



Interim Report January – June 2004

- The Group's total sales decreased by 13 percent to SEK 86 million (99), but total sales for the second quarter increased with 83 percent to SEK 42 million (23). Sales in Business Unit Anoto rose by 56 percent to SEK 50 million (32), of which SEK 19 million (16) is attributable to the second quarter.
- The Group's gross profit increased for the period and amounted to SEK 61 (27) million or in percent 71 (28 percent), of which SEK 25 (-1) million or in percent 60 (neg) is attributable to the second quarter.*
- Loss after taxes was SEK - 54 million (-143), of which SEK - 31 million (-89) is attributable to the second quarter.
- Earnings per share amounted to SEK - 0,46 (-1,38), of which SEK -0,26 (-0,86) is attributable to the second quarter.
- Total cash flow for the period was SEK - 39 million (- 92), of which SEK - 20 million (-55) is attributable to the second quarter.

Operations Second Quarter 2004:

- Anoto received an order for developments tools as well as user and pattern licenses from Portugal-based NetSaúde. The order will initially cover a few thousand users and is valued at about SEK 2.5 million in 2004.
- Anoto's partner and main distributor in the UK, Destiny Wireless, was awarded an initial order for an Anoto-enabled forms processing system for 5.000 users by the Cobra Group. The order value for Destiny Wireless is worth over GBP 2 million.
- Anoto's partner Standard Register announced collaboration with Siebel Systems and will be offering Anoto functionality as part of Siebel's CRM solution. Siebel is a leading worldwide provider of CRM systems for enterprises.
- Business Unit C Technologies presented, in collaboration with Nam Tai, a solution for an optical reading of electricity meters. A joint pilot study with Öresundskraft in Helsingborg, Sweden will during the autumn validate the solution.

* Please note that the comparative figures have been recalculated in compliance with the accounting principal.



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Anoto Group AB is a Swedish high tech company with unique solutions for transmission of handwritten text from paper to digital media and scanning of printed text. All products and services are based on digital camera technology and image processing in real time.

Business Unit Anoto

Anoto is developing into a more complete provider of technology to Partners that sell products and solutions with Anoto Functionality and Anoto Technology, after integration with their own products and or solutions.

System Services

Business Stream System Services focuses on customised services and products targeting enterprises, emphasising primarily forms processing. Anoto partners include system integrators, mobile operators, software developers, IT consultants and IT solution providers, who on their part provide their enterprise customers with tailor-made solutions enabling Anoto functionality. According to Anoto's strategy sales and deliveries are to be conducted via these partners.

The interest in forms solutions based on Anoto functionality continues to be high and is increasing. The number of commercial users is continuously growing. The growth rate is estimated to gradually increase when more customers shift from pilot projects to commercial application. Anoto estimates that some 150-200 pilot projects are being conducted. So far about 5.000 digital pens have been commercialised according to the revenue per pen per time frame business model. In addition the Company has knowledge of a further 8,000 digital pens that will be commercialized. The Company is not fully informed of orders placed with customers and partners or the scope of such orders, and consequently the figure for further orders may be somewhat higher.

Anoto was awarded and initial order from Portugal-based NetSaúde to provide development tools, user licenses and pattern licenses. The order will at the start cover a few thousand users and is valued at about SEK 2.5 million in 2004. The application, which based on Anoto functionality and developed by NetSaúde, is a digital system to handle prescriptions for the pharmaceutical industry. The system forms part of an initiative taken by the Portuguese Government to reduce the cost for drugs and prescription handling. Using digital paper and a digital pen NetSaúde's system enables the physician to issue prescriptions as usual and digitally forward them directly to a back-end system for further processing. The first services are expected to be commercially available in the fourth quarter of 2004.

Anoto appointed Pink Roccade as main distributor of Anoto functionality in the Netherlands. Pink Roccade is a leading IT company and system integrator with 8.000 employees. Anoto hereby gains representation in the Netherlands by a well-known company enjoying strong local presence, and is allowed access to Pink Roccade's powerful distribution channel, wide partner network and customer base. Pink Roccade will also sell localised versions of existing Anoto functionality solutions. Anoto already has similar cooperation with Destiny Wireless, main distributor in the UK, and with Digiwrite in Italy. This has resulted in intensified penetration of the respective markets and the result has been favourable.



