Anoto

ANNUAL REPORT 2007

CONTENTS

ANOTO GROUP AT A GLANCE

“Connecting pen and paper to the digital world”

Anoto Group AB has a world-leading technology in the area of digital pen and paper. The technology enables the rapid, reliable transmission of handwritten text to digital form and thereby streamlines paper-based processes.

The Group's unique solutions are based on camera technology and image processing in real time. They combine the intuitive advantages of pen and paper with the many benefits of digital communication.

BUSINESS CONCEPT

Anoto's business concept may be summed up as “connecting pen and paper to the digital world” – in other words, enabling the processing of handwritten text.

BUSINESS MODEL

Anoto uses a partner-driven business model. In collaboration with a global network of partners, the Group creates commercial solutions based on the Anoto technology platform. The solutions are for a number of different sectors, including healthcare, banking and finance, transport and logistics, and education.

Because Anoto's partners upgrade its offering and add their own expertise, applications for multiple markets are developed alongside of each other. As the number of partners grows and their sales volumes expand, Anoto's income also increases without requiring any additional costs. Anoto had approximately 300 partners at the end of the financial year, primarily in Europe, the United States and Japan.

APPLICATION AREAS

Anoto is broken down into four application areas.

Forms Solutions

This application area concentrates on systems, products and services for companies and organisations that require efficient forms processing. Among Anoto's partners are system integrators, software developers and IT consulting firms. The partners provide their customers with customised solutions based on Anoto technology. Meanwhile, Anoto obtains income per digital pen used.

Interactive Media

This application area uses Anoto technology in products that combine digital material such as books and cards with a digital pen. The approach enables an immediate response by means of speech, audio and the like. Among the uses of the concept are teaching media that are simple, intuitive and entertaining. For instance, such media make it more fun for children and teens to learn reading, writing and arithmetic.

Anoto Technology

Anoto Technology develops and markets Anoto's core technology (ASIC). The segment supplies or licenses Anoto modules, components and function blocks for integration into the customer’s products or components. The products include equipment for digital video surveillance and mobile phone components.

C Technologies

C Technologies develops and markets the C-Pen, which scans and recognises printed text for further internal processing or transmission to a computer.

QUOTATION

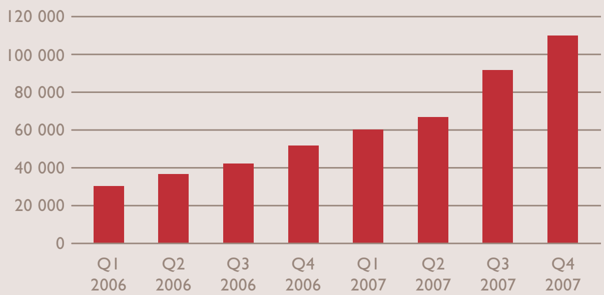
The Anoto Group AB has been listed since 2000 and trades on the Small Cap list of the OMX Nordic Exchange Stockholm (ticker: ANOT).

2007 IN BRIEF

SALES AND EARNINGS IMPROVE

- Anoto's new strategy and organisational restructuring contributed to favourable financial and business trends during the year.
- Net sales rose by 55 % to SEK 169 million (109).
- The loss after taxes totalled SEK -8 million (-133).
- Earnings per share were SEK -0.06 (-1.03) after full dilution.
- Cash flow was SEK -49 million (-32).
- The number of active forms users doubled from the previous year to 110,000.
- Orders were received for 20,000 pen licenses from Anoto's Japanese partner OMS, which develops systems for digital case notes and performs clinical trials for the Japanese healthcare and pharmaceutical sectors.
- Anoto and Dai Nippon Printing (DNP) in Japan entered into a license agreement worth EUR 3.5 million covering DNP's rights to develop products based on Anoto technology.
- Anoto signed an agreement with Livescribe in the United States worth USD 3.5 million covering Livescribe's rights to develop consumer products based on Anoto technology. The agreement also generates royalties on future sales.
- Anoto obtained a breakthrough order in the Chinese market for digital pens to be used in the labelling, inspection and maintenance of public fire extinguishers.
- Anoto licensed its pen and paper technology to T-Systems in Germany for upgrading of mobile and electronic signature solutions.

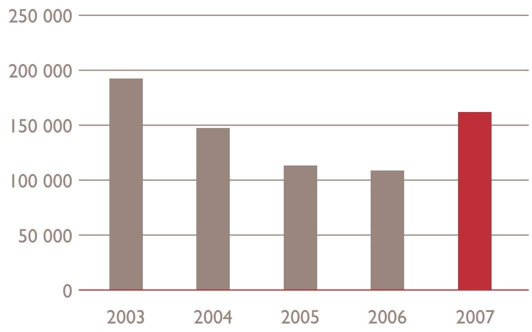
Strong growth in the number of forms users



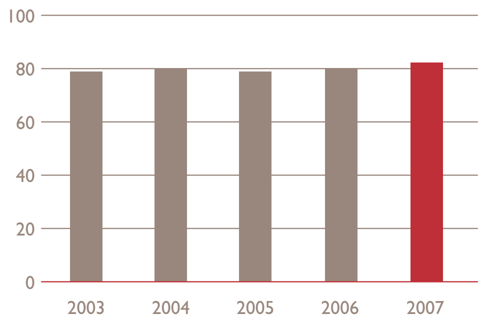
KEY RATIOS FOR THE GROUP

(SEK thousand) 2003	2003	2004	2005	2006	2007
Net sales	192,368	147,392	113,230	108,725	168,771
Gross profit/loss	44,695	89,936	79,395	78,404	129,114
Operating profit/loss	-323,185	-80,011	-79,775	-131,823	-9,665
Profit/loss after tax	-310,219	-75,218	-13,884	-132,965	-7,549
Cash flow for the year	-44,949	-74,293	169,554	-31,649	-48,540
Earnings per share (SEK)	-2.81	-0.64	-0.11	-1.03	-0.06
Shareholders' equity per share (SEK)	4.09	3.27	4.39	3.56	3.52
Equity/assets ratio, %	79	80	79	80	81
Average no. of employees	182	132	110	121	103

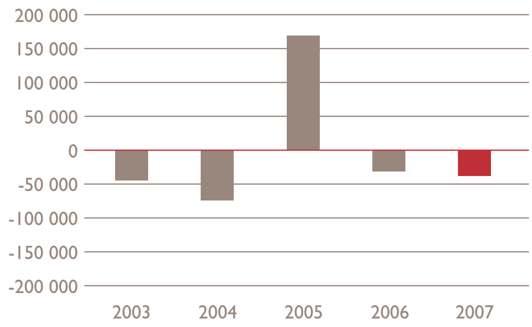
NET SALES (SEK thousand)



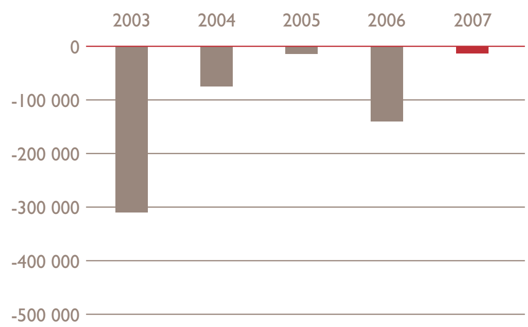
EQUITY/ASSETS RATIO, %



CASH FLOW FOR THE YEAR (SEK THOUSAND)



PROFIT/LOSS AFTER TAX (SEK THOUSAND)



ANOTO'S NEW STRATEGY IS STARTING TO PAY OFF

The Group's new strategy and the restructuring measures that were adopted brought major improvements in 2007. The number of forms users doubled, while substantial orders were received in both existing and new application areas. As a result, Anoto's finances are more stable, so that additional focus can be placed on strengthening both growth and profitability.

Anoto's business is based on a unique proprietary technology distributed through a global network of partners. Anoto has worked with its partners over time to create many commercial solutions for various types of customers, particularly in the healthcare, banking and finance, transport and logistics, and education sectors.

It is with great satisfaction that I can report that Anoto has reversed several years of weak earnings growth to show favourable financial and business trends.

New strategy

The favourable trends of 2007 stemmed from the new strategy that we adopted in the autumn of 2006 and the organisational restructuring that we have carried out since then.

Anoto's transformation from being highly technology oriented to a focus on sales has been crucial to its improved performance. We hired new employees in 2007, while building up an extremely effective sales organisation based in Sweden, the United States and Japan.

Forms Solutions is increasingly emphasising the development of fully developed applications instead of simply selling development tools to our partners. Our new structure allows us to develop and commercialise fully developed solutions faster. A research and development team develops and markets technology platforms, while most employees create new products in collaboration with our sales organisation and partners. As a result, our partners can devote more resources to selling to end-customers.

These changes have begun to generate favourable results and are expected to boost sales in 2008, as well as make it easier to identify new partners.

We have also signed agreements as a result of which Logitech's io2 pen, based on Anoto technology, will be part of our product assortment, along with our proprietary pen and a pen marketed by Maxell. We are also approaching major printer manufacturers with the goal of ensuring that all office printers on the market support documents based on our technology.

Substantially higher sales and earnings

Anoto's new strategy and structure helped improve our financial trends considerably in 2007. Sales were up by 55 % and the gross margin rose to 77 % (72).

Substantially higher sales and the continuation of good cost control considerably boosted earnings as well. Earnings after tax for the year ended up at -8 million (-133), while the profit before depreciation and amortisation was SEK 6 million (-104).

Solid growth for a number of applications

The Group's application areas scored a number of successes during the year. Active users of Forms Solutions, our biggest area, doubled in number to almost 110,000, as the result of several larger orders and a number of small ones. The biggest order of the year was from Order-Made Souyaku (OMS) and covered 20,000 licenses for case notes in the healthcare sector. Anoto obtained a breakthrough order in the Chinese market for 5,000 licenses of pens to be used in the labelling, inspection and maintenance of public fire extinguishers. We also licensed our digital pen and paper technology to T-Systems, which develops services in the area of mobile and electronic signature solutions. Those orders represent new application areas for Anoto technology.

In the Interactive Media area, our partner LeapFrog launched a new product based on Anoto technology. The company will introduce a new high-potential, product based on Anoto technology in 2008. We signed an agreement in early 2007 with Livescribe in the United States covering its right to use Anoto technology for the development of consumer products. The agreement generated royalty income of USD 3.5 million, as well as royalties on future sales. Dai Nippon Printing in Japan acquired rights during the year for EUR 3.5 million to develop products based on our technology.

Sales of mobile phones containing Anoto video technology have begun to take off. Income from licensing of the technology rose significantly in late 2007 and the trend is expected to persist in 2008.

The first generation of C Dictionary, a translation application with integrated C-Pen functionality, was launched in 2007.

Outlook for 2008

I am pleased to note that Anoto has now reached the point where its finances are increasingly stable, allowing us to place additional emphasis on growth and profitability.

I am looking forward to the coming year with great confidence. Our restructuring program and the new strategy are starting to show results. As a result of this Anoto expects that the number of active users of Forms Solutions will continue to grow strongly in 2008. For those end-products that contains Anoto video technology we predict a strong growth. Altogether, this will lead to greatly increased sales volumes and improved margins during 2008.

Lund, April 2008

Anders Norling
CEO

APPLICATION AREAS

Anoto forms solutions

This application area sells user licenses and development tools for patented Anoto technology. Anoto's customers are a large number of partners (solution providers) that develop final products for the end-customer. Demand comes from virtually every segment of the community that uses pen and paper and needs to transmit data to digital media. Sales totalled SEK 64.1 million (34.8) in 2007.

The most important end-customers are in the healthcare, transport, banking and insurance sectors. Among the uses of digital pen and paper is the simplification of administrative routines for documentation and quality assurance of healthcare interventions. When it comes to transport, the driver can save time on receipts and more readily avoid misdeliveries. The advantages of digital pen and paper are faster paper-based processes, reduced risk of error, greater productivity and noticeable cost savings.

Anoto offers a unique, patented technology. Because the company does not have any direct rival in digital pen and paper, it competes with other technologies such as Tablet PCs, PDAs and smartphones. Trends are being powered by increased knowledge and penetration of both new and existing markets.

The company operates on its own in Sweden, the United States and Japan, as well as through partners in the Americas, Europe, South Africa, Australia and Asia. Western Europe, Japan and the United States are its single largest markets.

Sales rose by 50 % in 2007. There are now almost 110,000 users of the various applications that contain patented Anoto technology. Among the largest orders of the year, were many from the Japanese healthcare sector, as well as a breakthrough in the Chinese public administration sector.

Swedish elderly care is increasingly using digital pen and paper to facilitate documentation, quality assurance and data transmission. The advances in home help services have helped spread the technology to other healthcare applications, such as mammographies, physical examinations and bedsore prevention.

Anoto technology has scored a breakthrough in the pharmaceutical industry, now that internationals like Novartis, Actelion Pharmaceuticals and Sanofi-Aventis have begun to use it successfully in a number of different areas. Among the pharmaceutical uses of digital pen and paper are documentation of data in clinical trials, data entry for the distribution of drug samples and streamlined ordering processes.

One of the main reasons for these advances is that Anoto partners are now better able to focus on the sale of fully developed products. The partners had previously devoted substantial resources to the development of applications and products. As a result, lead-times before the fully developed product reached the market were long.

