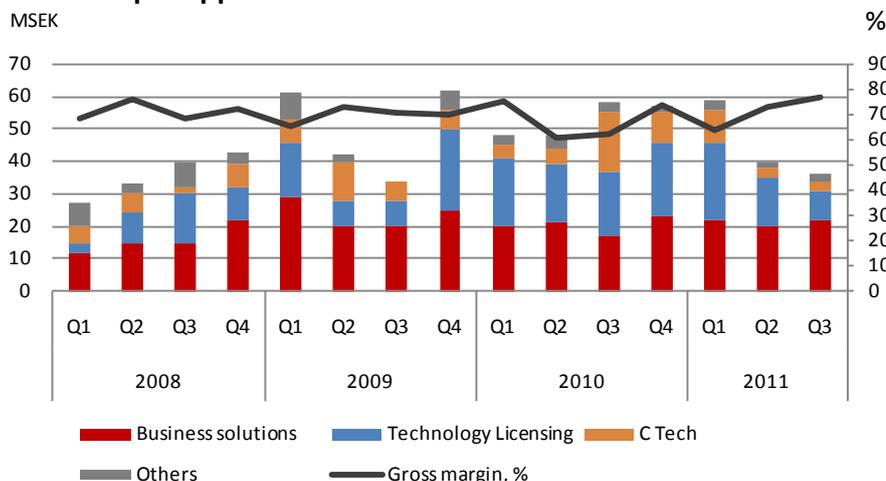


Interim Report January – September 2011

- Net sales in the period amounted to MSEK 135 (152) and net sales in the third quarter amounted to 36 (57) MSEK.
- The gross margin for the period was 70 % (66) and gross margin for the third quarter was 77% (62). The gross profit for the period was MSEK 95 (100) MSEK and gross profit in the third quarter was MSEK 28 (35) MSEK.
- Earnings before depreciations and amortizations (EBITDA) in the period was MSEK -1 (-22) and EBITDA for the third quarter was MSEK 1(3).
- The result after tax for the period was MSEK -243 (-63) including a goodwill write-down of 230 MSEK and result after tax for the third quarter was MSEK -234 (-28) including the goodwill write down.
- Earnings per share for the period 2011 was SEK -1,89 (-0.49) and earnings per share for the third quarter was SEK -1,79 (-0,22).
- The cash flow during the six month period was MSEK -50 (-17) and cash flow for the third quarter was -21 (-15)

Key ratios	2011	2010	2011	2010	2010
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales, MSEK	36	57	135	152	208
Gross profit/loss	28	35	95	100	140
Gross margin, %	77	62	71	66	67
Operating profit/loss, MSEK	-234	-25	-243	-62	-75
Profit/loss after tax, MSEK	-234	-28	-243	-63	-77
Earnings per share					
before and after dilution, SEK	-1,79	-0,22	-1,89	-0,49	-0,60
Cash flow, MSEK	-21	-15	-50	-17	0
Cash at end of period, MSEK	31	64	31	64	81

Net sales per application area



This report was published October 28th, 2011

Comments from the CEO

The end of the beginning

As the inventor of the digital pen technology Anoto has gone through an evolution over the last 10 years working with more than 300 partners trying out different business models and applications. It has been a learning curve for a small company to understand how to prioritize and focus its resources. Anoto started off as a technology licensing company working through partners who paid royalties to develop and sell products based upon our technology leaving little influence to Anoto over channel strategy or applications. In 2008 we decided to climb the value chain and acquired Hitachi Maxell's hardware platform to be able to deliver digital pens directly to our partners. Since then we have developed a portfolio of digital pens and digital pen components.

The 3rd quarter marked several important milestones for Anoto.

We initiated the first product development program together with our joint venture partner Pen Generations in Korea. The first product, DP601, will primarily be used within classroom education and is planned for release early in 2012. We are excited about the opportunity to combine our core competence and R&D skills in Sweden with a strong business and product development culture within electronics in Korea.

