

Interim Report January – March 2010

- First quarter 2010 net sales were MSEK 47 (62)
- The first quarter gross margin was 75% (65) and the gross profit was MSEK 35 (40)
- Earnings before depreciations and amortizations (EBITDA) in the first quarter 2010 were MSEK -3 (5)
- The result after tax for the period was MSEK -7 (2)
- Earnings per share for the first quarter 2010 were SEK -0.06 (0.02)
- The cash flow during the quarter amounted to MSEK 5 (23)

First Quarter 2010 Summary

- Positive cash flow during the first quarter of MSEK 5 (23)
- Substantial improvement of gross margin to 75 % (65)
- Acco Brands launched digital flipcharts with Anoto technology
- Deliveries of digital pens to TStudy, South Korea were started
- Aurora Investment Ltd, South Korea presented a partial cash offer corresponding to 20 % of the shares to Anoto shareholders

Key ratios	2010 Jan-Mar	2009 Jan-Mar	2008 Jan-Mar	2009
Net Sales, MSEK	47	62	26	206
Gross Profit, MSEK	35	40	18	143
Gross margin, %	75	65	68	69
EBIT, MSEK	-7	2	-17	-21
Net Result, MSEK	-7	2	-17	-21
Earnings per share, SEK	-0,06	0.02	-0,13	-0,16
Cash flow, MSEK	5	23	-22	-18
Cash at closing date, MSEK	85	123	110	81



Comments from the CEO

An improved gross margin and positive cash flow during the first quarter

Technology & Licensing continue to develop well and increased its sales by 24 % up to MSEK 21. We started deliveries of digital pens to TStudy in South Korea during the quarter.

Our recruitment of partners and the activities within Anoto Products continue to be positive. Our new AFS 2.0 platform that was launched during the quarter has not generated any large sales volumes as yet. However, it has generated positive signals from old and new partners.

Net sales during the first quarter amounted to MSEK 47 (62) and the net result was MSEK -7 (2). The deviation compared to last year refers to delays in deliveries within C Technologies and lower sales of components, ASICs, which I expect us to recover later this year.

Lower royalties due to decreased sales from a US partner within Technology & Licensing are a disappointment.

Sales of components, ASICs, only reached MSEK 3, compared to MSEK 12 last year. However, component sales can vary a lot over time, and so we expect to reach the same level as last year.

A larger rate of license fees and royalties has given a gross margin of 75 %, one of the highest during the last few years.

Our cash flow improved by MSEK 5 during the first quarter and at the end of the period it was MSEK 85. Operating activities had a positive cash flow of MSEK 10.