Anoto's collaboration with Standard Register is continuing as expected. Standard Register has previously announced its ExpeData product family based on Anoto functionality. Since launching ExpeData Standard Register has announced cooperation with, among others, Siebel, a leading global provider of Customer Relation Management (CRM) systems. Siebel and Standard Register will be offering effective methods for inputting data into Siebel's existing CRM system, based on Standard Register's ExpeData™ enabled by Anoto functionality. This allows users a simpler and quicker way of entering information and keeping the CRM system updated.

Anoto's partner and main UK distributor Destiny Wireless was during the report period awarded an order by the Cobra Group. The Cobra Group is a global service provider in direct sales and marketing with offices in 20 countries and 15,000 sales representatives. The order comprises an Anoto enabled forms solutions system initially covering 5,000 users. The order value for Destiny Wireless is about GBP 2 million. The major part of Anoto's share of the order has previously been announced as pre-paid royalties from Destiny Wireless.

During the first quarter the first commercial application in Japan was announced as part of the collaboration between the Wao Corporation, Dai Nippon Printing and Hitachi Maxell. The application simplifies the teachers' correction of the tests. The implementation of the application has progressed according to plan and pilot studies in a number of other application areas are ongoing.

Anoto's Danish partner Fruits has developed and launched a number of different solutions for the care and logistics sectors. As one of several, the municipality of Ålborg has equipped some of its staff in the geriatric care with digital pens, and currently some 300 employees are utilising the technology for making time reports and maintaining medical journals. The solution enables direct storage of medical records and the medical staff need not enter any information into the data system at a later stage. Fruits is expecting another five municipalities to implement similar solutions before year-end.

Anoto's collaboration with Usyston in China has progressed in accordance with previous communications. Specific product development for the China market has been conducted and a number of pilot studies with end customers are ongoing.

Since November 2003 HP is marketing its HP Forms Automation System (HP FAS), a system solution allowing forms with Anoto functionality to be printed on laser printers. Partnering with Mi-Corporation (Mi-Co), HP during the quarter announced an agreement with Cherokee Indian Hospital Authority (CIHA) to supply a forms processing solution based on HP FAS for the central hospital in Cherokee, N.C. CIHA plans to make the solution available to its 300 US hospitals late 2004.

In May Anoto hosted a partner conference in Sweden where Anoto Partners from around the world presented solutions, project collaborations with end customers, etc. More than 70 partners and 110 external persons attended. The conference was highly appreciated by the partners, and as a consequence Anoto will be hosting an annual conference with a similar focus.

Consumer Products

Business Stream Consumer Products focuses on development and sales of products enabling people to improve their daily efficiency and communication. These products are offered through partners and target end users, comprising digital pens and applications for PC and mobile phones. The products and solutions also serve as building stones for services and customised solutions offered by Anoto's other business stream, System services.

Nokia is presently selling its Nokia Digital Pen, Nokia SU-1B, via retailers on numerous markets. The solution focuses on personal applications such as notes and mobile messaging services. During the quarter Nokia launched a solution containing the Nokia Digital Pen featuring several supplementary applications, for example handwriting recognition software (translation from handwritten text to editable digital text) and digital paper products, for example calendars, based on Anoto functionality. The solution has been developed in collaboration between Nokia, Sysnet, John Dickinson, Filofax and others. There is also a keen interest in the Nokia SU-1B for mobile enterprise applications.



Hitachi Maxell has cemented its position as pen provider on the Japanese market through, for e.g., its cooperation with Dai Nippon printing and Wao Corporation. During the period Maxell introduced its initial solution targeting consumers, the Maxell Digital Pen Suite.

Sales of the Logitech io Digital Pen are continuing on several markets. Logitech has also introduced various Logitech io product packages aimed at OEM and enterprise customers.

Sales volumes of consumer products are increasing but are so far moderate.

Anoto Technology

Business Stream Anoto Technology develops and sells Anoto's core technology for application areas other than Digital Pens and Paper enabling Anoto Functionality. In this segment Anoto delivers or licenses modules, components and function blocks for integration in the customer's product or component. These products may be other pen like unites, mobile phones, accessories or components for these.

Anoto has previously announced a number of projects where Anoto's core technology is being utilised in applications other than the Digital Pen and Paper enabling Anoto functionality. Development or production of these projects is now underway, having progressed favourably and according to plan.

Anoto continues to foresee big business opportunities within this segment.

The names of the companies as well as application areas have, in compliance with the different partners' requests, not yet been announced.

Business Unit C Technologies

C Technologie's products, of which the scanning pen C-Pen is best known, are based on digital camera technology with integrated advanced image processing in products with low energy consumption and high speed processing. Since the end of 1998 C Technologies has established its technology platform on the global market through license and OEM partnerships as well as sales of proprietary products.