Anoto will prioritise a number of key areas to ensure ongoing expansion and profitability improvements. The company is proactively striving to increase the number of partners, particularly system integrators, from approximately 300 at the present. Generally speaking, the result will be greater penetration of new and existing markets, as well as sales to bigger customers in both private and public administration. Healthcare is a priority sector in which Anoto Technology is attracting growing attention. Banking and finance, as well as insurance, are promising sectors as well.

In addition, Anoto will increasingly develop final platforms and products instead of simply selling licenses and development tools. That will allow both the company and its partners to shorten the selling process.

Interactive Media

Interactive Media develops and licenses technology modules for digital pens and applications. Anoto technology is used in products based on a combination of digital material (books, cards and the like) and a digital pen that permits immediate feedback by means of voice, audio, etc. Among the uses of the concept are teaching media that are simple, intuitive and entertaining. Interactive Media reported sales of SEK 57.4 million (13.0) for the year.

The application area's three main partners are LeapFrog and Livescribe in the United States, as well as Dai Nippon Printing in Japan. Anoto develops and licenses technologies that the companies use in their products. Anoto's highest sales are currently in the Japanese and U.S. markets.

Not only is Anoto world-leading in the area, it has a technologically unique product. Competition comes from companies with products based on another technology that solves the same problems for users. While the technology is used primarily by the educational sector today, Anoto is looking for additional areas – such as visual communication, graphic design, games and entertainment – in which it can be competitive.

Demand for Anoto products was noticeably stronger in 2007. LeapFrog began to sell the Fly Fusion Pentop Computer, its new product based on Anoto Technology. LeapFrog will expand its Anoto-based portfolio when it launches the Tag Reading System this summer. Tag is the replacement for LeapPad, which is LeapFrog's biggest marketing success at more than 30 million units sold.

In collaboration with Maxell, Anoto developed a proprietary interactive pen platform that is now ready for demo and sale. The platform enables new interactive solutions for uses such as computers and mobile phones at an attractive cost.

Interactive Media's focus in 2008 will be on closer collaboration with existing partners and assurance of the agreements initiated in 2007. Meanwhile, the effort will continue to identify new areas in which the technology can be used.

Anoto Technology

Anoto Technology develops video technology in two different product areas. The first area includes development and (through partners) manufacture of complete chips for digital surveillance cameras. The chips convert images to various video formats, such as MPEG4 and H264, for further distribution. The customers are surveillance equipment manufacturers.

The other product area focuses on components for video processing in mobile phone chips. The technology is sold to suppliers to the big mobile phone makers. Anoto Technology reported sales of SEK 33.8 million (16.3) for 2007.

Anoto Technology's customers are among the three leaders in their areas. The market is growing along with mobile phone capacity and the demand for surveillance equipment.

Trends were highly favourable in 2007 due to initial retail sales of the first mobile phones with Anoto video technology. The phones, which contain first generation technology developed by Anoto, generate royalties per unit sold. The first contract was signed in 2007 to market third generation video technology for mobile phones.

The emphasis in 2008 will be on expanding with existing customers. The long-term objectives include broadening the customer base.

C Technologies

C Technologies develops and markets the C-Pen, which scans and recognises printed text for further internal processing or transmission to a computer. The C-Pen is sold through both retail outlets and directly to businesses in accordance with the OEM model. In 2007, C Technologies reported sales of SEK 13.5 million (22.8).

Customer value consists of the ease with which printed information and text can be transmitted to digital media. The two most common areas of use are electronic payment systems and transmission of text.

C Technologies collaborated with C-Pen in 2007 for translation services in China, where deliveries are expected to begin in 2008 after some delays. Linguistic applications for the consumer market have also been developed and the first version of C Dictionary was launched in late 2007.

THE SHARE

The Anoto Group has been listed on the Stockholm Stock Exchange (ticker: ANOT) since 16 June 2000. The share is listed on the Small Cap list of the OMX Nordic Exchange Stockholm. The share had previously traded on the New Market starting on 15 March 2000. Anoto Group's share capital of SEK 2,571,677 is allocated among 128,583,867 shares. Each share entitles the holder to one vote at general meetings and all shares provide equal rights to participation in the company's assets and profits.

SHARE PRICE PERFORMANCE AND TRADING

The price of the Anoto Group share declined by 11 % from SEK 10.90 to 9.65 during the year. During the same period, the Affärsvärlden General Index was down by 7 % and the Stockholm Stock Exchange IT Index lost 41 %. Anoto Group's market capitalisation was SEK 1,241 million on 31 December 2007. On 10 March 2008, the share price was SEK 7.80 and the market capitalisation was SEK 1,003 million.

A total of 78,221,273 Anoto shares traded on the Stockholm Stock Exchange in 2007, for a turnover rate of 61 %.

SHAREHOLDERS

At the end of 2007, Anoto Group had 7,637 shareholders. Foreign shareholders controlled 57 %, the ten largest shareholders 59 %, and institutional and industrial investors 89 % of the shares.

DIVIDEND POLICY

No dividend will be considered over the next few years. The company's future dividend policy will reflect its earnings, financial position and financing needs. Dividend proposals will be examined in the light of shareholder demands for a reasonable return and the company's internal financing requirements.

OPTION PROGRAMMES

The parent company currently has three outstanding option programmes (one of which involves stock options with underlying warrants and two of which are traditional warrant programmes) for employees. The 3,515,500 options that have been subscribed for expire on various dates between 30 November 2008 and 31 March 2010.

Full exercise of the options that have been subscribed for would result in subscription for no more than 3,515,500 new shares, increasing the company's share capital by SEK 70,310 and diluting existing shares by 2.7 %. The issue prices for options in these three programmes range from SEK 17.50 to SEK 31.35.

ANALYSTS

Anoto Group is covered by analysts at a number of banks and securities brokers, including Carnegie, Hagström & Qviberg and Kaupthing.

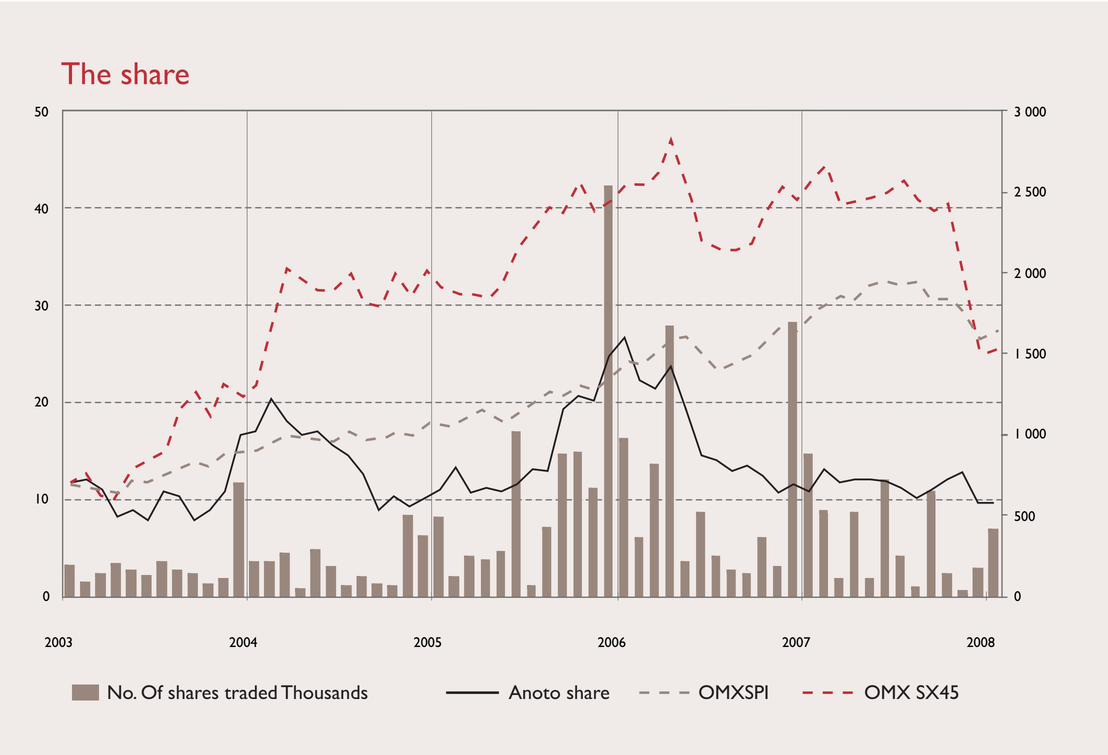
PER-SHARE DATA 2007

No. of shares	128,583,867
Number of outstanding options 1)	0
Average no. of shares	128,583,867
Average no. of outstanding options	0
Earnings per share (SEK)	-0.06
Earnings per share including options (SEK)	-0.06
Cash flow per share for the year (SEK)	-0,.38
Cash flow per share including options (SEK)	-0.38
Shareholders' equity per share (SEK)	3.52
Shareholders' equity per share including options (SEK)	3.52

1) Pursuant to IAS 33

LARGEST SHAREHOLDERS, 31 DECEMBER 2007

Name	%	Total
Norden Technology AS	17.6 %	22,638,065
Robur Fonder	9.8 %	12,624,817
SEB Enskilda ASA	8.5 %	10,906,250
DNB	7.5 %	9,570,581
Barclays Bank	4.1 %	5,287,500
First Securities	2.8 %	3,610,850
Christer Fåhraeus	2.7 %	3,500,000
Skandia Fonder	2.6 %	3,304,166
Banco Fonder	2.4 %	3,035,000
Nordea Bank	1.8 %	2,350,700
Other	40.2 %	51,755,938
Total	**100.0 %**	**128,583,867**



Shareholders by size, 31 December 2007

Holdings	Total no. of shareholders	% of total shareholders	Hold collectively no. of shares	% of share capital
1–1,000	6,026	78.91	2,134,492	1.66
1,001–10,000	1,306	17.10	5,696,265	4.43
10,001–100,000	273	2.94	7,882,191	6.13
100001–	86	1.13	112,870,918	87.78
	7,637	**100.00**	**128,583,867**	**100.00**

FIVE-YEAR SUMMARY[1)]

Summary of income statements

(SEK thousand)	2003	2004	2005	2006	2007
Net sales	192,368	147,392	113,230	108,725	168,771
Gross profit/loss	44,695	89,936	79,395	78,404	129,114
Amortisation – intangible fixed assets	-60,901	-20,661	-22,680	-25,809	-13,710
Depreciation – property, plant and equipment	-13,803	-7,825	-3,644	-1,709	-2,201
Operating profit/loss	-323,185	-80,011	-79,775	-131,823	-9,665
Profit/loss on participations in Group companies	25,121	–	70,457	-769	-252
Profit/loss on participations in associated companies	-8,876	3,059	–	–	–
Profit/loss on other receivables that are non-current assets	-10,912	–	–	–	–
Other financial items	2,504	1,861	-4,446	794	3,269
Profit/loss after financial items	-315,348	-75,091	-13,764	-131,798	-6,647
Tax	-360	-127	-120	-1,208	-791
Minority share in profits	5 489	–	–	41	-110
Profit/loss after tax	-310,219	-75,218	-13,884	-132,965	-7,549

Summary of balance sheets

(SEK thousand)	31 Dec 2003	31 Dec 2004	31 Dec 2005	31 Dec 2006	31 Dec 2007
Assets					
Intangible fixed assets	380,041	368,031	357,536	343,324	339,473
Property, plant and equipment	11,298	5,589	3,568	3,512	4,046
Financial fixed assets	4,924	5,155	5,346	5,080	8,560
Total non-current assets	396,263	378,775	366,450	351,916	352,079
Inventory	3,006	1,671	1,517	1,936	5,960
Accounts receivable	31,175	20,337	36,780	27,615	24,062
Other current assets	22,041	29,384	15,667	15,669	51,132
Cash and bank balances, including current investments	116,033	41,740	211,490	179,841	131,301
Non-current assets for divestment			74,235	0	0
Total current assets	172,255	93,132	339,689	225,061	212,065
Total assets	568,518	471,907	706,139	576,977	564,382
Liabilities and shareholders' equity					
Shareholders' equity	451,248	385,629	555,690	458,237	452,809
Minority shareholdings	—	—	—	1,959	2,069
Provisions					
Non-interest-bearing	54,550	—	—	—	
Long-term liabilities					
Non-interest-bearing	—	13,692	4,231	4,728	626
Current liabilities					
Non-interest-bearing	62,623	72,586	146,218	112,053	109,030
Interest-bearing	97	—	—	—	
Total liabilities	117,270	86,278	150,449	118,740	111,573
Total liabilities and shareholders' equity	568,518	471,907	706,139	576,977	564,382

Summary of cash flow statements

(SEK thousand)	2003	2004	2005	2006	2007
Profit/loss after financial items	-315,348	-75,091	-13,764	-131,798	-6,647
Items that do not affect liquidity	155,038	8,787	-39,559	8,913	11,540
Change in working capital	-19,858	-4,949	60,251	73,642	-39,015
Cash flow from operating activities	-180,168	-71,253	6,928	49,243	-29,419
Cash flow from investing activities	-12,556	-7,633	-14,933	-14,190	-20,808
Total cash flow before financing activities	-192,724	-78,886	-8,005	-63,433	-50,227
Cash flow from financing activities	147,775	4,593	177,669	31,784	1,687
Cash flow for the year	-44,949	-74,293	169,554	-31,649	-48,540

[1)] The disclosures for 2004 to 2007 are in compliance with IFRS. The figures for 2003 have not been recalculated but are reported in accordance with the accounting policies in effect at the time.