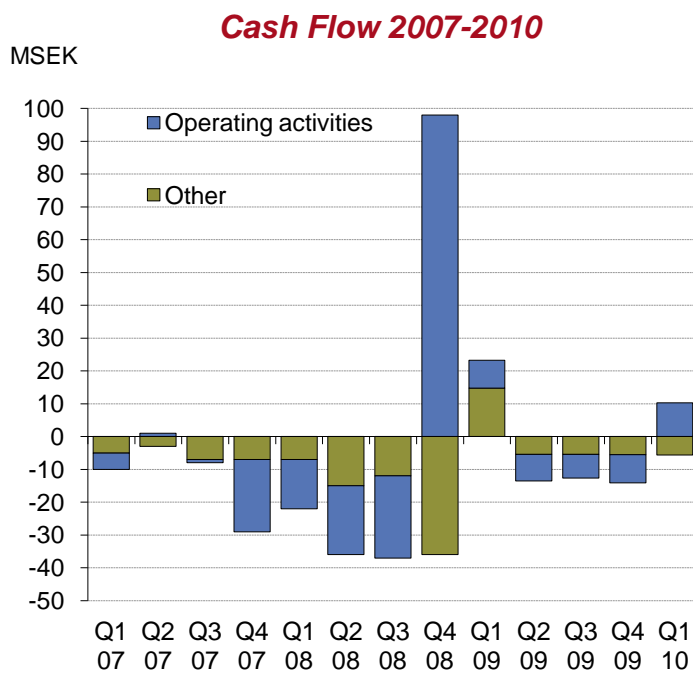
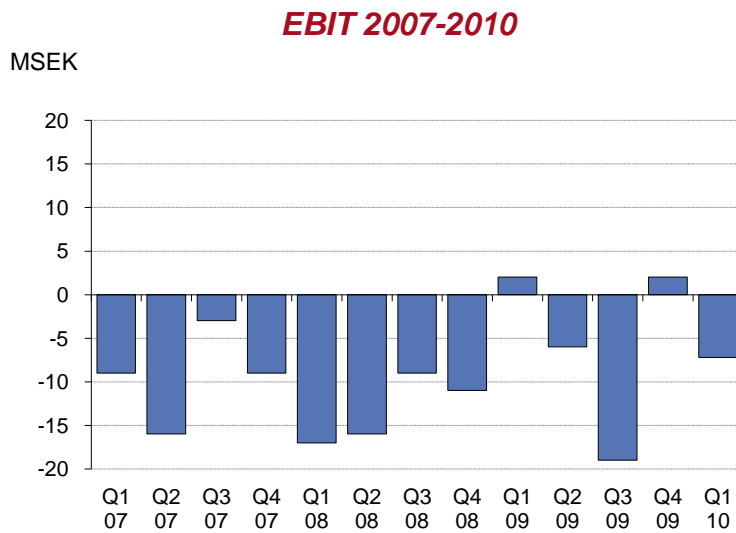
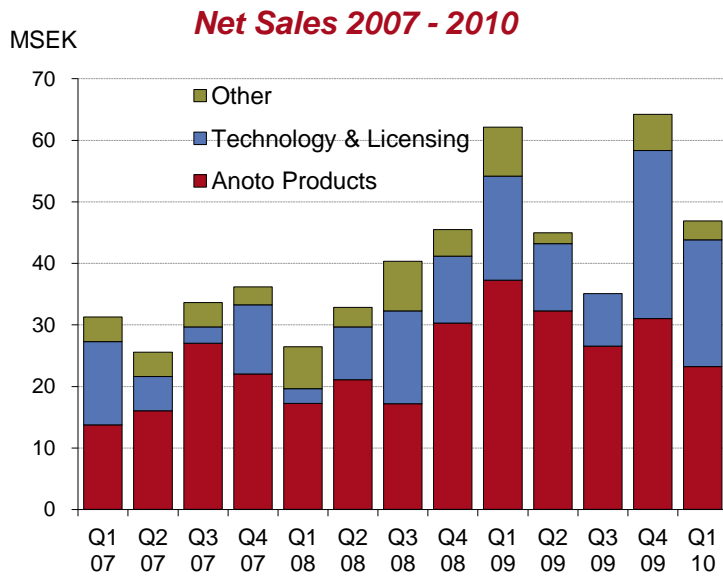
The South Korean company T Stone Ltd through their subsidiary Aurora Investment Ltd made a partial cash offer to Anoto shareholders corresponding to 20 % of the total number of shares at a price of SEK 5.40 per share. The offer represented a premium of nearly 20 % over the latest traded price. Mid April Aurora Investment Ltd announced that they had acquired very close to 15 % of the shares in Anoto and thus become the largest owner of the company.

Outlook

The steady sales development of Technology & Licensing is very gratifying and follows our plan. Anoto Products on the other hand with a large number of end customers in Healthcare and other public activities are still influenced by the financial crisis and the delay in various projects. In the long run I am still very positive and convinced that the Anoto technology will bring profit to Anoto and to our customers.

Lund, May 5, 2010

Anders Norling
CEO



A partner-driven business model

The Anoto organization is divided into two Application areas, Anoto Products and Technology & Licensing. The Anoto Group gets its income from five different categories: Licensing, royalty, digital pens, components and NRE (Non-recurring engineering).

Net Sales per income category

	2010 Jan-Mar	2009 Jan-Mar	2009
Amounts in MSEK			
Licensing fees	10	15	49
Royalty fees	9	5	19
Digital pens *	22	25	89
Components	3	12	22
NRE and others	3	5	27
Total	47	62	206

* Digital pens include C-Pen

Application area - Anoto Products

	2010 Jan-Mar	2009 Jan-Mar	2009
Amounts in MSEK			
Net Sales	23	37	127
Gross profit	17	24	85

Anoto Products focuses on systems, products and services that target businesses, primarily in the field of forms processing. Anoto has an indirect business model and markets its products through partners, such as system integrators, software developers and IT consulting firms, all of which offer customized solutions with Anoto technology to their corporate customers. Turnkey products, such as existing scanning and translation pens, as well as newly developed products may also be marketed through other sales and distribution channels.

Our development project AFS 2.0 was completed and commercially launched in the first quarter. The platform contains increased functionality, such as encryption, enhanced user administration and also an increased capacity focused on the installations of digital pens at enterprises/end users.

Sales of C Technologies C-Pen products under its own name and as OEM are still stable and contribute in a positive way to the overall results in Anoto. First quarter sales in 2010 were however noticeably lower compared to the first quarter in 2009. This is due to delivery delays from our manufacturer that will be recovered later on during the year.

The importance of the strategic effect of the acquisition of the digital pen production from Hitachi Maxell in 2008, becomes more and more evident. Out of the total sales volume in the first quarter of 2010 digital pens constitute 47 % of the income compared to 40 % a year earlier.