C Technologies is now focusing its operations purely on sales of C-Pen and C-Pen technology, and sales of camera modules for mobile phones.

The production of C-Pen 600/800 was terminated the previous year and the present stock is now being sold.

Sales of C-Pen 10 and other C-Pen products continue. Volumes remain stable but relatively low.

During the period a solution in collaboration with Nam Tai Electronics was presented. Nam Tai Electronics and C Technologies are developing a camera for optical reading of electricity meters. By utilising C Technologies' patented technology, used in products such as C-Pen and camera accessories for mobile phones, a small convenient optical meter reader device is developed that can easily be connected to the present mechanical meter at the electricity customer, thereby ensuring that the reliable mechanical electricity meters of today can be retained through their entire life span. The same type of solution could be applied to meter reading data for water, gas and heating. In the autumn the concept is being validated by a joint pilot installation with Öresundskraft in Helsingborg, Sweden. The optical technology for meter reading may result in dramatically reduced future investments in remote meter reading. The initiative is due to the fact that the Swedish power companies are expected to invest a minimum of SEK 10 billion in systems for collecting meter reading data within a period of five years.



The Group invoicing and result for the six months (January-June)

Invoicing for the first six months amounted to SEK 86 million (99). Anoto accounted for SEK 50 million (32) for the period and C Technologies for SEK 36 million (67).

During the first six months of the year sales in Anoto increased by 56 percent in comparison with the first half of 2003.

A major part of sales in Anoto is still related to product development for external partners. Income generated by royalties and licenses is however gradually increasing, and has a considerably impact on sales.

Sales in C Technologies declined significantly owing to reduced camera modules sales. SEK 13 million (12) of the sales in C Technologies is attributable to C-Pen and SEK 23 million (55) to camera modules. When camera modules are sold to the end customers, a royalty per unit sold is also added.

The Group's gross profit for the period amounted to SEK 61 million (27) or in percent 71 (28). As a consequence of the large part of Anoto related sales the gross margin was considerably improved.

Consolidated operating result for the period amounted to SEK - 55 million (-168), - 60 million (-130) is attributable to business unit Anoto and 5 million (-38) is attributable to business unit C Technologies.

Sales, administration and research expenses were SEK - 83 million (-136). The improvement is due to downsizing and cost cutting effected in 2003. Sales, administration and research costs including depreciations and write-downs were SEK - 116 M (- 195).

Consolidated pre-tax loss for the period was SEK - 54 million (-143).

The Group's goodwill amortisation totalled SEK - 19,1 million (-19,1) and additional amortisation and depreciation were SEK - 14,2 million (-21,4).

Cash flow (January-June)

Cash flow from current operations for the period totalled SEK - 37 million (-84). The increase is foremost due to an improvement in operating loss before depreciations. Disbursements in respect of previous provisions had a negative impact of SEK - 20 million (-13) on the cash flow.

Cash flow before financing operations amounted to SEK - 40 million (-94), after deduction of net investments totalling SEK 3 M (11).

This year's cash flow for the period totalled SEK - 39 million (-92) The improvement is as stated above in addition to which investments represent only 24 percent in comparison with the prior year.

Cash flow was charged with net investments for the period amounting to SEK 3 million (11).

Investments (January-June)

Net investments for the period totalled SEK 3 million (11), pertaining primarily to patent expenses and limited tangible fixed assets.

In the second quarter of 2004 WeSpot AB implemented a new share issue whereby the Anoto Group AB converted into shares the remaining part of a promissory note loan to WeSpot AB. Anoto Group AB has not contributed any liquid assets in the new share issue. Subsequent to the new issue, Anoto Group AB's stake in WeSpot AB amounts to 29,35 percent.



Invoicing and result for the second quarter (April-June)

Invoicing for the second quarter amounted to SEK 42 million (23), of which Anoto accounted for SEK 19 million (16) and C Technologies for SEK 23 million (7).

Anoto increased sales compared with the second quarter the prior year. The fact that sales have declined compared with the first quarter is due to certain project revenues being deferred from the second to the third/fourth quarter as a consequence of postponed projects.

The gross profit amounted to SEK 25 M (- 1) or 60 % (neg). The comparative quarter the prior year included large stock write-downs explaining the negative margin in the comparative figure.

Income before depreciation and amortization amounted to SEK - 15 M (- 53). The downsizing described previously has produced results.