Key ratios

	2003	2004	2005	2006	2007
Sales growth, %	neg	neg	neg	neg	55
Gross margin, %	23	61	70	72	77
Operating margin, %	neg	neg	neg	neg	neg
Profit margin, %	neg	neg	neg	neg	neg
Capital employed (SEK thousand)	451,345	385,629	555,690	460,196	454,878
Return on capital employed, %	neg	neg	neg	neg	neg
Return on shareholders' equity, %	neg	neg	neg	neg	neg
Proportion shareholders' funds, %	79	82	79	80	81
Equity/assets ratio, %	79	82	79	80	81
Net debt/equity ratio, multiple	-0.26	-0.11	-0.38	-0.39	-0.29
Interest coverage ratio, multiple	-168	-1,597	-1	-29	-3
Net debt (SEK thousand)	-115,936	-41,740	-211,490	-179,841	-131,301
Earnings per share (SEK)	-2.81	-0.64	-0.11	-1.03	-0.06
Earnings per share after dilution (SEK)	-2.81	-0.64	-0.11	-1.03	-0.06
Cash flow per share for the year (SEK)	-0.41	-0.63	1.42	-0.25	-0.38
Cash flow per share after dilution (SEK)	-0.41	-0.63	1.40	-0.25	-0.38
Shareholders' equity per share (SEK)	4.09	3.27	4.39	3.56	3.52
Shareholders' equity per share after dilution (SEK)	4.04	3.15	4.32	3.56	3.52
Average no. of employees	182	132	110	121	103
Sales per employee (SEK thousand)	1,057	1,117	1,029	899	1,639
Payroll expenses, incl. social security contributions (SEK thousand)	152,845	112,906	95,829	121,822	88,184
(of which, pension premiums)	14,915	14,006	11,030	10,925	10,588

DEFINITIONS

PROPORTION SHAREHOLDERS' FUNDS
Shareholders' equity, minority interests and deferred tax at the end of the year as a percentage of total assets

RETURN ON SHAREHOLDERS' EQUITY
Profit for the year as a percentage of average shareholders' equity

RETURN ON CAPITAL EMPLOYED
Profit after net financial income/expense plus interest expense, as a percentage of average capital employed

GROSS MARGIN
Gross profit as a percentage of net sales. Gross profit is defined as net sales less cost of goods sold

SHAREHOLDERS' EQUITY PER SHARE
Shareholders' equity divided by the weighted average number of shares during the year

AVERAGE NUMBER OF EMPLOYEES
Average number of employees during the year

NET DEBT
Interest-bearing liabilities less liquid assets and current investments

NET DEBT/EQUITY RATIO
Net debt divided by shareholders' equity, including minority interests

SALES PER EMPLOYEE
Net sales divided by the average number of employees

SALES GROWTH
Increase in net sales as a percentage of net sales for the previous year

EARNINGS PER SHARE
Profit after tax divided by the weighted average number of shares during the year

INTEREST COVERAGE RATIO
Profit after net financial income/expense plus interest expense, as a percentage of interest expense

OPERATING MARGIN
Operating profit/loss after depreciation and amortisation as a percentage of net sales

CAPITAL EMPLOYED
Total assets less non-interest-bearing provisions and liabilities, including deferred tax liabilities

EQUITY/ASSETS RATIO
Shareholders' equity including minority interests as a percentage of total assets

PROFIT MARGIN
Profit after financial income/expense as a percentage of net sales

CASH FLOW PER SHARE FOR THE YEAR
Cash flow for the year divided by the weighted average number of shares during the year

MANAGEMENT REPORT

The Board of Directors and CEO of Anoto Group AB (publ), corporate identity no. 556532-3929, hereby submit the annual accounts and consolidated accounts for the 1 January – 31 December 2007 financial year.

GROUP STRUCTURE

Anoto Group AB is a holding company in the Group and performs group-wide functions. The Anoto AB and Anoto Inc. subsidiaries are responsible for most operating activities.

ORGANISATION

Anoto Group is a Swedish high-tech company that has developed a unique technology for digital pen and paper enabling rapid, reliable transmission of handwritten text to digital media. The organisation is broken down into the four application areas of Forms Solutions, Interactive Media, Anoto Technology and C Technologies. The entire business is based on digital camera technology and image processing in real time.

ANOTO BUSINESS UNIT

FORMS SOLUTIONS

This application area has a global partner network that focuses on user-friendly forms solutions for promoting efficient capture, transmission and storage of data in sectors such as health care, banking and finance, transport and logistics, and education. The year showed another rapid increase in the number of Forms Solutions users – up 107 % from 2006. Anoto received a number of large orders during the year, including 20,000 licenses for Order-Made Souyaku (OMS) to use in the Japanese healthcare sector, 5,000 licenses for use by the Chinese fire service, and a number of orders for 1,000 – 2,000 licenses.

INTERACTIVE MEDIA

The pillar of this application area is Anoto's partnership with LeapFrog, a U.S. company that markets and sells its FLY Pentop Computer based on Anoto technology. The learning tool product is an interactive digital pen that targets 8 – 12 year-olds, primarily in the United States. The application area and Dai Nippon Printing (DNP) began working together in 2005 starting with a license order worth approximately SEK 32 million (EUR 3.5 million). Additional license orders for approximately SEK 32 million (EUR 3.5 million) were obtained in 2007.

ANOTO TECHNOLOGY

This application area develops and markets video technology as ASICs and IP blocks. In late 2006, Anoto's development division for video technology was transferred to a subsidiary, 80 % of which is owned by Anoto and 20 % by the employees. New agreements worth SEK 8 million were entered into during the year.

C TECHNOLOGIES

The products of the C Technologies application area, of which the C-Pen scanning pen is the best known, are based on the integration of digital camera technology with leading-edge image processing in products characterised by energy efficiency and high performance. Ever since late 1998, C Technologies has been establishing its technology platform in the global market by means of license and OEM partnerships, along with sales of proprietary products. Sales were poorer than expected in 2007, the business reporting a 40 % reduction in volume from 2006.

SHARES AND SHAREHOLDERS

The company had 128,583,867 shares as of year-end. According to VPC AB statistics, there were 7,637 shareholders on 31 December 2007, representing a decrease of approximately 18 % over the past 12 months. The largest shareholders were Norden Technology AS (17.6 % of the votes and capital) and Robur Fonder (9.8 % of the votes and capital).

EMPLOYEES

The average number of employees of the Group decreased from 121 to 103 in 2007. The Group had 111 employees at the end of the year.

REMARKS ON THE INCOME STATEMENT

Net sales for the year increased by 55 % from SEK 109 million to SEK 169 million. Sales for 2007 included license agreements with Livescribe and DNP generating a total income of SEK 52 million, as well as growth at Forms Solutions and increased use of Anoto video technology in mobile phones. The composition of net sales was substantially different than in 2006. Due to growth, primarily at Forms Solutions and Interactive Media, along with lower income at C Technologies and a one-time settlement for Anoto Taiwan (2006), Forms Solutions and Interactive Media accounted for 72 % of net sales, as opposed to 44 % in 2006.

Thirty eight percent of the Group's income is in U.S.

dollars and 31 % in euros. During the year, the Group hedged 100 % of its currency net flows in U.S. dollars and approximately 50 % of its currency flows in euros (refer to the section on risk management).

The Group's gross profit for the year rose to SEK 129 million (78), while its gross margin was up to 77 % (72) due primarily to higher royalty and license income.

Owing wholly to the phase-out of the Anoto Content and Applications business unit in late 2006, overhead decreased during the year by more than 34 %. The Group capitalises non-customer financed development expenses that meet IAS 38s criteria, a total of SEK 9 million (6) in 2007. The operating loss for the year was SEK -10 million (-132).

REMARKS ON THE BALANCE SHEET AND CASH FLOW STATEMENT

As the result of negative cash flow of SEK -49 million, total assets decreased by SEK 12 million and liquid assets fell to SEK 131 million. The main reason for negative cash flow was an increase in accrued income. Current liabilities decreased from SEK 110 million to SEK 107 million. Provisions for restructuring and other provisions amounted to SEK 2 million (7).

The Group's liquid assets, including current investments, decreased from SEK 180 million at the end of 2006 to SEK 131 million at the end of 2007.

Shareholders' equity of SEK 453 million on 31 December, as opposed to SEK 458 million a year before, represented an equity/assets ratio of 81 % (80).

Cash flow from operating activities was SEK -33 million (-49). Due to higher sales and accrued income (non-invoiced completed deliveries at year-end), working capital rose by SEK 39 million during the year. Investing activities consumed SEK 16 million (14), of which SEK 9 (6) million was for capitalised development expenses, during the year. Financing activities contributed SEK 1 million (32). Total cash flow for the year was SEK -49 million (-32).

INVESTMENTS

Net investments in 2007 for fixed assets totalled SEK 16 million (14).

RESEARCH AND DEVELOPMENT

The Group's R&D effort is oriented toward upgrading and integrating electronic hardware and software for the development of digital pen and paper solutions. The Group spent SEK 63 million (149), or 45 % (71) of its total operating costs, on R&D in 2007. The figure included SEK 8 million (20) for amortisation of capitalised development expenses. Pursuant to its compliance with IAS 38, the Group capitalised SEK 9 million (6) in new development expenses during the year. Including capitalisation, the Group's total 2007 R&D costs thereby totalled SEK 67 million (157).

Anoto has an extensive patent portfolio. At the end of 2007, the Group had 338 active patent applications and 151 patent approvals.

DISPUTES

Anoto is not currently engaged in any disputes that are deemed to significantly affect its financial position.

ENVIRONMENT

Anoto does not pursue any activities that require environmental permits. None of its units are environmentally certified.

RISK MANAGEMENT

The Group sells primarily outside of Sweden, and most of its agreements are in euros or U.S. dollars. Because most costs are in Swedish kronor, margins and earnings are sensitive to fluctuations in the price of the U.S. dollar and euro. The Anoto Group AB parent company handles all trading in financial instruments. In 2007, approximately 32 % of total income was related to the U.S. dollar and 39 % to the euro The Group also had inflows of approximately USD 2.5 million related to prepaid royalties.

Refer to Note 4 for a detailed description of the company's risk management policies.

BOARD AND ITS RULES OF PROCEDURE

The Anoto Group AB Board of Directors consists of seven ordinary members. Refer to page 46 of this annual report under the section entitled "Board of Directors and its rules of procedure" for a detailed account of the Board's composition and working methods.

The 2007 annual general meeting authorised the Board to decide on one or more directed issues totalling no more than 12,000,000 shares prior to the next annual general meeting – as well as to depart from the preferential rights of shareholders in order to enable the acquisitions of businesses or operations by paying wholly or partially with shares.

GUIDELINES FOR REMUNERATION FOR SENIOR EXECUTIVES

Remuneration for the CEO and senior executives in 2007 appear in Note 10, "Salaries and other remuneration". The Board has proposed to the annual general meeting that the guidelines for remuneration for senior executives remain unchanged in 2008.

Significant events after year-end
No significant events have occurred after year-end.

OUTLOOK

The restructuring programme and new strategy adopted during the year are beginning to pay off. Thus, Anoto anticipates new growth in the number of active Forms Solutions users during 2008. We forecast rapid growth for final products containing Anoto video technology. All in all, sales volumes and margins will improve substantially this year.

PROPOSED APPROPRIATION OF ACCUMULATED DEFICIT

Proposed appropriation of accumulated deficit in the parent company (SEK):

Accumulated deficit	0
Loss for the year	–343,598
Total	**–343,598**

The Board of Directors and CEO propose that the accumulated delicit of SEK -343,598 reduce the statutory reserve by the same amount.

With regard to the financial position of the Group and parent company, refer to the following accounts.

INCOME STATEMENT

		Group		Parent company	
(SEK thousands)	Note	2007	2006	2007	2006
Income/net sales	5,6	168 771	108 725	26 155	41 513
Cost of goods and services sold		-39 657	-30 321	-	-
Gross profit/loss	**6**	**129 114**	**78 404**	**26 155**	**41 513**
Selling expenses	10,15,34	-53 529	-32 083		-
Administrative expenses	10,12,15,34	-21 716	-28 163	-26 507	-32 747
Research & development costs	10,15,34	-63 073	-149 134	-	-
Other operating income	13	1 192	1 495	-	4
Other operating costs	14	-1 653	-2 338	-	-
Share of earnings in associated companies	17	-	-4	-	-
Operating profit/loss		**-9 665**	**-131 823**	**-352**	**8 770**
Profit/loss on shares in Group companies	16	-252	-769	-3 700	-116 669
Interest income	18	4 782	5 197	3 844	4 879
Interest and similar expenses	19	-1 513	-4 403	-136	-9 116
Profil/loss after financial items		**-6 648**	**-131 798**	**-344**	**-112 136**
Tax on profil/loss for the year	20	-791	-1208	-	-11
Loss for the year		**-7 439**	**-133 006**	**-344**	**-112 147**
Allocation of profit/loss for the year					
Profit/loss attributable to shareholders of Anoto Group AB		-7 549	-132 965	-344	-112 147
Profit/loss attributable to minority interests		110	-41	-	-
Earnings per share (SEK) 1)		-0,06	-1,03	0,00	-0,87
Earnings per share after dilution (SEK) 2)		-0,06	-1,03	0,00	-0,87
No of shares, weighted average for the year		128 583 867	127 912 871	128 583 867	127 912 871
No of shares, weighted average for the year, including outstanding warrants 3)		128 883 867	128 852 821	128 583 867	128 852 821

1) Loss for the year divided by average number of shares during the year

2) Loss for the year divided by sum of the weighted average number of shares during the year and the weighted average number of outstanding warrants whose exercise price was less than the closing share price for the year. Warrants give rise to a dilutive effect only when their conversion to shares generates poorer earnings per share (IAS 33, Earnings per share).