In the 3rd quarter we also acquired 51% of Destiny Wireless in the UK to be able to offer a software platform for digital pens and a complete data capture solution for business. This is the first step in a strategy to invite Anoto software platform providers to consolidate their resources with Anoto, realize synergies in development, and to remove technical and commercial friction in the value chain in order to be able to offer better packaged mobile data capture solutions for end users so that they can improve productivity, save time and money. Destiny Wireless was consolidated in our revenues from September 1st and will bring to Anoto a strong sales team with a scalable Software As A Service mobile data capture platform. Destiny Wireless currently processes more than 500,000 business forms per month on behalf of their customers. In the third quarter they won a 500kGBP contract with Capita Business Services for the management of outstanding road tax in the UK to be rolled out during the next 12 months.

Our partner Kayentis delivered a solution to the French Socialist Party's election that was held in the beginning of October. Digital pens were used in more than 9,000 different sites to report voting results and to collect information from voters. This was the first election in history when digital pens were used. Our technology offers electronic voting solutions two significant benefits; real time reporting with direct input of data and the increased security of being able to retain a paper copy of the original voting form.

In September Objectif Lune won a contract to deliver 1,500 pens and a solution to Lewis Group, a leading retailer in South Africa.

Another important milestone in the 3rd quarter was to reach our operating cost target of 30 million SEK per quarter. In the coming months we will work hard to improve quality of our supply chain and utilize resources in our partner community to remove technical friction in the market. We will focus resources in sales, support and marketing on mobile data capture solutions where we see an increasing interest and momentum, especially within large market verticals healthcare, education and field service.

Technology Licensing was below expectations in the 3rd quarter. However after a weak second quarter in 2011 one of our largest Technology Licensing partners ordered 5,000 pens that were shipped in the 3rd quarter and 10,000 pens that will be shipped in the 4th quarter.

TStudy is actively marketing their classroom solution to the education sector world-wide and is expected to scale up business with the new pen DP601 which will be ready for delivery in January 2012.

After the close of the 3rd quarter we signed an extended license agreement with Livescribe. This new agreement allows Livescribe to sell their innovative note-taking applications to businesses users in addition to consumers.

Our subsidiary C Technologies experienced disappointing sales in the 2nd and 3rd quarter. However after the close of the 3rd quarter C Technologies received a 10 MSEK order for products to be delivered in Q1 and Q2 of 2012.

During the 3rd quarter we decided to write off Goodwill of 230 MSEK. The Goodwill stems from 2001 when C Technologies acquired Ericsson's minority shareholding in Anoto in exchange for shares. The impairment test has been performed in line with IAS36. The balance sheet now better reflects the current status of the business.

Outlook

We expect improved cash flow as a consequence of the cost reductions we have implemented and we expect to see sales increase in the next two quarters. This is supported by orders for delivery in the next nine months, and the new products we have coming to the market in early 2012 and the increased we are witnessing within Business Solutions. Anoto's cash position will be sufficient to support our business in the next year.

Stein Revelsby, CEO Anoto Group

A partner driven business model

Anoto's business is organized in three applications areas: Business Solutions, Technology Licensing and C Technologies. These three application areas generate income in five different categories - licensing, royalty, digital pens, components and NRE (Non Refundable Engineering).

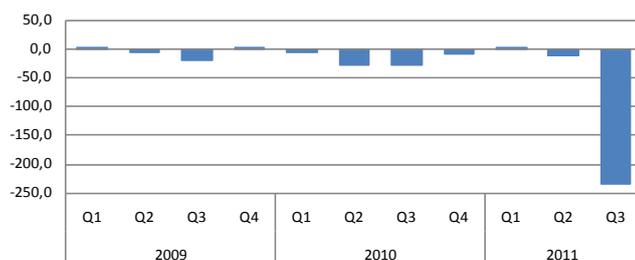
Net sales per product group

MSEK	2011	2010	2011	2010	2010
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Licenses	8	6	25	26	34
Royalty	7	6	23	22	30
Digital pens*	14	39	68	85	121
Components	2	3	7	10	12
NRE and other	5	3	12	9	11
Total	36	57	135	152	208

* Digital pens include the C-Pen

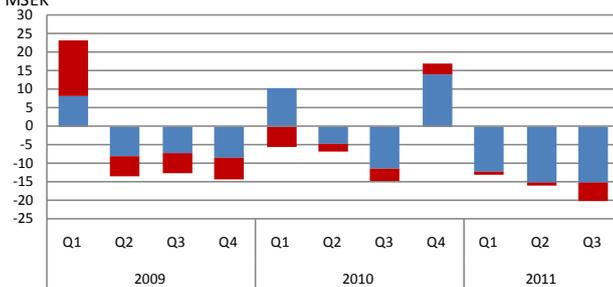
EBIT 2009-2011

MSEK



Cash flow 2009-2011

MSEK



■ Cash flow from operating activities ■ Cash flow from other activities

Business Solutions

Business Solutions 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 customers.