Operating result for the second quarter was SEK - 32 million (-111), - 34 million (-72) is attributable to business unit Anoto and 3 million (-39) is attributable to business unit C Technologies.

Sales, administration and research expenses have continued to decrease, amounting in the second quarter to SEK - 41 million (-70). Sales, administration and research costs including depreciation and amortization were SEK - 57 M (- 110).

Consolidated pre-tax loss for the period was SEK - 30 million (-89).

Depreciation of goodwill according to plan amounting to SEK - 9,6 million (-9,6) was charged to the quarter as well as amortisation and depreciation totalling SEK - 6,7 million (-11,3).

Cash flow (April-June)

Cash flow from current operations in the second quarter totalled SEK – 20 million (-53).

Cash flow for the year in the second quarter was SEK - 20 million (-55) and was charged with net investments totalling SEK 1 million (3).

Financing and Liquidity

Consolidated liquid assets at the close of the report period amounted to SEK 77 million (69).

Parent Company

The parent company is a pure holding company comprising a limited number of corporate functions staff.

Accounting principles

The Company follows Swedish Annual Accounts act and the general advice, statements and recommendations issued by the Swedish Financial Accounting Standards Council and the Swedish Institute of Authorised Public Accountants. The Company has during the period applied the same accounting principles as those in the Annual Report 2003.

Share Data

The Anoto Group share is listed on the O list (Attract 40) at the Stockholm Stock Exchange. On expiration of the reporting period the total number of shares was 117.869.201, and in addition 7.748.415 outstanding warrants, of which 4.655.000 are estimated to have a value on June 30, 2004.



Ownership Structure

The total number of shareholders in Anoto Group at the close of the report period was 13 003. Foreign shareholders owned 44 percent of the shares. Institutional and industrial owners controlled 88 percent of the shares. Major shareholders at the time of the report are Ericsson, Capital Group funds, Logitech, Robur funds, Fjärde AP-fonden and Odin Norden, together controlling 55 percent of the shares in Anoto Group.

Options program

Within the framework of an incentive program the Parent Company has issued options. Current options programs are listed below.

Options program	No. of options	Right to subscribe for no. of shares per option	Providing no. of shares	Subscription price SEK	Subscription period up to and incl.	Fully subscribed the program could provide MSEK	
Employee option program 2001	1 639 225	1,03	1 688 402	72,70	Dec 15, 2005	123	1)
Salary relinquishment program 2002/ warrants	1 454 190	1,032	1 500 724	56,20 - 131,80	Jan 31, 2005	100	2)
Employee option program 2003	4 655 000	1	4 655 000	11,45-13,09	May 31, 2006	57	3)
Total amount	7 748 415		7 844 126				

1) Only 14% have been offered to employees.

2)) The extraordinary general meeting of January 16, 2002 resolved to authorise the Board to issue warrants to be used in an offering to employees to acquire these warrants on market conditions in return for a voluntary reduction in pay over a maximum of 18 months. The offering comprises several programs extending over two and three years respectively, at the subscription prices stated above. Options extending over two years have expired.

3) The Annual General Meeting of May 15, 2003 authorised the Board to issue 4.655.000 options, so-called employee options. 3.500.000 options were allocated to the employees in the fourth quarter of 2003 and 1.155.000 options were allocated to the company for hedging against social costs.

Full utilisation of all option programs would result in a total deferred dilution of about 6,7 percent on June 30, 2004.

Significant events after the end of the report period

Logitech has announced collaboration with Salesforce.com, a leading provider of "on-demand (Internet based) CRM solutions". Logitech's solution, WriteSync™, will provide the user with a comprehensive solution, based on the Logitech io pen and Anoto functionality, for inputting data directly from paper and for character recognition and verification of the inputted information.

Hitachi Maxell commenced cooperation with MediaDrive, a leading OCR company in Japan. MediaDrive is launching a character recognition program that is compatible with Maxell's digital pen, enabling handwritten Japanese characters to be recognised and converted to editable digital text.



Outlook

Business Unit Anoto

In 2004 revenues in Anoto will continue to increase in comparison with 2003. The three new orders presented in the first quarter will contribute income.

Present and potential industrial partners continue to demonstrate high interest.

Business Unit C Technologies

Sales of C Technologies' products are expected to remain stable but low. There are orders for the entire stock of C-Pen 600 and C-Pen 800. Deliveries will be made during 2004.

C Technologies is expected to achieve positive result and cash flow for the full year of 2004.

The Group

The Group's sales, administration and research costs are expected to gradually decline. It is estimated that SEK 12 M will be reached in the fourth quarter.