Application area - Technology & Licensing

Amounts in MSEK	2010 Jan-Mar	2009 Jan-mar	2009
Net Sales	21	17	63
Gross profit	15	11	49

Customers within Technology Licensing develop and sell products based on technology and digital pens provided by Anoto. The customers of the end products are both individual consumers and enterprises.

Such products are learning toys, educational tools, visual communication equipment and personal productivity solutions. Several of these products are interactive, enabling real-time audio or visual feedback while writing or when touching interactive areas in books, on paper, whiteboards and flipcharts.

The cooperation with ACCO Brands Europe is developing well. During the first quarter Acco Brands launched Nobo Kapture™ Digital Flipchart based on Anoto technology together with the newly developed Digital Marker Pen. This product enables digital transfer of what is handwritten on a flipchart.

Large quantities of digital pens were delivered to TStudy, South Korea during the first quarter. Our cooperation with TStudy started in December 2009 when an agreement was signed for deliveries at a total value of MUSD 3 before the end of 2010. TStudy already have implemented the Anoto digital technology in some of the schools that they are running.

Royalty income from Livescribe (www.livescribe.com) for the fourth quarter of 2009 is part of the first quarter result.

Other customers within this application area, such as PolyVision and Plus, keep buying digital pens for their products and we receive royalty income from PolyVision based on their sales.

Anoto Group AB

As a pure holding company, Anoto Group AB has a limited number of corporate functions. Sales for the first quarter were MSEK 1 (8), while the pre-tax profit was MSEK 0 (1). At the close of the quarter liquid assets, including current investments amounted to MSEK 0 (1). Investments came to MSEK 0 (0).

Accounting policies

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting. For information about the accounting policies applied, refer to the 2009 annual report. The accounting policies are unchanged from those applied in 2009.

Risk factors and uncertainties

No significant additional risks are deemed to have arisen beyond those described in the 2009 annual report for the Anoto Group. (Please see Note 2 for a detailed presentation of the company's risk exposure and management.)

Share data

The company's share is listed on the NASDAQ OMX Nordic Small Cap List in Stockholm.

Shares numbered 128,583,867 at the end of the first quarter. At the closing date, March 31 2010 585 000 outstanding warrants were due. No warrants were utilized.

Options program

The parent company issued in 2007 options as part of an incentive program. This program included 585 000 warrants which were due March 31, 2010. No warrants were utilized for subscription of new shares. At the moment Anoto has no outstanding warrants or other incentive program.

Calendar 2010

Q 2 Interim report	3 August	2010
Q 3 Interim report	9 November	2010
Year-end report 2010	4 February	2011
Annual meeting	May	2011

This report has not been reviewed by the company auditors.

Anoto Group AB may be required to disclose the information provided herein pursuant to the Securities Markets Act. The information was submitted for publication at 08.30 on May 5, 2010.

For more information

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Consolidated income statement in summary

	Note	Q1		Full year
		Jan - March 2010	Jan - March 2009	Jan - Dec 2009
SEK Thousands				
Net sales		46 891	62 123	205 862
Other income		1 716	-	-
Cost of goods and services sold		-13 263	-21 648	-63 390
Gross profit		35 344	40 475	142 472
Sales, administrative and R&D costs		-42 795	-41 059	-167 908
Other operating income		211	2 628	4 587
Operating profit/loss		-7 240	2 044	-20 849
Writedown of shares		-354	-378	-1 100
Other financial items		463	453	1 015
Profit before taxes		-7 131	2 119	-20 934
Taxes		-29	14	257
Profit/loss for the period		-7 160	2 133	-20 677

Statement of comprehensive income for the period

	Jan - March 2010	Jan - March 2009	Jan - Dec 2009
SEK Thousands			
Translation differences for the period	-49	-756	94
Other comprehensive income/cost for the period	-49	-756	94
Total comprehensive income/cost for the period	-7 209	1 377	-20 583
Total comprehensive income/cost for the period attributable to:			
Shareholders of Anoto Group AB	-7 071	1 765	-19 518
Minority shareholders	-138	-388	-1 065
Total comprehensive income/cost for the period	-7 209	1 377	-20 583
Key ratios: ¹			
Gross margin	75,4%	65,2%	69,2%
Operating margin	Neg	3,3%	Neg
Earnings per share before and after dilution	-0,06	0,02	-0,16
Total comprehensive income/cost before and after dilution	-0,06	0,01	-0,16
Average number of shares before and after dilution	128 583 867	128 583 867	128 583 867

² Based on the weighted average number of shares and outstanding warrants for each period. Only warrants for which the present value of the issue price is below the fair value of the ordinary share are included in the calculation.