3) Only warrants whose exercise price is less than the closing price for the year are included.

BALANCE SHEET

(SEK thousands)	Note	Group 2007-12-31	Group 2006-12-31	Parent company 2007-12-31	Parent company 2006-12-31
ASSETS					
Non-current assets					
Intangible fixed assets					
Capitalized development expenditures	21	11 504	14 966	-	-
Patents	22	28 938	29 328	764	792
Goodwill	24	298 674	298 674	-	-
Brands	23	357	356	40	22
Total intangible fixed assets		**339 473**	**343 324**	**804**	**814**
Property, plant and equipment					
Equipment and tools	25	4 046	3 512	366	168
Total property, plant and equipment		**4 046**	**3 512**	**366**	**168**
Financial fixed assets					
Shares in Group companies	26	-	-	267 194	267 194
Shares in associated companies	27	4 071	215	-	-
Other long-term securities		3 371	3 743	-	-
Other long-term receivables		1 118	1 122	-	-
Receivables – Group companies			-	77 505	77 505
Total financial fixed assets		**8 560**	**5 080**	**344 699**	**344 699**
Total non-current assets		**352 079**	**351 916**	**345 869**	**345 681**
Current assets					
Inventory					
Finished goods and goods for sale		5 960	1 936	-	-
Current receivables					
Accounts receivable	28	24 062	27 615	-	-
Receivables from subsidiaries		-	-	40 928	30 669
Other receivables		9 534	7 539	1 587	1 645
Prepaid expenses and accrued income	29	41 598	8 130	2 038	1 970
Total current receivables		**75 194**	**43 284**	**44 553**	**34 284**
Current investments					
Casn and bank balances		74 229	126 626	64 335	125 681
Total current assets		**57 072**	**53 215**	**3 561**	**17 889**
Total assets		**212 455**	**225 061**	**112 449**	**177 854**
BALANCE SHEET		**564 534**	**576 977**	**458 318**	**523 535**

(SEK thousands)	Note	Group 2007-12-31	Group 2006-12-31	Parent company 2007-12-31	Parent company 2006-12-31
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity (of which parent company's restricted equity of SEK 423 million and accumulated deficit of SEK 28 million)					
Share capital		2 572	2 572	2 572	2 572
Other capital contributed		448 508	560 665	-	-
Statutory reserve		-	-	419 953	532 100
Share premium reserve		-	-	28 555	28 555
Other reserves		-3 063	-1 418	-	-
Accumulated loss including loss for the year		4 792	-103 572	-	-
Profit/loss for the year		-	-	-343	-112 147
Equity attributable to the shareholders of Anoto Group AB		**452 809**	**458 247**	**450 737**	**451 080**
Equity attributable to minority interests		**2 069**	**1 959**	**0**	**0**
Long-term liabilities/Provisions					
Provisions for taxes		54	-	-	-
Other provisions	32	-	4151	-	-
Other liabilities		572	578	-	-
Total long-term liabilities/Provisions		**626**	**4 729**	**0**	**0**
Current liabilities					
Provisions restructuring	30	-	1476	-	-
Provisions for product warranties	31	1 573	1 529	-	-
Accounts payable		9 835	7 965	1 377	1 272
Liabilities to subsidiaries		-	-	-	64 932
Tax liabilities		835	852	-	-
Advance payments from customers		71 182	68 792	-	-
Other liabilities		8 643	8 536	1 655	1 875
Accrued expenses and prepaid income	33	16 962	22 902	4 549	4 376
Total current liabilities		**109 030**	**112 052**	**7 581**	**72 455**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**564 534**	**576 987**	**458 318**	**523 535**
Pledged assets	36	5 046	6 968	-	-
Contingent liabilities	37	-	-	-	-

CHANGE IN SHAREHOLDERS' EQUITY

(SEK thousands)	Share capital	Other capital contributed [2]	Reserves [1]	Minority-shareholdings	Profit/ loss	Total
GROUP EQUITY						
Shareholders' equity January 1, 2006	2 531	952 665	-438	0	-399 068	555 690
Exchange rate differences [1]			-980			-980
Total change in shareholders' equity		**0**	**-980**			**-980**
Reduction of share premium reserve		-420 565			420 565	0
Adjustment, costs for options					7 896	7 896
New share issue	41	29 303				29 344
New share issue expenses		-748				-748
Change in minority shareholdings				1959		1 959
Loss for the year					-132 965	-132 965
Shareholders' equity Decmebr 31, 2006	**2 572**	**560 655**	**-1 418**	**1 959**	**-103 572**	**460 196**
Exchange rate differences [1]			-1 645			-1 645
Total changes in shareholders' equity not reported in the income statement		**0**	**-1 645**	**0**	**0**	**-1 645**
						0
Reduction of share premium reserve		-112 147			112 147	0
Adjustment, costs for options					3 766	3 766
Change in minority shareholdings				110		110
Loss for the year					-7 549	-7 549
Shareholders' equity Decemeber 31, 2007	**2 572**	**448 508**	**-3 063**	**2 069**	**4 792**	**454 878**

[1] From translation of financial reporting from foreign subsidiaries

	2007	2006
Accumulated exchange rate differences at beginning of the year	-1 418	-438
Exchange rate differences for the year	-1 645	-980
Accumulated exchange rate differences at year-end	-3 063	-1 418

[2] Includes parent company statutory reserve and premium from share issues. For changes in these items references are made to Changes in parent company equity below.

(SEK thousands)	Share Capital	Statutory reserve	Share premium reserve	Accumulated deficit	Total
PARENT COMPANY'S EQUITY					
Shareholders' equity January 1 2006	**2 531**	**952 665**	**0**	**-420 565**	**534 631**
New share issue	41		29 303		29 344
New share issue expenses			-748		-748
Appropriation of previous year's loss		-420 565		420 565	0
Loss for the year				-112 147	-112 147
Shareholders' equity December 31, 2006	**2 572**	**532 100**	**28 555**	**-112 147**	**451 080**
Appropriation of previous year's loss		-112 147		112 147	0
Loss for the year				-343	-343
Shareholders' equity December 31, 2007	**2 572**	**419 953**	**28 555**	**-343**	**450 737**

The change in number of shares and their par value, see below
All shares are fully paid and entitles the holder to an equal percentage of dividend.

	Increase in no. of shares	No. of shares	Par value/ share
Registered opening balance January 1, 2006		**126 535 201**	**SEK 0,02**
New share issue registered April 11, 2006	1 081 955	127 617 156	SEK 0,02
New share issue registered May 4, 2006	27 467	127 644 623	SEK 0,02
New share issue registered June 21, 2006	939 244	128 583 867	SEK 0,02
Registered closing balance December 31, 2006		**128 583 867**	**SEK 0,02**

	Ökning av antalet aktier	Antal aktier	Nominellt värde/aktie
Registered opening balance January 1, 2007		**128 583 867**	**SEK 0,02**
Registered closing balance December 31, 2007		**128 583 867**	**SEK 0,02**

CASH FLOW STATEMENT

(SEK thousands)	Note	Group 2007	Group 2006	Parent company 2007	Parent company 2006
OPERATING ACTIVITIES					
Profit/loss after financial items		-6 647	-131 798	-344	-112 136
Change in provisions		-4 330	-26 215	-	-1 790
Depreciation and amortisation on tangible assets	15, 21-25	15 912	27 544	224	235
Disposal of tangible assets	15, 21-25	4 703	773	-	-
Costs for options		3 766	7 896	-	-
Share of earnings in associated companies		-	4	-	-
Profit/loss on shares in subsidiares	17	252	-	3 700	115 900
Interest incomes	18	-4 782	-5 197	-3 844	-4 879
Interest costs	19	1 513	4 403	136	9 116
Tax Paid	20	-791	-295	-	-11
Cash flow from operating activities before change in working capital		**9 596**	**-122 885**	**-128**	**6 435**
Cash flow from change in working capital					
Change in operating receivables		-31 910	83 398	-40 938	-31 227
Change in inventory		-4 024	-419	-	-
Change in operating liabilities		-3 081	-9 337	-34 205	399
Total change in working capital		**-39 015**	**73 642**	**-75 143**	**-30 828**
Cash flow from operating activities		**-29 419**	**-49 243**	**-75 271**	**-24 393**
Capital expenditure					
Capitalized development expenditures	21	-9 366	-5 953	-	-
Patents	22	-5 163	-5 563	-86	-145
Brands	23	-58	-81	-23	-24
Divesting of shares [1]		-	-	-	66 069
Equipments and tools	25	-2 365	-2 593	-302	-207
Shares in Group companies [2]	26	-	-	-3 700	-115 900
Shares in associated companies	27	-3 856	-	-	-
Cash flow from net capital expenditures		**-20 808**	**-14 190**	**-4 111**	**-50 207**
Total cash flow before financing activities		**-50 227**	**-63 433**	**-79 382**	**-74 600**
Financing activities					
Interest income	18	4 782	5 197	3 844	4 879
Interest expenses	19	-1 513	-4 403	-136	-9 116
Change in long-term libilities		-6	578	-	-
New share issues		-	28 596	-	28 596
Capital contributed by minority shareholdings		-	2 000	-	-
Translation differences		-1 576	-184	-	-
Cash flow from financing activities		**1 687**	**31 784**	**3 708**	**24 359**
Cash Flow for the year		**-48 540**	**-31 649**	**-75 674**	**-50 241**
Liquid assets at beginning of the year		179 841	211 490	143 570	193 811
Liquid assets at year-end closing		**131 301**	**179 841**	**67 896**	**143 570**

[1] Represents sale of 8 % of the shares in Älsbyhus AB (2006)

[2] Unconditional shareholders contribution to Anoto AB

NOTES (SEK thousand unless otherwise indicated)

Note 1 | General accounting policies

The consolidated accounts of Anoto Group AB (Anoto) have been prepared in compliance with the Swedish Annual Accounts Act, International Financial Accounting Standards (IFRS) and Recommendation RR 30, Supplementary Rules for Consolidated Financial Statements, of the Swedish Financial Accounting Standards Council. The parent company's annual accounts have been prepared in compliance with the Swedish Annual Accounts Act and Recommendation RR 32, Accounting for Legal Entities, of the Swedish Financial Accounting Standards Council. The consolidated and annual accounts, which are specified in thousands of Swedish kronor, refer to 1 January – 31 December for income statement items and 31 December for balance sheet items.

Note 2 | Anoto's accounting policies

THE GROUP

Other than the revaluation of certain financial instruments, the consolidated accounts are based on historical cost. The accounting policies applied by the Group are described below.

Consolidated accounts

The consolidated accounts cover Anoto Group AB (publ), the parent company, and the companies in which direct or indirect holdings at year-end represented more than 50 % of the votes, i.e., the parent company had a controlling interest. The consolidated accounts have been prepared in accordance with the purchase method. The historical cost is the sum of the fair values of assets paid, accrued or overtaken liabilities, as well as for the equity instruments that Anoto has issued in exchange for the controlling interest in the acquired unit, along with all costs directly attributable to the acquisition.

The historical cost is allocated among the unit's identifiable assets, contingent and other liabilities that meet the criteria for accounting in accordance with IFRS 3, Business Combinations, reported at fair value. If the historical cost exceeds net acquired assets and liabilities in accordance with the above, the difference is reported as goodwill. Deferred tax is calculated as 28 % of the difference between the fair values of assets and liabilities reported and tax residual values insofar as the difference is not part of untaxed reserves. Group equity includes the Group's participation in shareholders' equity earned by Group companies after acquisition, as well as minority shareholdings in the equity of Group companies.

All intra-group transactions are eliminated in the consolidated accounts. Intra-group transactions include internal sales, profits and balances, as well as shareholders' contributions to Group companies and impairment losses on participations in Group companies. A functional currency is assigned to each foreign subsidiary.

The foreign subsidiaries that have a different functional currency than Anoto's functional currency (the Swedish krona) are recalculated at the exchange rate on the balance sheet date for all balance sheet items and at the average exchange rate for all income statement items.

The translation differences that arise stem from the difference between the average exchange rates in the income statement and the exchange rates on the balance sheet date, as well as the translation of net assets at a different exchange rate as of year-end than as of the beginning of the year. Translation differences are not reported in the income statement, but as a provision within shareholders' equity.

Exchange rates

At recalculation of foreign subsidiaries uses these exchange rates.

		Average exchange rate		On balance sheet date	
Country	Currency	2007	2006	2007	2006
United States	USD	6.7607	6.8725	6.4675	7.3766
Hong Kong	HKD	*	0.8850	*	0.9495
Japan	JPY (100)	5.7437	5.7800	5.7200	6.3457

* Anoto Hong kong has been liquidated during 2007.

Associated companies

Associated companies are those in which the Group controls 20 – 50 % of the votes or otherwise exerts significant influence over operating and financial management. Associated companies are reported based on equity accounting. In accordance with equity accounting, investments in associated companies are reported in the balance sheet at historical cost, adjusted for changes in the Group's participation in the associated company's net assets. The Group's share of the associated company's profit/loss is reported in the consolidated income statement. The Group's share of the associated company's profit/loss after financial income/expense is included in the profit/loss on participations in associated companies item, whereas the Group's share of the associated company's tax expense is included in the tax on profit/loss for the year item.