Sales in Anoto will rise for the full year whereas sales in C Technologies are expected to decline compared with 2003.

The gross margin is estimated to significantly increase compared with the previous year, both in respect of percentage and absolute terms.

It is estimated that the Group's aim to approach positive cash flow at some point during the second half of 2004 will not be reached. It is however estimated that positive cash flow will be generated for the full year 2005. The Group will spare no efforts to secure this aim.

Interim Reports

Q3 Report
Year-end Report 2004

November 3, 2004
February 10, 2005

Lund, August 18, 2004

Örjan Johansson
CEO



Review Report

Anoto Group AB (publ) corporate identity number 556532-3929

We have reviewed this semi-annual report in accordance with the recommendations issued by the Swedish Institute of Authorised Public Accountants.

A review is considerably limited in scope compared with an audit.

Nothing has come to our attention that causes us to believe that the semi-annual report does not comply with the requirements of the Securities and Clearing Operations Act and the Annual Accounts Act.

Lund, 18 August 2004

DELOITTE & TOUCHE AB

Per-Arne Pettersson
Authorised Public Accountant



Income statement in summary ¹

The Group

Amounts in SEK 000	Quarter 2		Accumulated		Full year
	April - June	April - June	Jan - June	Jan - June	Jan - Dec
	2004	2003	2004	2003	2003
Net sales	42 105	23 012	86 381	98 903	192 368
Costs of goods sold ¹	(16 791)	(23 895)	(24 903)	(71 543)	(127 446)
Gross profit	25 314	(883)	61 478	27 360	64 922
Sales, administration & research costs ¹	(56 844)	(109 705)	(116 256)	(195 404)	(386 787)
Share of income in associated companies	-	-	-	-	(1 321)
Operating income	(31 530)	(110 588)	(54 778)	(168 044)	(323 186)
Share of income in group companies	-	19 230	-	19 230	25 121
Share of income in associated companies	-	-	-	-	(8 876)
Other financial items	395	235	1 031	582	(8 407)
Income after financial items	(31 135)	(91 123)	(53 747)	(148 232)	(315 348)
Minority interests	-	2 448	-	5 489	5 489
Income before taxes	(31 135)	(88 675)	(53 747)	(142 743)	(309 859)
Taxes	-	(118)	(1)	(189)	(360)
Income after taxes	(31 135)	(88 793)	(53 748)	(142 932)	(310 219)
Key ratios:					
Gross margin	60,1%	Neg	71,2%	27,7%	33,7%
Operating margin	Neg	Neg	Neg	Neg	Neg
Earnings per share (SEK) ³	(0,26)	(0,86)	(0,46)	(1,38)	(2,81)
Earnings per share after dilution (SEK) ³	(0,26)	(0,86)	(0,46)	(1,38)	(2,81)

1. The income statement has been revised as of the interim report for Q2 2004, not using the term "Items affecting comparability". Anoto Group AB has in compliance with the Swedish Financial Accounting Standards Council Recommendation 5 "Change in accounting principle" adjusted the comparative figures. Amounts for year 2003 have been recalculated and are charged to the respective functions. Write-downs of stock have been charged to "Costs of goods sold". Items affecting comparability for Q2 2003 totaled 36 400 and has been reclassified in accordance with the following: Costs of goods sold 17 959, Sales, administration- & research costs 18 441. In addition depreciations are no longer accounted separately as they do not follow the layout for income statement classified according to function and thus the income statement item "Profit before depreciations" no longer exists.



Balance sheet in summary ⁵

(Amounts in SEK 000)

	The Group		
	June 30, 2004	June 30, 2003	Dec 31, 2003
Intangible fixed assets	352 829	415 207	380 041
Tangible fixed assets	7 816	19 916	11 298
Financial fixed assets	5 347	22 291	4 924
Other current assets	46 827	62 147	56 224
Liquid assets incl. current investments	77 303	68 567	116 033
Total assets	490 122	588 128	568 520
Shareholders' equity	397 397	473 691	451 248
Provisions	34 606	24 995	54 550
Interest-bearing liabilities	49	95	97
Other liabilities	58 070	89 347	62 625
Total shareholders' equity & liabilities	490 122	588 128	568 520

Changes in shareholders' equity

	The Group		
	Jan 1, 2004- June 30, 2004	Jan 1, 2003- June 30, 2003	Jan 1, 2003- Dec 31, 2003
Opening balance	451 248	612 889	612 889
New share issue	-	-	144 660
Reversed write-down of receivables from minority share in WeSpot AB	-	3 284	3 284
Translation differences	(103)	450	634
Loss for the period	(53 748)	(142 932)	(310 219)
Closing balance	397 397	473 691	451 248