Net sales during the third quarter was 5 MSEK higher than in the same period last year and 7 MSEK higher for the first nine months compared to last year.

Excluding the recently acquired Destiny Wireless sales for the quarter is on the same level as in Q3 last year while accumulated sales is 2 MSEK higher than last year.

Via our French partner Kayentis we contributed to a successful voting process in the primary elections for the French Socialist Party. A large number of Anoto pens where used to secure a safe and fast voting process in more than 9000 locations across France.

In September Anoto delivered 1500 pens to our US partner Objectif Lune to be used as part of a credit processing solution for Lewis Group, a large South African retailer.

Anoto's partner Ubisys' recent implementation of Anoto technology at Doncaster & Bassetlaw Hospitals NHS Foundation Trust resulted in improved patient care and 1,500 hours a year saved.

The EHealth Insider Award 2011 in the category "Best use of mobile technology in healthcare" was won by Anoto's partner PaperIQ and Portsmouth Hospitals NHS Trust.

The overall trend within Healthcare is positive with hundreds of pens sold to among others NextGen, Allscripts EMR, T-System and NHS through Partners.

	2011	2010	2011	2010	2010
MSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	22	17	64	57	80
Gross profit	17	13	49	44	61

Technology Licensing

Customers within Technology Licensing develop and sell products based on technology and digital pens provided by Anoto. These 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. End product customers are individual consumers as well as enterprises.

Net sales was 11 MSEK lower in the third quarter than in the same period last year and 10 MSEK lower for the first nine months than last year which is below our expectations.

The Interactive Whiteboard market has continued to underperform during Q3, but is showing signs of improvement. The previously built stock purchased as a positioning for participation in larger tenders, have now been sold and we have delivered new pens in Q3 and received an additional order for delivery during Q4.

T-study, as one of the more important contributors within Technology Licensing, continues to perform according to plan and the joint development project together with Pen Generations on the DP601 will generate additional revenue starting in the beginning of next year.

After the end of the quarter we have signed a new agreement with our US partner Livescribe opening up new markets for them. This is expected to have a positive impact on the business going forward.

MSEK	2011	2010	2011	2010	2010
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	9	20	48	58	81
Gross profit	8	13	36	41	60

C Technologies

C Technologies develops, manufactures and sells C-Pen®, a handheld scanner solution with character recognition software. The C-Pen captures printed information such as text, numbers and codes, decodes the information and transfers it to computers and smartphones. The products are made available through the C-Pen brand and as OEM-branded versions.

Sales are still below expectations and in the third quarter sales was 14 MSEK below the same period in 2010. For the first nine months sales is 11 MSEK behind the same period last year.

The weak sales during the quarter are mainly related to delays in development of C-Pen 3.5 for Android along with delayed sales to our OEM customers.

The work on strengthening the product offer and the sales channels has continued during the quarter. The focus in both our areas is on dyslectics, students and Small office/Home office. Geographically the focus is on Scandinavia, Great Britain and Germany.

During the quarter we have released the C-Pen Mobile (Android) product and the orders have started to come in during October.

Within OEM the focus is on the cooperation with our existing customers and we aim to strengthen their product offer in their respective markets.

After the quarter C Technologies received an order worth 10 MSEK from Crealogix in Switzerland. The order will be delivered during the first two quarters in 2012.

	2011	2010	2011	2010	2010
MSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	2	18	16	27	36
Gross profit	1	9	8	13	18

Anoto Group AB

As a pure holding company, Anoto Group AB has a limited number of corporate functions.

Following the write down in Group goodwill, the value of the shares in Anoto AB has been written down accordingly.

Accounting policies

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting and applicable parts of the Swedish Annual Accounts Act chapter 9. For information about the accounting policies applied, refer to the 2010 annual report. The accounting policies are unchanged from those applied in 2010.

