,075

#### COMPENSATION OF THE CEO AND OTHER SENIOR EXECUTIVES

The Company shall offer going-rate terms in the market to the CEO and other senior executives and thereby enable the Company to recruit, develop and retain senior executives. For each person a combined gross level of compensation shall be set, and within this framework the employee him-/herself can influence the allocation among fixed salary, pension and other benefits. In addition, a variable salary based on clear and quantifiable targets set by the Board can be offered. Variable salary shall not exceed 50% of the fixed salary. The Company obtains and evaluates information on a regular basis on going-rate compensation levels in the market for executives in relevant industries and markets.

Neither the parent company nor any of the subsidiaries have any defined benefit pension plans for their employees. Under his employment contract the CEO has a defined contribution pension entitlement in which the premium is calculated at 30% of approximately 70% of his fixed salary. Certain other senior executives also have a defined contribution pension entitlement in which the premium is calculated at 10%–25% of fixed salary.

Compensation of the CEO and other senior executives is shown in the following table.

2008	Salary	Pension	Other benefits	Total
<b>Management</b>				
Lars H. Hansen, CEO	1,905	429	78	2,412
Andy L. Berman, CEO through Feb. 14, 2007	-	-	-	-
Other executives	5,529	368	-	5,897
<b>Total</b>	<b>7,434</b>	<b>797</b>	<b>78</b>	<b>8,309</b>

2008	Salary	Pension	Other benefits	Total
<b>Management</b>				
Lars H. Hansen, CEO	1,905	429	78	2,412
Andy L. Berman, CEO through Feb. 14, 2007	-	-	-	-
Other executives	5,529	368	-	5,897
<b>Total</b>	<b>7,434</b>	<b>797</b>	<b>78</b>	<b>8,309</b>

Compensation of the CEO and other senior executives is described in more detail in notes 10 and 11 of the 2008 Annual Report.

#### Long-term incentive program

In 2007 the Board established a synthetic option program for all employees of the Group. During the term of the program, participants in the program will be granted employment-related options and performance-related options. Grants are made free of charge and cover a total of 700,000 options, of which 350,000 are employment-related and 350,000 performance-related. Exercise of employment options requires, in principle, that the employment relationship exists at the time of exercise. In addition, exercise of performance-related options requires the achievement of certain, set financial targets set by the Board.

The option program has a term of approximately four years from the grant date and expires on June 30, 2011. The growth in value of granted options is maximized to three times the market price at the date of grant.

As per December 31, 2007, a provision of SEK 1,567 thousand (572) has been reserved for the programs. No performance-based options were granted for 2007. Performance-based options for 2008 will be granted, corresponding to 41% of maximum outcome.

#### Notice period

According to his employment contract, the CEO has a 12-month notice period in the event the Company serves notice. In the event the CEO leaves on his own initiative, the notice period is eight months.

According to their respective employment contracts, other senior executives have a six-month notice period in the event the Company serves notice. In the event the other senior executives leave on their own initiative, the notice period is three months.

### THE BOARD'S DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT PERTAINING TO THE FINANCIAL REPORTING

The Board's responsibility for internal control is regulated in the Swedish Companies Act, and for Swedish stock corporations whose shares are available for trading in a regulated market in Sweden (currently the NASDAQ OMX Nordic Exchange Stockholm and NGM Equity), and also by the Swedish Code of Corporate Governance, which includes requirements for disclosures of annual information about the most important features of a company's systems for internal control and risk management with respect to financial reporting. However, INVISIO Headsets is not formally bound to the Swedish Code of Corporate Governance, since the Company's shares are not available for trading in a regulated market, although the Code serves as an important reference for corporate governance within the Company.

Internal control and risk management with respect to financial reporting are part of INVISIO Headsets' total internal control and risk management and are a central component of the Company's corporate governance. INVISIO Headsets defines internal control and risk management as a process that is influenced by the Board, the Audit Committee, the CEO, other Company management and other employees, and which is designed to provide reasonable assurance that INVISIO Headsets' goals are achieved with respect to suitable and effective operations,

reliable reporting, and compliance with applicable laws and statutes. This process is based on a control environment that fosters discipline and structure for the other four components of the process – risk assessment, control structures, information and communication, and follow-up. The process is based on the framework for internal control issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO), [www.coso.org](http://www.coso.org).

The following description has been prepared in accordance with the Swedish Code of Corporate Governance and constitutes the Board's description of internal control and risk management with respect to financial reporting.

Internal control and risk management with respect to financial reporting are aimed at providing reasonable assurance regarding the reliability of the financial reporting in the form of interim reports, annual reports and year-end reports, and that the external financial reporting has been prepared in accordance with applicable law, applicable accounting standards and other requirements on listed companies.

#### CONTROL ENVIRONMENT

The control environment encompasses the values and the ethics that the Board, the Audit Committee, the CEO and other management communicate and adhere to as well as the organizational structure, leadership, decision-making channels, authority, responsibilities and competence held by the employees. An overview of the Company's organization, governance and control – including external and internal governance instruments that are important aspects of INVISIO Headsets' control environment – is provided in the 2008 Corporate Governance Report on page 32. INVISIO Headsets is characterized by a comparatively lean and decentralized organization with clear responsibility for the respective function heads, who together with the CEO make up the business management.

The Board has overarching responsibility for internal control and risk management with respect to financial reporting. The Board has adopted rules of procedure for the Board of INVISIO Headsets which lay out the Board's responsibility and which regulate the Board's and its committees' internal division of duties.