Revenue recognition

Revenue is received from product sales, licenses, royalties and development projects. Revenue from product sales is recognised when essentially all risks and rights associated with ownership have been transferred to the purchaser, normally at the time of delivery. Revenue from non fixed-term licenses is directly reported as of the invoice date.

For instance, license revenue may involve a certain degree of exclusivity or contributions for, or access to, a platform.

Royalties are reported during the same month as the partner makes the actual sale.

Revenue attributable to development projects, Non Refundable Engineering (NRE), is recognised in the same period as the service is rendered. The extent to which each development project has been completed is normally based on a quarterly analysis. The project's estimates are updated with the costs until the current date in order to determine the percentage of the total estimated costs that have accrued. An anticipated loss on a project is reported immediately as a cost.

Goodwill

Goodwill, which is reported in connection with the acquisition of subsidiaries in accordance with the above, is initially reported as an asset at historical cost. Goodwill is not amortised but subject to an impairment test annually or whenever needed by calculating the recoverable amount of the corresponding cash-generating unit. The recoverable amount is defined as the asset's net realisable value or value in use, whichever is higher. The impairment test allocates goodwill among the cash-generating units that are expected to benefit from acquisition synergies. An impairment loss is recognised if the the value of the unit reported by the Group exceeds the recoverable amount. The impairment loss is charged to earnings for the year.

Research and development expenditures

Research expenditures are charged to operating earnings on a running basis. The Group capitalizes the development expenditures for new platforms that meet the criteria set by IAS 38, Intangible Assets. Expenditures for the development of platforms are deemed to improve the Group's earning capacity and shall thereby be reported as intangible fixed assets in accordance with the standard.

Intangible fixed assets

The Group complies with IAS 38, Intangible Assets. In accordance with IAS 38, expenditures for the development of new products are reported as assets only if the assets are highly likely to generate future financial gains for the company.

Product development must have reached the commercialisation stage before the expenditures are reported as assets. All expenditures are carried as expenses on a current basis up until that point. Amortisation schedules begin as of the market launch of each product. The amortisation schedule is based on the product's useful life of 3-5 years.

External expenditures for patents and brands are capitalized in the balance sheet with ten-year amortisation schedules.

Property, plant and equipment

Property, plant and equipment – consisting of equipment, computer equipment and computer programs – is reported at historical cost, less accumulated depreciation according to plan and any impairment losses.

Depreciation and amortisation according to plan

Depreciation and amortisation according to plan are based on the historical costs and estimated economic useful lives of the assets in view of the following depreciation and amortisation periods:

- Patents	10 years
- Capitalized development expenditures	3-5 years
- Equipment	5 years
- Computer equipment and programs	3 years[1)]
- Capital expendture on rented assets	2-5 years[2)]

[1)] Capitalized computer programs refer to CAD programs that are essential to the ongoing product development effort.

[2)] Depreciation varies between 2–5 years depending on lease terms

Impairment losses

If there is an indication that a Group asset has decreased in value, its recoverable amount is determined. The recoverable amount is defined as the asset's net realisable value or value in use, whichever is higher. When determining the value in use, the present value of the future cash flows that the asset is expected to give rise to during its useful life is estimated. An impairment loss is recognised if the Group's reported value exceeds the recoverable amount, and the impairment loss is charged to earnings for the year.

Leases

Lease contracts are classified as either financial or operational leases. In a financial lease, the financial risks and benefits related to ownership are essentially transferred to the lessee. If that is not the case, it is an operational lease. The Anoto Group has no significant financial lease contracts.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are reported at the exchange rate on the balance sheet date, and unrealised exchange gains and losses are included in earnings. Exchange gains/losses on operating receivables and liabilities are reported as other operating income/expenses. Exchange rate differences on financial receivables and liabilities are reported as financial items.

Financial instruments

The Group's financial instruments consist mostly of accounts receivable, liquid assets, accounts payable and financial derivative instruments in the form of currency forward contracts.

Accounts receivable

Accounts receivable are reported net after deducting doubtful accounts receivable. Provisions for doubtful accounts receivable are based on an individual assessment in view of expected bad debt losses.

Liquid assets

Liquid assets consist of cash and bank balances, as well as current investments. A current investment is classified as a liquid asset if it can easily be converted to cash at a known amount and it is exposed to only a negligible risk of value fluctuations.

Accounts payable

Accounts payable are reported at the amount the company plans to pay the supplier in order to liquidate the debt.

Currency forward contracts and hedge accounting

The Group uses currency forward contracts to hedge the net flow of EURO for six months at a time. The size of each contract is based on rolling liquidity forecasts for upcoming periods. The Group continually orders contracts in line with the actual inflow of EURO. The primary purpose of hedging is to shield the Group from large, sudden declines in the value of the EURO. Hedging does not meet the criteria of IAS 39, Financial Instruments: Disclosure and Presentation, for hedge accounting. Thus, changes in the value of all currency forward contracts are reported in the income statement as financial income/expense.

Inventory

Inventory, consisting of finished products and critical components, is reported at historical cost (in accordance with FIFO) or net realisable value, whichever is lower.

Pensions

All pension commitments have been taken over by insurance companies and classified as defined contribution pension plans. Pension premiums are carried as expenses in the period that employees rendered the associated services.

Taxes

All tax deemed payable on reported earnings is reported in the income statement. The tax has been calculated in accordance with each country's tax regulations and included in the tax on profit/loss for the year item.

The Group's total tax in the income statement consists of current tax on taxable earnings for the period and deferred tax. The Group's tax consists primarily of current tax on taxable earnings of foreign subsidiaries for the period. The Group uses the balance sheet method to calculate deferred tax assets and liabilities. In accordance with the balance sheet method, the calculation is based on tax rates as of the balance sheet date as applied to temporary differences between the reported and tax value of an asset or liability, as well as tax loss carry-forwards. Deferred tax assets are reported in the balance sheet only in amounts that can presumably be utilised within the foreseeable future.

Share-based payments to employees

As part of incentive programmes, the Group has issued stock options and warrants to employees. The fair value of employee stock options on the distribution date are reported as a cost in the income statement. The fair value is calculated in accordance with the Black-Scholes Model. The total costs are allocated during the period in which the options are earned. The cost is reported under administrative expenses.

Policy for reporting cash flow

The cash flow statements are prepared in accordance with the indirect method, i.e., profit/loss after financial items is adjusted for transactions that have not given rise to payments or disbursements during the period, as well as for any income and expenses attributable to the cash flow of investing activities.

Provisions

A provision is reported when there is a commitment as the result of an event, it is probable that an outflow of resources will be required to settle the commitment and an amount can be reliably estimated. The following provisions are reported in the balance sheet: restructuring, product warranties, taxes and other.

Contingent liabilities

Contingent liabilities are reported if there is a possible commitment that is confirmed only by multiple uncertain future events and it is unlikely that an outflow of resources will be required or that the size of the commitment will not be calculable with sufficient precision.

Disclosures about related parties

For disclosures about the company's transactions with related parties, refer to Note 11, remuneration for senior executives. There were no other transactions with related parties.

Segment reporting

Anoto's primary segments are based on the Group's business units. In segment reporting, the various business units, regardless of legal entity or geographic location, are reported separately. The Anoto business unit includes income and expenses related to digital pens and paper, as well as sales of Anoto technology for use in intelligent image processing systems. The Content and Applications business unit focuses on the design of development tools and the construction of a network for third-party developers, as well as the marketing of proprietary and third-party applications for the next-generation interactive pen (Pentop). Anoto's activities may also be allocated among market areas, the Group's secondary segments. Anoto reports assets, liabilities and investments in non-current assets for secondary segments even when the segment accounts for less than 10% of the Group's value. The secondary segments are based on geographic location.

PARENT COMPANY

For details of the parent company's accounting policies, refer to the Group's accounting policies above. The discussion below is limited to the parent company's deviations from the Group's policies.

Leases

In accordance with RR 32, the parent company's financial lease contracts are reported as operational lease contracts.

Financial instruments

The parent company does not apply the presentation rules of IAS 39. The parent company reports financial fixed assets at historical cost less any impairment losses and financial current assets at the lower of cost or net realisable value.

Holdings in subsidiaries and associated companies

Holdings in Group and associated companies are reported at historical cost. If the reported value of the investment exceeds the recoverable amount (refer to section above on impairment losses), an impairment loss is recognised.

Shareholders' contributions

Shareholders' contributions are reported as an increase in the participations in Group companies item, after which an impairment test is performed on the value of the shares.

Note 3 | Assessments when applying the Group's accounting policies and the main sources of uncertain estimates

Critical assessments when applying the company's accounting policies

When applying the Group's accounting policies (as described in Note 3), management has made the following assessments that have the most significant impact on the amounts that appear in the financial reports.

Key sources of uncertainty in the estimates

The information below concerns key assumptions about the future and other key sources of uncertainty in the estimates on the balance sheet date that entail significant risk of substantial adjustments to reported assets/liabilities for the next financial year.

Impairment tests for goodwill

When testing for impairment losses, the value in use is calculated for the cash-generating unit to which goodwill has been allocated. The value in use is based on the estimated future cash flows that the cash-generating unit is expected to give rise to. The reported value for goodwill is SEK 299 million as of the balance sheet date. For additional information about impairment losses, refer to Note 24.

Note 4 | Risk management by the Group

The Anoto Board of Directors has adopted a financial policy for:
- Simplifying and harmonising the Group's financial activities
- Defining rules for the financial risks that are accepted by the Board
- Adopting guidelines for the Group to operate independently
- Delegating management of financial risks to the CFO

The areas of the financial policy that most affect Anoto's management of risks are liquidity and currency.

Liquidity policy

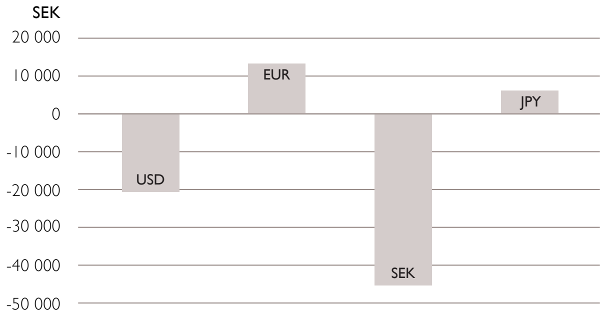
In accordance with the liquidity policy, available liquidity shall consist of liquid assets and negotiable securities with an official credit rating equivalent to Moodys P1.

Currency exposure and currency policy

Transaction exposure

Transaction exposure arises when income and expenses are in different currencies. Anoto has large exposure to the USD ,EURO and JPY because most of its invoicing is in those currencies. In accordance with its 2007 currency policy, Anoto invested U.S. dollars in currency accounts equivalent to the expected net flow in U.S. dollars over the next 12 months. Expected net flows in EURO for following 6 months period are hedged by means of forward contracts.

Net flows by currency, 2007



Sensitivity analysis

The impact on profit/loss before tax of a 5 % change in exchange rates is:

USD/SEK	+/- SEK 1,0 million
EUR/SEK	+/- SEK 0,7 million
JPY/SEK	+/- SEK 0,4 million

Other risk areas

Other areas covered by the financial policy are:
- interest rate risks
  Anoto has no external borrowing, as the result of which there are no interest rate risks
- financing risks
- guarantees and contingent liabilities

Other risk management

Credit risk

The management of credit risks can be broken down into commercial risks and financial risks. The provisions set aside for bad debt losses as of the balance sheet date have not identified any commercial credit risks. The financial credit risk is managed as part of the Group's finance policy – refer to liquidity policy above.

Insurance risk

The Group's insurance coverage is reviewed annually with respect to traditional business insurance policies for property, liability, travel, etc. Anoto's insurance policy for patent disputes expired in 2005 and has not been renewable on reasonable terms. However, claims filed before the policy expired are still covered. The company plans to take out an insurance policy for patent disputes as soon as it can do so on reasonable commercial terms.

Patent risks, etc.

Anoto continually expands its patent portfolio by applying for patents on innovations linked to Anoto technology in order to supplement previous patent applications and patents granted. Anoto cannot guarantee that all patent applications will be approved or that our intellectual property rights will not be called into question, declared null and void or circumvented. Third parties have claimed and may do so in the future as well, that Anoto infringes their intellectual property rights. Defending Anoto against such assertions can be costly in terms of time, money and other resources. Legal disputes can compel Anoto to pay damages or other compensation, modify its products and technology or enter into license agreements. Anoto cannot guarantee that such licenses will be available at all or on reasonable terms.

Note 5 – Sales

Group sales per application area and market in 2007	Anoto	Content & Applications	Total
Sweden	38 435	-	38 435
Rest of EU	26 230	-	26 230
United States	39 533	-	52 881
Japan	52 881	-	7 241
Rest of Asia	7 241	-	39 533
Rest of the world	4 451	-	4 451
Total	**168 771**	**0**	**168 771**

Group sales per application area and market in 2006	Anoto	Content & Applications	Total
Sweden	17 429	-	17 429
Rest of EU	13 945	-	13 945
United States	29 651	752	30 403
Japan	10 553	-	10 553
Rest of Asia	23 170	-	23 170
Rest of the world	13 225	-	13 225
Total	**107 973**	**752**	**108 725**

Group sales by type of revenue	Koncernen	
	2007	2006
Royalty	52 577	32 744
NRE 1	34 034	10 517
Licenses	28 179	4 102
ASIC sales	28 843	13 785
Pen sales	4 953	-
C Technologies	13 375	22 301
Other	6 810	25 276
Total	**168 771**	**108 725**

[1)] Revenues from software/hardware development of customers products

Parent company sales to subsidiaries totals 26.234 (41.513) as compensation for intra-Group services. These revenues have been eliminated in the consolidated accounts and is thereby not included in the totals above.