Risk factors and uncertainties

The liquidity risk has increased over the year as cash flow so far has been a disappointment. This is due to a combination of factors, mainly explained by sales not being in line with our expectations along with payments from the 2010 restructuring.

At the close of the quarter, the group's total cash amounted to MSEK 31 (64).

The cash flow is expected to show improvements in the coming quarters and therefore we expect the cash balance to be sufficient to support the business in the coming year.

Apart from liquidity no significant additional risks are deemed to have arisen beyond those described in the 2010 annual report for the Anoto Group. (Please see Note 4 in the Annual report 2010 for a detailed presentation of the company's risk exposure and management.)

Related party transactions

The largest shareholder of Anoto, Aurora Investment Ltd (owner of TStudy), has been represented in the board of directors since the Annual Meeting in May 2010. Transactions with companies within the TStone group amounts to 9,9 MSEK during 2011. All transactions have been made on normal commercial conditions.

Transactions and activities after September 30, 2011

The most important events after the quarterly closing has been:

- Signing a new agreement with Livescribe opening up new markets for them
- A successful voting within the French Socialist Party using our digital pen
- A new order from Crealogix worth 10 MSEK

Share data

The company share is listed on the NASDAQ OMX Nordic Small Cap List in Stockholm. Including the shares issued in relation to the acquisition of Destiny Wireless Ltd the total number of shares is 130,316,055 at the end of the quarter. No warrants were issued.

Option program

For the moment Anoto has no outstanding warrants or other incentive program.

Stein Revelsby

CEO & Board member

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 08.45 on October 28, 2011.

A video presentation of the Q3 report will be available on www.anoto.com.

Calendar 2011

Year end	February 3, 2012
AGM	May 10, 2012

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Report on review of interim financial statements

To the Board of Directors of *Anoto Group AB (publ.)*

Corporate ID No. 556532-3929

Introduction

We have conducted a limited review of the interim financial statements for Anoto Group AB (publ) as of 30 September 2011 and the nine-month period that concluded on this date. The preparation and presentation of these interim financial statements pursuant to IAS 34 and the Swedish Annual Accounts Act are the responsibility of the Board of Directors and Chief Executive Officer. Our responsibility is to report our conclusions concerning these interim financial statements on the basis of our limited review.

Scope of review

We have conducted our limited review pursuant to the Standard for Limited Review (SÖG) 2410 "Limited review of interim financial information conducted by the company's appointed auditor". A limited review consists of making inquiries, primarily to individuals responsible for financial and accounting matters, as well as performing analytical procedures and taking other limited review measures. A limited review has a different focus and significantly less scope than an audit according to RS Auditing Standards in Sweden and generally accepted auditing practice. The review procedures undertaken in a limited review do not enable us to obtain a level of assurance where we would be aware of all important circumstances that would have been identified had an audit been conducted. Therefore, a conclusion reported on the basis of a limited review does not have the level of certainty of a conclusion reported on the basis of an audit.

Conclusion

Based on our limited review, no circumstances have come to our attention that would give us reason to believe that the attached interim financial statements have not, in all material respects, been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act for the group, and in accordance with the Swedish Annual Accounts Act for the parent company.