Further, the Board has appointed an Audit Committee, which consists of the entire board, which is responsible for ensuring that the Company has good internal control and formalized routines that ensure compliance with established principles for financial reporting and internal control, and that the Company's financial reporting is prepared in accordance with law, applicable accounting standards and other requirements for stock corporations.

The Board has also prepared a set of instructions for the CEO of INVISIO Headsets as well as instructions for financial reporting for the Board of INVISIO Headsets.

Responsibility for maintaining an effective control environment and the ongoing work on internal control and risk management with respect to financial reporting is delegated to the CEO. The Company's CFO works under direction of the CEO on continuously developing and improving the internal control and risk management with respect to financial reporting – in part proactively with focus on the internal control environment, and in part by quality assuring the

external financial reporting. In 2008 INVISIO Headsets initiated a review of internal governance instruments to ensure that they meet the Company's current needs and are in compliance with applicable laws and other external rules. As a result of this review, several internal governance instruments have been updated, including the Board's rules of procedure, the CEO's instructions, the Board's instructions for financial reporting, the Information Policy, the Finance Policy and the payment authorization instructions. In addition, new instructions for financial accounting and reporting have been adopted which contain, among other things, rules for segmental reporting of income and expenses and for functional presentation in the reporting.

#### RISK ASSESSMENT

INVISIO Headsets' risk assessment with respect to financial reporting is designed to identify and evaluate the most significant risks that affect internal control with respect to financial reporting. Risk assessment provides a foundation for decisions on how risks are to be managed through various control structures in the aim of ensuring that the basic requirements of external financial reporting are fulfilled. The risk assessment that has been performed shows that the most significant risks for errors in the financial reporting pertain primarily to the fair valuation of capitalized development costs, inventories and trade accounts receivable. As per December 31, 2008, the assessment is that the carrying amount of these items corresponds to their fair value. A more detailed account of the Company's risk management is provided on pages 31 and 46 and in note 2 of the 2008 Annual Report.

#### CONTROL STRUCTURES

The most significant risks identified with respect to the financial reporting are managed through various control structures to ensure that the basic requirements of the external financial reporting are fulfilled. These control structures include both overarching and more detailed controls that are designed to prevent, discover and correct errors and deviations, and which can be both formalized and informal in character. Areas covered by the controls include authorized approval of business transactions, the reliability of business systems, compliance with applicable laws, applicable accounting standards and other requirements placed on listed companies, and areas that contain significant elements of estimation.

#### INFORMATION AND COMMUNICATION

Information and communication about internal governance instruments with respect to financial reporting are available for the Company's employees in INVISIO Headsets' document management system, High Stage. This system, which was implemented in 2008, is a web-based tool for managing business documents in a central database that features automatic version management as well as control of authorization, oversight and approval. Information and communication on internal governance instruments are also provided in connection with employee meetings.

The CEO and the Company's CFO report the results of their work on internal control and risk management with respect to financial reporting at Audit Committee meetings.

External financial reporting is conducted in accordance with applicable laws, applicable accounting standards and

other requirements on listed companies as well as in accordance with relevant internal governance instruments, such as the instructions for financial accounting and reporting, and the Information Policy.

#### FOLLOW-UP

Follow-up to ensure the effectiveness of internal control and risk management with respect to financial reporting is conducted by the Board, the Audit Committee, the CEO and other management. This includes follow-up of the CEO's weekly reports to the Board, of monthly financial reports against budgets and targets, of any reports from the CEO and the Company's CFO with respect to identified shortcomings in internal control with respect to the financial reporting, and follow-up of reports from the Company's auditor. INVISIO Headsets does not have a dedicated internal audit function. The Board has evaluated the need of such a function and has come to the conclusion that the organization's size and the scope of operations do not warrant such a function.

#### DEPARTURES FROM THE SWEDISH CODE OF CORPORATE GOVERNANCE

The document "Overview of INVISIO Headsets' application of the Swedish Code of Corporate Governance" (Sw: "Översikt av INVISIO Headsets tillämpning av Svensk kod för bolagsstyrning") can be found on INVISIO Headsets' website: [www.invisioheadsets.com](http://www.invisioheadsets.com). Following is an account of the most significant departures:

**The time and location of the Annual General Meeting shall be provided on the Company's website prior to the AGM not later than in connection with the third quarter interim report.**

Information was provided in connection with the year-end report for 2008. In 2009 this information will be provided on the Company's website in connection with the third quarter interim report.

**The Annual General Meeting shall appoint the members of the Nominating Committee or specify how the members are to be appointed.**

At the 2008 AGM, Lage Jonason, representing himself and related parties, and Ramsay Brufer, representing Alecta Pensionsförsäkring, together representing approximately 40% of the shares and votes, undertook to perform the duties that are normally incumbent upon a company's nominating committee. They had notified the Board of INVISIO Headsets that they intend to recommend that the 2009 AGM decide how nominating committee members are to be appointed.

**The Nominating Committee's recommendations shall be presented in a notice to an Annual General Meeting at which the election of the Board or auditor is to take place and on the Company's website.**

The notice of the 2009 Annual General Meeting was published on April 2, 2009. At the 2008 AGM, Lage Jonason, representing himself and related parties, and Ramsay Brufer, representing Alecta Pensionsförsäkring, together representing approximately 40% of the shares and votes, undertook to perform the duties that are normally incumbent upon a company's nominating committee. They intend to report on their recommendations on the number of directors, election of directors and the Chairman of the Board and determination of the directors' and auditor's fees not later than April 14.