Cash flow analysis ²

The Group

(Amounts in SEK 000)	Quarter 2		Accumulated		Full year
	April - June	April - June	Jan - June	Jan - June	Jan - Dec
	2004	2003	2004	2003	2003
Income after financial items ²	(31 135)	(91 123)	(53 747)	(148 232)	(315 348)
Adjustment for items not included in cash flow:					
WeSpot AB's income reversed	-	4 788	-	12 125	12 125
Change in provisions	(7 666)	(7 887)	(19 944)	(13 182)	16 373
Depreciations and write-downs	16 301	57 288	33 280	76 886	144 328
Share of income in group and associated companies	-	(19 230)	-	(19 230)	(14 924)
Other financial items	(395)	(235)	(1 031)	(582)	(2 504)
Taxes paid	-	(118)	(1)	(189)	(360)
Cash flow from operations before changes in working capital	(22 895)	(56 517)	(41 443)	(92 404)	(160 310)
Change in working capital	3 275	4 305	4 436	9 165	(19 859)
Cash flow from operations	(19 620)	(52 212)	(37 007)	(83 239)	(180 169)
Net investments	(1 276)	(3 242)	(2 586)	(10 573)	(12 556)
Total cash flow before financing	(20 896)	(55 454)	(39 593)	(93 812)	(192 725)
Financing:					
New share issues	-	-	-	-	144 660
Change in long-term liability	-	72	(48)	72	(23)
Other financial items	395	235	1 031	582	2 504
Other items	69	466	(120)	743	635
Cash flow for the year	(20 432)	(54 681)	(38 730)	(92 415)	(44 949)
Liquid assets at the beginning of the period *	97 735	125 342	116 033	171 150	171 150
Liquid assets in WeSpot AB at the beg. of the period	-	(2 094)	-	(10 168)	(10 168)
Liquid assets at the end of the period *	77 303	68 567	77 303	68 567	116 033

*) Liquid assets refer to cash, bank balances and current investments

Key ratios

The Group

	April - June	April - June	Jan - June	Jan - June	Jan - Dec
	2004	2003	2004	2003	2003
Cash flow for the year (SEK 000)	(20 432)	(54 681)	(38 730)	(92 415)	(44 949)
Cash flow / share (SEK) ³	(0,17)	(0,53)	(0,33)	(0,89)	(0,41)
Cash flow / share (SEK) after dilution ³	(0,17)	(0,53)	(0,33)	(0,89)	(0,41)
	June 30, 2004	June 30, 2003	Dec 31, 2003		
Equity / assets ratio	81,1%	80,5%	79,4%		
Number of shares ⁴	122 524 201	103 569 201	122 524 201		
Equity per share (SEK) ⁴	3,24	4,57	3,68		



Notes (SEK 000)

1. The income statement has been revised as of the interim report for Q2 2004, not using the term "Items affecting comparability". Anoto Group AB has in compliance with the Swedish Financial Accounting Standards Council Recommendation 5 "Change in accounting principle" adjusted the comparative figures. Amounts for year 2003 have been recalculated and are charged to the respective functions. Write-downs of stock have been charged to "Costs of goods sold". Items affecting comparability for Q2 2003 totaled 36 400 and has been reclassified in accordance with the following: Costs of goods sold 17 959, Sales, administration- & research costs 18 441. In addition depreciations are no longer accounted separately as they do not follow the layout for income statement classified according to function and thus the income statement item "Profit before depreciations" no longer exists.
2. The changes according to Note 1 will affect the cash flow analysis which, as of Q2 2004 will emanate from "Income after financial items".
3. Key ratios pertaining to Earnings per share and Cash flow per share are based on the weighted average number of shares and outstanding warrants for the respective periods. Only warrants estimated to have a value are included in the calculation.
4. Incl. outstanding warrants (June 30, 04: 4 655 000; June 30, 03: 0; Dec. 31, 03: 4 655 000). The value for June 30, 03 has been recalculated in compliance with the applicable accounting principle, implying that only warrants estimated to have a value are included in the calculation.
5. The items intangible fixed assets, tangible fixed assets, financial assets and provisions are accounted as separate items as of the interim report for Q1 2004. Comparative figures for previous periods have been recalculated. Previous classifications pertaining to the above items have thus been eliminated.