Consolidated balance sheet in summary

SEK T	2010-03-31	2009-12-31
Intangible fixed assets	360 692	360 059
Tangible assets	10 462	9 184
Financial fixed assets	2 470	2 835
Total fixed assets	373 624	372 078
Inventories	27 881	29 356
Accounts receivable	20 954	45 013
Other current assets	30 962	27 182
Total short-term receivables	51 916	72 195
Current investments	-	504
Liquid assets, including current invest,ents	85 456	80 770
Total current assets	165 253	182 825
Total assets	538 877	554 903
Equity attributable to shareholders of Anoto Group AB	462 035	469 105
Equity attributable to minority interests	-1 363	-1 225
Long term liabilities	28 310	31 007
Currents provisions	569	782
Other current liabilities	49 326	55 234
Total current liabilities	49 895	56 016
Total liabilities and shareholders' equity	538 877	554 903

Change in shareholders' equity

SEK Thousands	Share capital	Other capital contributed	Reserves	Profit for the year	Shareholders equity	Minority shareholders	Total shareholders' equity
Opening balance 1st of January 2009	2 572	448 508	-152	37 546	488 474	-160	488 314
Total comprehensive income for the period			34	-19 553	-19 519	-1 065	-20 584
Adjustment costs for the share options				150	150		150
Shareholders equity 31st of December 2009	2 572	448 508	-118	18 143	469 105	-1 225	467 880
Total comprehensive income for the period			-49	-7 021	-7 070	-138	-7 208
Shareholders' equity 31th of March 2010	2 572	448 508	-167	11 122	462 035	-1 363	460 672

Consolidated Cash flow statement in summary

SEK Thousands	Not	Jan-Mar 2010	Jan-Mar 2009	Jan-Dec 2009
Profit/loss after financial items		-7 131	2 119	-20 933
Justeringar för poster som inte ingår i kassaflödet:				
Depreciation, amortisation and write-downs		4 596	2 860	14 738
Other items not included in cash flow		-242	-245	-317
Total items not included in cash flow		4 354	2 615	14 421
Cash flow from operating activities before change in working capital		-2 777	4 734	-6 512
Change in working capital		13 112	3 670	2 351
Cash flow from operating activities		10 335	8 404	-4 161
Cash flow from investments activities		-5 650	-1 493	-14 093
Total cash flow before financing activities		4 685	6 911	-18 254
Cash flow from financing activities		0	16 346	0
Cash flow for the period		4 685	23 257	-18 254
Liquid assets at the beginning of the period *		80 770	99 344	99 024
Liquid assets at the end of the period *		85 455	122 601	80 770

*) *Cash, bank balances and current investments

Key ratios

	Jan-Mar 2010	Jan-Mar 2009	Jan-Dec 2009
Cash flow for the period (SEK thousand)	4 685	23 257	-18 254
Cashflow / share before and after dilution (SEK) ²	0,04	0,18	-0,14

	2010-03-31	2009-12-31
Equity/assets ratio	85,7%	84,5%
Number of shares ³	128 583 867	128 583 867
Shareholders' equity per share (kr) ³	3,59	3,65

² Based on the weighted average number of shares and outstanding warrants for each period. Only warrants for which the present value of the issue price is lower than the fair value of the ordinary share are included in the calculation.

³ Including outstanding warrants (10-03-31: 0, 09-03-31: 0, 09-12-31: 0)

Parent company, summary of income statement

SEK Thousands	Jan-Mar 2010	Jan-Mar 2009	Jan-Dec 2009
Net sales	932	8 327	9 126
Gross profit	932	8 327	9 126
Administrative costs	-874	-7 562	-7 966
Operating profit	58	765	1 160
Financial items	1	-8	6
Periodens resultat	59	757	1 166

Parent company, balance sheet in summary

SEK Thousands	2010-03-31	2009-12-31
Intangible fixed assets	597	628
Tangible assets	96	113
Financial fixed assets	344 700	344 700
Total fixed assets	345 393	345 441
Other short-term receivables	109 506	108 218
Liquid assets, including current investments	466	1 286
Total current assets	109 972	109 504
Total assets	455 365	454 945
Equity	452 911	452 852
Other current liabilities	2 454	2 093
Total liabilities and shareholders' equity	455 365	454 945



Anoto Group is the company behind and world leading in the unique technology for digital pen and paper, which enables fast and reliable transmission of handwritten text into a digital format. Anoto operates through a global partner network that focuses on user-friendly forms solutions for efficient capture, transmission and storage of data within different business segments, e.g. healthcare, bank and finance, transport and logistics and education. The Anoto Group has around 110 employees, offices in Lund (head office), Boston and Tokyo. The Anoto share is traded on the Small Cap list of OMX Nordic Exchange in Stockholm under the ticker ANOT. For more information: www.anoto.com.