Note 6 | Reporting by segment

BUSINESS UNITS 2007	Anoto	Content & application	Other	Total
Sales	168 771			168 771
Costs of goods and services sold	-39 657			-39 657
Gross profit	**129 114**	**0**	**0**	**129 114**
Operating expenses	-138 779			-138 779
Operating profit / loss	**-9 665**	**0**	**0**	**-9 665**
Net financial income/expense	3 017			3 017
Profit/loss after financial items	**-6 648**	**0**	**0**	**-6 648**
Minority shareholdings	-110			-110
Taxes	**-791**			**-791**
Profi/loss for the period	**-7 549**	**0**	**0**	**-7 549**
Capital expenditure in tangible and intangible assets	16 402	-		16 402
Depreciation and amotisations for the period	15 912	-		15 912
Assets per segment	564 534	-		564 534
Liabilites per segment	109 656	-		109 656

BUSINESS UNITS 2006	Anoto	Content & application	Other	Total
Sales	107 973	752		108 725
Costs of goods and services sold	(29 786)	-535		-30 321
Gross profit	**78 187**	**217**	**0**	**78 404**
Operating expenses	-158 131	-52 096		-210 227
Operating profit / loss	**-79 944**	**-51 879**	**0**	**-131 823**
Net financial income/expense			25	25
Profit/loss after financial items	**-79 944**	**-51 879**	**25**	**-131 798**
Minority shareholdings			41	41
Taxes			**-1 208**	**-1 208**
Profi/loss for the period	**-79 944**	**-51 879**	**-1 142**	**-132 965**
Capital expenditure in tangible and intangible assets	12 312	1 878		14 190
Depreciation and amotisations for the period	27 518	1 107		28 625
Assets per segment	568 875	8 102		576 977
Liabilites per segment	111 093	5 689		116 782

MARKET AREAS 2007	Sales	Total assets	Capex in assets
Sweden	38 435	552 783	15 934
Rest of EU	26 230	-	-
United States	39 533	4 491	343
Japan	52 881	7 260	-
Rest of Asia	7 241		125
Rest of the world	4 451		-
Total	**168 771**	**564 534**	**16 402**

MARKET AREAS 2006	Sales	Total assets	Capex in assets
Sweden	17 429	551 615	12 471
Rest of EU	13 945	-	-
Japan	30 403	16 303	-159
Rest of Asia	10 553	1 048	-
USA	39 646	8 012	1 878
Rest of the world	13 225	-	-
Total	**108 725**	**576 978**	**14 190**

Note 7 | Average number of employees

	2007		2006	
	No. of employees	Of which men	No. of employees	Of which men
Parent company	10	5	11	6
Rest of sweden	83	70	88	78
United States	4	3	17	12
Japan	6	4	5	3
Total	**103**	**82**	**121**	**99**

Note 8 | Board of Directors and management split by gender

	2007		2006	
	No. of employees	Of which men	No. of employees	Of which men
Board of Directors [1)]	7	6	7	6
Management	6	5	6	5
Totalt	**13**	**11**	**13**	**11**

[1)] Parent company

Note 9 | Sickness absence, Swedish companies

	2007		2006	
AGE CATEGORY	Total Absence	Of which more than 60 days	Total Absence	Of which more than 60 days
Under 30	*)	*)	*)	*)
30 – 50	2,79 %	36,07 %	1,94 %	21,89 %
Above 50	*)	*)	*)	*)
Women	5,21 %	78,44 %	1,00 %	0,00 %
Men	1,81 %	0,00 %	2,15 %	21,21 %
Total	**2,50 %**	**33,18 %**	**1,97 %**	**19,54 %**

* Not reported due to an exemption in the legislation to which disclosures may not be made if the number of employees in a Group is less than 10 or if the information is attributable to a single individual. Group refers to both gender and age category.

Note 10 | Salaries and renumerations

	Group		Parent Company	
	2007	2006	2007	2006
SALARIES				
Board of Directors, CEO and Deputy CEO	5 230	5 046	5 230	5 046
Other senior executives 1	6 676	4 391	2 846	2 622
Other employees	48 482	77 303	3 676	8 677
	60 388	**86 740**	**11 752**	**16 345**
PAYROLL OVERHEAD				
Board of Directors, CEO and Deputy CEO	1 394	1 629	1 394	1 629
Other senior executives 1	2 164	1 417	923	846
Other employees	13 650	21 111	1 238	2 801
	17 208	**24 157**	**3 555**	**5 276**
PENSION EXPENSES				
Board of Directors, CEO and Deputy CEO	686	473	686	473
Other senior executives 1	1 463	1 074	628	518
Other employees	8 439	9 378	432	897
	10 588	**10 925**	**1 746**	**1 888**
Total salaries and renumerations	**88 184**	**121 822**	**17 053**	**23 509**
Salaries and other renumeartions are included in the balance sheet's headlines as follows:				
Selling expenses	14 109	19 492	4 775	6 583
Administrative expenses	12 346	17 055	9 720	13 400
Development expenses	61 876	85 275	2 558	3 526
Total	**88 184**	**121 822**	**17 053**	**23 509**

[1] The Group has 6 (5) and the parent company has 3 (4) senior executives.

The CEO is subject to a mutual period of notice of six months. He retains his salary and benefits during the period of notice. If the CEO's .
employment is terminated by the company in a manner that lacks an objective basis pursuant to Section 7 of the Security of Employment Act (1982:80), he is entitled to severance pay equivalent to 12 times the monthly salary in effect on the termination date

The maximum period of notice for other senior executives is six months upon mutual termination and three months of retained salary after the period of notice if the company terminates their employment

No agreements have been entered into for pension commitments or the equivalent for either Board members or senior executives above and beyond that which is covered by notes. Apart from a salary during the period of notice, no senior executive other than the CEO receives financial compensation. The CEO's and senior management employment contracts includes a bonus based on terms adopted by the Board of Directors and limited to no more than 50 % of his fixed monthly salary.

The retirement age for the CEO and other senior executives is 65. The pension premium is 35 % of the pensionable salary for the CEO and 15–19 % for other senior executives.

Guidelines for compensation to the Executives of the Company

The compensation level and structure shall be at market level. The total compensation shall be a balanced mix of fixed salary, variable compensation, retirement and health plans, any other benefits and terms for dismissal and severance payments. The compensation may also comprise stock related long term incentive programs.

The variable compensation varies for the respective executive and shall primarily be related to Anoto's result and operative goals and may at the most be fifty per cent of the fixed salary. However, the variable compensation for the President may be at most seventy five per cent of the fixed salary.

The retirement plan shall be competitive. The President shall have a pension premium based retirement plan of thirty-five percent of the fixed salary. The other Executives shall have pension premium based retirement plans corresponding to the (Swedish) ITP plan.

Other benefits, like health plans and company cars, shall be competitive.

Executives shall have a mutual notice period of six months. Under certain conditions, some Executives may have an additional three months notice period in case Anoto gives notice. The President shall have a mutual notice period of six months and a severance payment of twelve months salary in case Anoto terminates the employment without juste cause.

Note 11 | Renumerations to Board of Directors and CEO

BOARD OF DIRECTORS AND CEO, 2007	Salaries/ Renumerations	Bonus	Pension-premiums	Other renumerations 2)	Total	Options awarded for the year	Value of options
Anders Norling, CEO	2 974	756	560	-	4 290	-	-
Christer Fåhraeus	175	-	-	-	175	-	-
Märtha Josefsson	175	-	-	-	175	-	-
Lars Jarnryd	175	-	-	-	175	-	-
Stein Revelsby	175	-	-	-	175	-	-
Håkan Ericsson	175	-	-	-	175	-	-
Bernard Gander	175	-	-	-	175	-	-
Hans Otterling	450	-	-	-	450	-	-
Total 1)	**4 474**	**756**	**560**	**0**	**5 790**	**-**	**-**

1) Total compensation may originate som diffrent Group companies.

BOARD OF DIRECTORS AND CEO, 2006	Salaries/ Reniumarations	Bonus	Pension-premiums	Other renumerations 2)	Total	Options awarded for the year	Value of options
Anders Norling, CEO 4 months	885	563	283	-	1 731	-	-
Örjan Johansson, CEO 6 months	968	-	146	-	1 114	-	-
Mats Blom, CEO 2 months	361	60	44	-	465	-	-
Christer Fåhraeus	175	-	-	-	175	-	-
Märtha Josefsson	175	-	-	-	175	-	-
Lars Jarnryd	175	-	-	-	175	-	-
Stein Revelsby	175	-	-	-	175	-	-
Håkan Ericsson	175	-	-	-	175	-	-
Bernard Gander	175	-	-	-	175	-	-
Hans Otterling	450	-	-	709	1 159	-	-
Total 1)	**3 714**	**623**	**473**	**709**	**5 519**	**-**	**-**

1) Total compensation may originate som diffrent Group companies.

2) Transactions with related parties are reported under Other renumerations and consist of consulting fee to Hans Otterling.

MANAGEMENT 2007	Salaries/ Renumerations	Bonus	Pension-premiums	Other renumerations 2)	Total	Options awarded for the year	Value of options
Group Management	5 816	1 018	1 463	-	8 297	200 000	204
Total	**5 816**	**1 018**	**1 463**	**-**	**8 297**	**-**	**-**

MANAGEMENT 2006	Salaries/ Renumerations	Bonus	Pension-premiums	Other renumerations 2)	Total	Options awarded for the year	Value of options
Group Management	4 196	194	1 074	-	5 464	-	-
Total	**4 196**	**194**	**1 074**	**-**	**5 464**	**0**	**0**

Note 12 | Audit fees

Audit fees are charged to earnings for the year as follows:

	Group		Parent Company	
	2007	2006	2007	2006
Auditing				
Deloitte AB	375	315	140	135
Other assignments				
Deloitte AB	161	157	34	107
Total	**536**	**472**	**174**	**242**

An auditing assignment involves examining the annual accounts and accounting records, as well as the management of the company by the Board of Directors and CEO, other tasks that the company's auditor is obligated to perform and advisory services and other assistance occasioned by observations made during said examination or performance of said tasks. Other assignments refer to everything else.

Note 13 | Other operating income

	Group		Parent Company	
	2007	2006	2007	2006
Exchange gains	128	-	-	-
EU contribution	686	913	-	-
Profit/loss on sale of fixed assets	338	268	-	-
Other	40	314	-	4
Total	**1 192**	**1 495**	**-**	**4**

Note 14 | Other operating expense

	Group		Parent Company	
	2007	2006	2007	2006
Exchange losses	1 011	-2 334	-	-
Other	641	-4	-	-
Total	**1 652**	**-2 338**	**-**	**-**

Note 15 | Depreciation and amortisation

Depreciation of property, plant and equipment, and amortisation of intangible fixed assets, are included in the individual items of the income statement as follows:

	Group		Parent Company	
	2007	2006	2007	2006
Selling expenses	-3 755	-1 976	-	-
Administrative expenses	-308	-429	-222	-235
Development expenses	-11 849	-26 220	-	-
Total	**-15 912**	**-28 625**	**-222**	**-235**

Note 16 | Profit /loss on participations in Group companies

	Group		Parent Company	
	2007	2006	2007	2006
Impairment loss on shares in Anoto AB [1]	-	-	-3 700	-115 900
Impairment loss on shares in Anoto Communications KK [2]	-122	-	-	-
Impairment loss on shares in Anoto Hong Kong Ltd [3]	-130	-	-	-
Deconsolidation of Älvsbyhus AB [4]	-	-769	-	-769
Totalt	**-252**	**-769**	**-3 700**	**-116 669**

[1] Unconditional shareholders contribution to the subsidiary Anoto AB. The shareholders contribution was made to cover the subsidiary's loss for the year and restore its equity to the levelof share capital.

[2] The impairment loss at an amount corresponding the Groups share in the equity.

[3] The impairment loss in connection with winding-down of Anoto Hong Kong Ltd.

[4] Impact on earnings of deconsolidation of Älvsbyhus AB (2005) and adjusted purchase price due to corrected loss carry-forward (2006)

Note 17 | Share in profit/loss of associated companies

	Group		Parent Company	
	2007	2006	2007	2006
Participation in Anoto Communications KK [1]	-	-4	-	-
Total	**-**	**-4**	**-**	**-**

[1] The particpation in Anoto Communications KK has been reclassified to Group company as further 40 % of the shares in the company has been acquired.

Note 18 | Interest income

	Group		Parent Company	
	2007	2006	2007	2006
Interest on current investments	3 707	4 427	3 564	4 417
Interest on bank deposits	1 075	770	280	462
Totalt	**4 782**	**5 197**	**3 844**	**4 879**

Note 19 | Interest and similar expense

	Group		Parent Company	
	2007	2006	2007	2006
Loss on currency forward contracts	-1 513	-4 403	136	-9 116
Total	**-1 513**	**-4 403**	**136**	**-9 116**

Note 20 | Taxes

	Group		Parent Company	
	2007	2006	2007	2006
Current tax [1]	-791	-1 208	-	-11
Total	**-791**	**-1 208**	**-**	**-11**

[1] Primary foreign subsidiaries.

Correlation between tax expense for the year and reported profit/loss before tax:

	Group		Parent Company	
	2007	2006	2007	2006
Reported profit/loss before tax	-6 757	-131 757	-344	-112 136
Tax in accordance with current tax rate of 28 %	1 892	36 892	96	31 398
Tax impact of non-deductible expenses				
Intra-Group adjustments that disregard deferred tax	-2 946	-8 086		-
Impairment loss on shares in subsidiaries	-71	-	-1 036	-32 452
Other non-deductible expenses	-275	-149	-205	-
Other adjustments	26		-	
Non-taxable income	4	6	6	4
Adjustment for tax rates				
in foreign Group companies	347	820		-
on loss carry forwards	232	-30 691	1 139	1 187
Tax reported	**-791**	**-1 208**	**0**	**137**

Tax deficit

	Group		Parent Company	
	2007	2006	2007	2006
Opening balance	-448 780	-339 128	-34 561	-38 802
Tax deficit of the year	1 809	-109 652	4 069	4 241
Adjustment due to changed taxation	407	-	407	0
Closing tax deficit	**-446 564**	**-448 780**	**-30 085**	**-34 561**
Nominal amount, tax asset	**125 038**	**125 658**	**8 424**	**9 677**

There are no temporary differences.

The nominal value of tax assets (28 %) in accordance with the above have been reported at 0 in the balance sheet.
Due to the fact that the Group still reports a loss, the nominal value of tax assets is not reported in the balance sheet.

Tax deficits refers to the Swedish companies and are not limited in time.

Note 21 | Capitalized development expenditures

	Group		Parent Company	
	2007	2006	2007	2006
ACCUMULATED HISTORICAL COSTS				
Opening accumulated historical costs	115 893	112 107	24 218	24 218
Acquisitions for the year	9 366	5 953	-	-
Disposals for the year	-6 003	(1 304)	-	-
Adjustment of Opening balance due to intra-group transfers	-	(863)	-	-
Closing accumulated historical costs	**119 256**	**115 893**	**24 218**	**24 218**
ACCUMULATED AMORTISATION ACCORDING TO PLAN				
Opening accumulated amortisation	-100 927	-82 444	-24 218	-24 218
Amortisation for the year accoring to plan	-8 125	531	-	-
Disposals for the year	1 300	-19 877	-	-
Adjustment of Opening balance due to intra-group transfers		863	-	-
Closing amortisation according to plan	**-107 752**	**-100 927**	**-24 218**	**-24 218**
Closing residual value	**11 504**	**14 966**	**-**	**-**

Note 22 | Patents

	Group		Parent Company	
	2007	2006	2007	2006
ACCUMULATED HISTORICAL COSTS				
Opening accumulated historical costs	61 974	59 054	13 800	13 655
Acquisitions for the year	5 163	5 563	86	145
Adjustment of Opening balance due to intra-group transfers		(2 643)	-	-
Closing accumulated historical costs	**67 137**	**61 974**	**13 886**	**13 800**
ACCUMULATED AMORTISATION ACCORDING TO PLAN				
Opening accumulated amortisation	-32 646	-30 181	-13 008	-12 903
Amortisation for the year accoring to plan	-5 553	-5 108	-114	-105
Adjustment of Opening balance due to intra-group transfers		2 643	-	-
Closing amortisation according to plan	**-38 199**	**-32 646**	**-13 122**	**-13 008**
Closing residual value	**28 938**	**29 328**	**764**	**792**

Patents are subject to impairment test annually or whenever indicated. Refer to Note 24 Goodwill.

Note 23 | Brands

	Group		Parent Company	
	2007	2006	2007	2006
Accumulated historical costs				
Opening accumulated historical costs	505	484	80	56
Adjustment of Opening balance	-56	(60)	(56)	-
Acquisitions for the year	58	81	23	24
Closing accumulated historical costs	**507**	**505**	**47**	**80**
Accumulated amortisation according to plan				
Opening accumulated amortisation	-149	-158	-58	-56
Adjustment of Opening balance	56	60	56	-
Amortisation for the year accoring to plan	-57	-51	-5	-2
Closing amortisation according to plan	**-150**	**-149**	**-7**	**-58**
Closing residual value	**357**	**356**	**40**	**22**

Note 24 | Goodwill

	Group	
	2007	2006
ACCUMULATED HISTORICAL COSTS		
Opening accumulated historical costs	381 301	381 301
Acquisitions for the year	-	-
Disposals for the year	-	-
Closing accumulated historical costs	**381 301**	**381 301**
ACCUMULATED AMORTISATION ACCORDING TO PLAN		
Opening accumulated amortisation	-82 627	-82 627
Closing amortisation according to plan	**298 674**	**298 674**
Goodwill is allocated among the Group´s cash generating units identified by business unit		
Anoto	298 674	298 674
Content & Application	-	-
	298 674	**298 674**

Goodwill is subject to an impairment test annually or whenever indicated. The recoverable amount for cash-generating units is based on calculations of values in use. Tests for decline in value have been performed at the lowest level at which separable cash flows were identified. Tests for decline in value of Goodwill and Patents have been based on forecasted cash flows from the application areas Forms Solution, Anoto technology and Interactive Media.

The value in use for goodwill attributable to Anoto is based on discounted cash flows for 10 years. A period longer than 5 years has been used because the company's products are at the beginning of a commercial phase. Cash flows for the first year are based on the budget adopted by the Board of Directors. For the subsequent period, the increase in cash flows has been estimated per application area. The annual rate of growth, which has been determined on the basis of information and forecasts from Partners and own assessments which varies per application area and over time. Price reductions of 0–15% have been assumed.

The calculation of the value in use for Anoto has used a 15% pre-tax discount rate of interest based on the company's weighted average cost of capital (WACC).

The assumption that has the greatest impact on the impairment test is growth of the application area Forms Solutions. If Forms Solutions were to grow 30% less than forecast per year during the calculation period, an impairment loss would be recognised.

Note 25 | Equipment and tools

	Group		Parent Company	
	2007	2006	2007	2006
ACCUMULATED HISTORICAL COSTS				
Opening accumulated historical costs	13 514	66 154	638	431
Acquisitions for the year	2 365	3 893	302	207
Divestments for the year		-1 724	-	-
Adjustment of Opening balance due to intra-group transfers		-54 390	-	-
Intra-group transfers		-188		
Disposals for the year		-	-	-
Translation difference	-124	-231	-	-
Closing accumulated historical costs	**15 755**	**13 514**	**940**	**638**
ACCUMULATED DEPRECIATION ACCORDING TO PLAN				
Opening accumulated depreciation	-10 002	-62 586	-470	-342
Depreciation for the year accoring to plan	-1 742	-2 507	-104	-128
Disposals for the year			-	-
Divestments for the year		423	-	-
Adjustment of Opening balance due to intra-group transfers		54 390	-	-
Intra-group transfer		188	-	-
Translation difference	35	90	-	-
Closing depreciation according to plan	**-11 709**	**-10 002**	**-574**	**-470**
Closing residual value	**4 046**	**3 512**	**366**	**168**

Note 26 | Participation in Group companies

	Parent Company	
	2007	2006
PARENT COMPANY		
Opening balance	267 194	267 194
Opening shareholders contribution	1 188 031	1 072 131
Shareholders contribution for the year [1]	3 700	115 900
Shareholders contribution from divested companies	-727 128	-727 128
Opening accumulated impairment losses	-1 502 142	-1 386 242
Impairment losses from divested companies	1 041 239	1 041 239
Impairment losses for the year [2]	-3 700	-115 900
Reversed impairment losses	0	0
Total	**267 194**	**267 194**

[1] Refers to Anoto AB

[2] Refers to write-down of shares in Anoto AB

Company	Reg.no.	Domicile	Total no. of participation	% of capital and votes	Shareholders equity	Carrying amount
Anoto AB	556320-2646	Lund	5 000	89,0 % [1]	557	267 005
Anoto Licensiering AB	556665-4306	Lund	1 000	89,0 % [1]	100	89
C Technologies AB	556591-2481	Malmö	1 000	100,0 %	2 307	100
						267 194

The Anoto Group contains sub-groups consisting of the following companies
Anoto, Inc., United States
Anoto Nippon K.K, Japan
Anoto Communication KK, Japan
FAB Licensiering AB, Sweden
Anoto IP Lic HB, Sweden
Logipard AB , Sweden

[1] The remaining 11 % are held by C Technologies AB

Note 27 | Participation in associated companies

	Group	
	2007	2006
GROUP		
Opening balance	215	219
Acquisition for the year [1]	4 071	-
Reclassification [2]	-215	-
Share of profits in associated company	-	-4
Total	**4 071**	**215**

[1] During 2007 has 20% of the shares in i Anoto Taiwan Corporation been acquired.

[2] Anoto AB has acquired additional 40% of the shares in Anoto Communications KK. The shareholding has been reclassified to Group company.

Company	Reg.no.	Domicile	Total participation	% of capital and votes	Shareholders equity	Carrying amount
Anoto Taiwain Corporation	28316992	Taiwan	10 000 000	20,0 %	12.569	4 309

Note 28 | Ageing accounts receivable

	Group		Parent Company	
	2007	2006	2007	2006
Not due	17 125	17 125	16 111	16 111
Due 1 - 30 days	1 679	1 679	8 259	8 259
Due 31 - 60 days	954	954	689	689
Due 61 - 90 days	2 670	2 670	922	922
Due more than 90 days	2 455	1 634	1 979	1 634
Total	**24 883**	**24 062**	**27 960**	**27 615**

Assessment of the need of provisions of Accounts receivable due more than 90 days, are made on an individual basis

Note 29 | Prepaid expenses and accrued income

	Group		Parent Company	
	2007	2006	2007	2006
PARENT COMPANY AND GROUP				
Prepaid rent	1 280	1 057	1 180	1 057
Prepaid leasing fees	160	83	3	-
Accrued interest income	378	376	378	376
Accrued income	37 038	4 567	-	-
Revaluation currency forward contracts	370	591	-	-
Other	2 372	1 456	477	537
Total	**41 598**	**8 130**	**2 038**	**1 970**

Note 30 | Provisons for restructuring

	Group		Parent Company	
	2007	2006	2007	2006
Provisions for rental charges				
Opening balance	-	11 638	-	-
Amounts utilised	-	-11 638	-	-
New provisions	-	-	-	-
Unutilised reversed amounts	-	-	-	-
	-	**-**	**-**	**-**
Provisions for personnel costs				
Opening balance	1 476	8 463	-	-
Amounts utilised	-1 476	-8 106	-	-
New provisions	-	1 119	-	-
Unutilised reversed amounts	-	-	-	-
	-	**1 476**	**-**	**-**
Total provisions for restructuring				
Opening balance	1 476	20 101	-	-
Amounts utilised	-1 476	-19 744	-	-
New provisions	-	1 119	-	-
Unutilised reversed amounts	-	-	-	-
Total	**-**	**1 476**	**-**	**-**

Note 31 | Provisions for product warranty commitments

	Group		Parent Company	
	2007	2006	2007	2006
Opening balance	1 529	1 440	-	-
New provisions	44	89	-	-
Total	**1 573**	**1 529**	**-**	**-**

Note 32 | Other provisions

	Group		Parent Company	
	2007	2006	2007	2006
Opening balance	4 151	10 630	-	1 790
Amounts utilised		-	-	-
New provisions		-	-	-
Unutilised reversed amounts	-4 151	-6 479	-	-1 790
Total	**0**	**4 151**	**-**	**-**
Of which, current provisions	-	1	-	-
Of which, long-term provisons	-	4 150	-	-

Note 33 | Accrued expenses and deferred income

	Group		Parent Company	
	2007	2006	2007	2006
Holiday pay liability	4 391	5 628	355	733
Payroll overhead liability	1 557	1 473	179	261
Special employer's contribution liability	2 211	2 192	338	369
Accrued salaries and renumerations	2 391	-	1 312	-
Other	6 412	13 609	2 365	3 013
Total	**16 962**	**22 902**	**4 549**	**4 376**

Note 34 | Share-based payments to employees

As part of an incentive programme, the parent company and some subsidiaries have issued various kinds of options since 1998. The current programmes are as follows:

Option-programme	No. of options	Shares/ Aktier/ option	No. of shares	Issue price (SEK)	Subscription period until	Fully excercised contributes MSEK
1	1 430 500	1	1 430 500	31,35	08-11-30	45
2	1 500 000	1	1 500 000	17,50	08-12-15	26
3	585 000	1	585 000	18,00	10-03-31	10,5
	3 515 500		**3 515 500**			

[1] Warrant programme 2005

[2] Warrant programme 2006

[3] Employee stock option programme 2007

1) The general meeting of 10 November 2005 decided to issue 2,000,000 warrants, 640,500 of which were subscribed for in the fourth quarter of 2005 and 790,000 in 2006. New shares may be subscribed for from 1 September to 30 November 2008.

2) The extra general meeting of 16 November 2006 decided to issue 1,500,000 warrants to the CEO. All of them were subscribed for in the ourth quarter of 2006. New shares may be subscribed for from 1 September to 15 December 2008

3) The annual meeting, May 15, 2007 decided to issue 500.000 employees stock options and 500.000 warrants. The employee stock options were hedge by issuing of 650.000 warrants which also included the payroll overhead. At the end of the year 440.000 had been awarded to employees and 145.000 had been awarded to a subsidiary to hedge against payroll overhead. The options which are tied to employment may be exercised from 1 September 2009 to 31 March 2010.

Full exercise of all programmes would result in total dilution of about 2.7 % as of 31 December 2007. No programmes are deemed to have a value as of 31 December 2007. The dilution exposure and option programmes deemed to have a value may have changed until the date on which this annual report was distributed.

Change in outstanding option programmes during the year

	2007		2006	
	No. of options	Weighted issue price	No. of options	Weighted issue price
Outstanding options at the beginning of the period	7 415 002	24,41	6 278 380	22,36
Awarded during the period	585 000	18	3 629 042	21,77
Forfeited during the period	-3 125 242	19,6	-443 754	26,12
Redeemed during the period	0	0	-2 048 666	13,09
Expired during the period	-1 359 260	31,35	0	0
Outstanding at the end of period	**3 515 500**	**23,22**	**7 415 002**	**24,41**
Redeemable at the end of the period	0		0	

Options were awarded for programme 3 in 2007. The fair value of each option issued is calculated in accordance with the Black-Scholes Model.

	2007	2006
Weighted average share prrice	*)	19,2
Weighted average redemption price	*)	20,9
Expected volatility	*)	0,35
Risk-free interest	*)	0,033
Expected dividend	*)	0

The expected volatility has been calculated on the basis of an anslysis of historical volatility and comparisons with other companies in the sector.

*) No redemption has taken place during 2007

Note 35 | Significant leasing expenses

The amounts associated with equipment at the company's disposal through leases are negligible.
The Group's commitment for leased premises totals SEK 6,950 thousand for 2008 and SEK 21,180 thousand for 2009-11.

Note 36 | Pledged assets

	Group		Parent Company	
	2007	2006	2007	2006
PARENT COMPANY AND GROUP				
Blocked bank deposits	5 046	6 968	-	-

Note 37 | Contingent liabilties

	Group		Parent Company	
	2007	2006	2007	2006
PARENT COMPANY AND GROUP				
	-	-	-	-

Note 38 | Financial instruments

	Reported value		Fair value	
	2007	2006	2007	2006
GROUP				
Other securities	8 798	5 080	8 798	5 080
Accounts receivable	23 910	27 615	23 910	27 615
Other receivables	9 296	7 539	9 296	7 539
Current investments and securities	74 229	126 626	74 229	126 626
Liquid assets	57 072	53 215	57 072	53 215
Assets	**173 305**	**220 075**	**173 305**	**220 075**
Accounts payable	9 835	7 695	9 835	7 695
Other liabilities	8 491	8 536	8 491	8 536
Liabilities	**18 326**	**16 231**	**18 326**	**16 231**

The principal rule as of 2005 is that financial instruments are reported at fair value. Anoto Group policy is to hedge the net flow of EURO for six months at a time by means of forward contracts in EURO. Forward contracts are reported on the balance sheet closing date at fair value.

Forward contracts totalled EUR 2,000 thousand at the end of 2007.

Not 39 | Events after December 31, 2007

No material events or issues after the closing of 2007 are to be reported.

Lund, the 1st of April 2008

Märtha Josefsson

Hans Otterling
Chairman

Christer Fåhraeus

Håkan Eriksson

Bernard Gander

Hiroshi Yoshioka

Stein Revelsby

Anders Norling
CEO

Our auditor´s report was submitted on 1 april 2008
DELOITTE AB

Per-Arne Pettersson
Authorized Public Accountant

AUDITOR'S REPORT

To the annual general meeting of Anoto Group AB (publ)
Corporate identity no. 556532-3929

We have examined the annual accounts, consolidated accounts, accounting records and the management of Anoto Group AB (publ) by the Board of Directors and the CEO for the 1 January – 31 December 2007 financial year. The annual accounts are on pages 16-14 of the printed version of this document. The Board of Directors and CEO are responsible for the accounting records and management, as well as for ensuring compliance with the Swedish Annual Accounts Act when preparing the annual accounts and compliance with International Financial Accounting Standards as adopted by the European Union and the Swedish Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to state our opinion with respect to the annual accounts, the consolidated accounts and management, based on the results of our audit.

The audit has been performed in accordance with generally accepted auditing practices in Sweden. Thus, we have planned and conducted the audit in such a manner as to satisfy ourselves with great but not absolute assurance that the annual accounts and consolidated accounts are free of material misstatement. An audit includes examining a selection of the documents supporting the amounts and disclosures in the accounting records. An audit also includes examining the company's accounting policies, as well as the Board of Directors' and CEO's compliance with them, assessing the significant estimates that the Board of Directors and CEO made when preparing the annual accounts and consolidated accounts, and evaluating the overall data contained in the annual accounts and consolidated accounts. As a basis for our statement granting discharge from liability, we have examined significant decisions, actions and relationships within the company, with a view to determining whether any member of the Board of Directors or the CEO may be liable to the company for damages, or may have in any other way acted contrary to the Swedish Companies Act, the Swedish Annual Accounts Act or the company's articles of association. We regard our audit as having provided us with reasonable grounds to state the following.

The annual accounts have been prepared in compliance with the Swedish Annual Accounts Act, and offer a true and fair representation of the company's performance and financial position in accordance with generally accepted accounting practices in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the Swedish Annual Accounts Act and offer a true and fair representation of the Group's performance and financial position. The management report is consistent with the remaining portions of the annual accounts and consolidated accounts.

We recommend that the annual general meeting adopt the income statement and balance sheet of the parent company, as well as the consolidated income statement and balance sheet, appropriate the deficit in the parent company in accordance with the proposal in the management report and discharge the members of the Board of Directors and CEO from liability for the fiscal year.

Malmö 1 april 2008

Deloitte AB

Per-Arne Pettersson
Authorized Public Accountant

BOARD AND ITS RULES OF PROCEDURE

The Board of Directors of Anoto Group AB consists of seven members elected by the annual general meeting of 15 May 2007. One of the principal shareholders (Norden Technology AS) has a representative on the Board.

Hans Otterling has served as Chairman of the Board. The CEO and CFO take part in board meetings. The company's chief legal adviser is the board's secretary. When appropriate, other employees of the company participate in reporting capacities concerning their particular areas of expertise.

Eleven of the 15 meetings at which minutes were taken in 2007 were part of the Board's annual schedule. In addition to the Board's ongoing effort to issue directives and monitor the company's activities – including the budget, state of the market and strategic direction – the main questions discussed at the meetings were as follows:

- February: Review of quarterly and annual accounts with the company's auditor
- May: Review of quarterly accounts and meeting of the Board members following election at the annual general meeting
- August: Review of quarterly accounts and discussion of company's direction
- November: Review of quarterly accounts and discussion of company's direction
- December: Adoption of 2008 budget

Documentation is normally sent out approximately one week prior to a meeting. The CEO submits a monthly written report to the Board.

The Board has two committees – an audit committee and a remuneration committee – that prepare items for the Board to take up and in certain cases reach decisions delegated to them by the Board.

AUDIT COMMITTEE

The audit committee – which consists of Märtha Josefsson (Chair), Bernard Gander and Stein Revelsby – deals with audits, their focus and their scheduling. The committee also receives reports from the company's auditor. The committee reports to Board meetings about its work. The committee held three meetings in 2007 at which minutes were taken.

At the meetings, the auditor presented the schedule for the annual audit, discussed risk assessments and reported on reviews that had been completed.

REMUNERATION COMMITTEE

The remuneration committee – which consists of Håkan Eriksson (chair), Bernard Gander and Christer Fåhraeus – handles remuneration for the CEO and management, as well as incentive programmes. The committee held two meetings, the results of which it reported to the Board, at which minutes were taken. The 2007 annual general meeting adopted guidelines for remuneration for senior executives.

NOMINATING COMMITTEE

The nominating committee is appointed in accordance with a resolution of the annual general meeting. The Chairman of the Board contacts the largest shareholders to appoint at least three and no more than five representatives who, along with the chairman, constitute the nominating committee. The Chairman of the Board may not serve as Chair of the nominating committee. Prior to the 2007 annual general meeting, Britt Reigo (Swedbank Robur Fonder) (Chair), Christer Fåhraeus, Stein Revelsby (Norden Technology AS), Stephane Delorenzi (Logitech) and Sasja Beslik (Banco fonder) made up the nominating committee.

In accordance with a resolution of the 15 May 2007 annual general meeting, a nominating committee was set up to propose Board members to the 2008 annual general meeting. The nominating committee consists of Jan Andersson (Swedbank Robur Fonder) (Chair), Stein Revelsby (Norden Technology AS), Christer Fåhraeus, Sasja Beslik (Banco Fonder), Audun Iversen (Kjell Arne Hermansen and Tore Aksel Voldberg) and Chairman of the Board Hans Otterling.

REMUNERATION FOR THE BOARD OF DIRECTORS

The Board fee is SEK 1,500,000.

CODE OF CORPORATE GOVERNANCE

Anoto is not covered by the Code of Corporate Governance but followed most of it in 2007.

BOARD OF DIRECTORS

HÅKAN ERIKSSON
Born 1961
Member of the Board
Member since May 2006
Holdings: 0 shares in Anoto Group AB.

STEIN O. REVELSBY
Born 1962
Member of the Board
Member since 2005
Member of the board and CEO of Norden Technology AS, which holds 22,683,065 shares in Anoto Group AB.
Other board positions: Member of the board of GM-Ideas Inc.

MÄRTHA JOSEFSSON
Born 1947
Member of the Board
Member since 2004
Other board positions: Chairman of the board of Lärarfonder AB, and member of the boards of Fabege AB, Andra AP-fonden, Investment AB Öresund, Luxonen S.A., Skandia Fonder AB, Telelogic AB and Upsala Nya Tidning AB.
Holdings: 0 shares in Anoto Group AB.

HIROSHI YOSHIOKA
Born 1952
Member of the Board
Member since May 2007
Other board positions: Senior Vice President, Corporate Executive and President of TV Business Group within Sony Corporation.
Holdings: 0 shares in Anoto Group AB.

HANS OTTERLING
Born 1961
Chairman of the Board
Member since May 2006
Other board positions:
Deputy chairman of the board of StreamServe Inc.
Member of the board of the Swedish Private Equity & Venture Capital Association.
Holdings: 500,000 call options in Anoto Group AB.

CHRISTER FÅHRAEUS
Born 1965
Founder, member of the Board
Member since 1996
Other board positions:
Chairman of the boards of Agellis Group AB and Respiratorius AB. CEO of EQL Pharma AB and FlatFrog Laboratories AB. Member of the boards of Cellavision AB, Monkfish Instruments AB, FlatFrog Laboratories AB and EQL Pharma.
Holdings: 3,500,000 shares in Anoto Group AB. Mr Fåhraeus has also issued 500,000 call options in Anoto Group AB.

BERNARD GANDER
Born 1959
Member of the Board
Member since May 2006
Holdings: 0 shares in Anoto Group AB.

GROUP MANAGEMENT

ANDERS NORLING
Born 1951
CEO, Anoto Group AB
Employed since 2006
Holdings: 100,000 shares and 1,500,000 warrants in Anoto Group AB

ANDERS WIDESJÖ
Born 1951
CFO, Anoto Group AB
Employed since 2008
Holdings: 20,000 shares in Anoto Group AB

LARS HERMANSEN
Born 1958
EVP Sales & Marketing, Anoto Group AB
Employed since 2006
Holdings: 50,000 employee stock options in Anoto Group AB

EBBA ÅSLY FÅHRAEUS
Born 1963
VP Sales Marketing Forms, Anoto Group AB
Employed since 2000
Holdings: 35,900 shares, 50,000 employee stock options and 215,000 warrants in Anoto Group AB

MIKAEL JAKOBSSON
Born 1967
EVP R&D, Anoto Group AB
Employed since 2001
Holdings: 50,000 employee stock options in Anoto Group AB

TORGNY HELLSTRÖM
Born 1958
Senior Vice President & General Counsel, Anoto Group AB
Employed since 2004
Holdings: 50,000 employee stock options and 100,000 warrants in Anoto Group AB

ANNUAL GENERAL MEETING

Anoto's annual general meeting will be held on 15 May 2008 at our Emdalavägen 18 premises in Lund, Sweden. Any shareholder wishing to participate in the meeting must notify the company in one of the following ways:

- Phone: +46 46-540 12 00, Fax: +46 46-540 12 02
- E-mailing to maria.galvin@anoto.com
- Writing to Emdalavägen 18, SE-223 69 Lund, Sweden

The notification must reach the company by 12.00 noon on Wednesday, 9 May. To be entitled to participate, the shareholder must also be entered in the VPC AB share register by 9 May. Any shareholder who has registered his or her shares under a trustee must temporarily register them in his or her own name with VPC AB by Wednesday, 9 May. When submitting the notification, please state your name, personal identity or corporate identity number, address, phone number and number of registered shares. If you are participating by proxy, you must submit the authorisation to the company prior to the meeting.

FINANCIAL REPORTING

Anoto Group's financial reports are released in Swedish and English. The easiest way to obtain the reports is by downloading them from www.anoto.com, e-mailing a request to maria.galvin@anoto.com or phoning +46 46-540 12 00.

Following is the schedule of Anoto Group's financial reports for its 2008 financial year.

January-March interim report	7 May 2008
January-June interim report	7 August 2008
January-September interim report	7 November 2008
2008 year-end report	10 February 2009
2008 annual report	April 2009
2009 annual general meeting	May 2009

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