Malmö, October 27, 2011

Eva Melzig Henriksson
Authorized Public Accountant

Financial report

Condensed statement of comprehensive income

TSEK	2011	2010	2011	2010	2010
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	35 912	57 113	135 186	151 659	208 395
Cost of goods and services sold	-8 248	-21 771	-39 839	-52 059	-68 303
Gross profit	27 664	35 342	95 347	99 600	140 092
Sales, administrative and R&D costs*	-38 524	-36 701	-111 762	-136 900	-188 471
Other operating income/cost	-222 699	-23 883	-226 852	-25 082	-26 096
Operating profit/loss	-233 559	-25 242	-243 267	-62 382	-74 475
Writedown of shares	-	-147	-	-2 878	-499
Other financial items	-252	-2 746	-200	1 931	-2 298
Profit before taxes	-233 811	-28 135	-243 467	-63 329	-77 272
Taxes	-	-14	-6	-29	-54
Profit/loss for the period	-233 811	-28 149	-243 473	-63 358	-77 326
Other comprehensive income					
Translation differences for the period	-3 052	223	-1 169	92	1 049
Other comprehensive income for the period	-3 052	223	-1 169	92	1 049
Total comprehensive income for the period	-236 863	-27 926	-244 642	-63 266	-76 277
Total Profit/Loss for the year attributable to:					
Shareholders of Anoto Group AB	-236 011	-27 629	-245 913	-62 044	-75 527
Non controlling interest	2 200	-520	2 440	-1 314	-1 799
Total Profit/Loss for the period	-233 811	-28 149	-243 473	-63 358	-77 326
Total comprehensive income for the period attributable to:					
Shareholders of Anoto Group AB	-238 350	-27 377	-246 504	-61 724	-74 342
Non controlling interest	1 487	-549	1 862	-1 542	-1 935
Total comprehensive income for the period	-236 863	-27 926	-244 642	-63 266	-76 277
Key ratios:					
Gross margin	77,0%	61,9%	70,5%	65,7%	67,2%
Operating margin	Neg	Neg	Neg	Neg	Neg
Earnings per share before and after dilution	-1,79	-0,22	-1,89	-0,49	-0,60
Average number of shares before and after dilution	130 316 055	128 583 867	128 776 332	128 583 867	128 583 867

* including depreciation, writedowns of intangibles(ex Goodwill) and FA's. Operating expenses excluding non recurring items in Q3 is -29,3 MSEK

Consolidated balance sheet in summary

TSEK	2011-09-30	2010-09-30	2010-12-31
Intangible fixed assets	120 367	336 567	328 614
Tangible assets	7 900	9 820	8 943
Financial fixed assets	1 506	1 656	2 141
Total fixed assets	129 773	348 043	339 698
Inventories	34 779	18 598	25 306
Accounts receivable	27 261	31 741	19 139
Other current assets	20 814	22 461	14 603
Total short-term receivables	48 075	54 202	33 742
Liquid assets, including current investments	30 679	63 936	81 044
Total current assets	113 533	136 736	140 092
Total assets	243 306	484 779	479 790
Equity attributable to shareholders of Anoto Group AB	153 433	407 381	394 763
Non controlling interest	-12 445	-2 767	-3 160
Total Equity	140 988	404 614	391 603
Loans*	8 003	-	-
Long term liabilities**	12 379	22 282	19 806
Provisions	656	699	829
Other current liabilities***	81 280	57 184	67 552
Total current liabilities	81 936	57 883	68 381
Total liabilities and shareholders equity	243 306	484 779	479 790

* Loans in Destiny Wireless

** Non refundable prepayment from Leapfrog

*** Including current liabilities in Destiny Wireless of 27 MSEK and non refundable prepayment from Leapfrog, 10 MSEK

Change in shareholders equity

TSEK	Share capital	Other capital contributed	Reserves	Profit for the year	Shareholders equity	Non controlling interest	Total shareholders equity
Opening balance January 1, 2010	2 572	448 508	-77	18 102	469 105	-1 225	467 880
Total comprehensive income for the period			1 185	-75 527	-74 342	-1 935	-76 277
Shareholders equity December 31, 2010	2 572	448 508	1 108	-57 425	394 763	-3 160	391 603
Total comprehensive income for the period			-591	-245 913	-246 504	1 862	-244 642
Acquisitions					0	-11 147	-11 147
New share issue	34	5 140			5 174		5 174
Shareholders equity Sept 30, 2011	2 606	453 648	517	-303 338	153 433	-12 445	140 988

Consolidated Cash flow statement in summary

TSEK	2011	2010	2011	2010	2010
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Profit/loss after financial items	-233 811	-28 135	-243 467	-63 329	-77 272
Depreciation, amortisation and write-downs	235 142	28 245	240 090	40 189	49 748
Other items not included in cash flow	-195	74	-173	-112	-54
Total items not included in cash flow	234 947	28 319	239 917	40 077	49 694
Cash flow from operating activities					
before change in working capital	1 136	184	-3 550	-23 252	-27 578
Change in working capital	-15 868	-11 667	-38 147	22 748	42 886
Cash flow from operating activities	-14 732	-11 483	-41 697	-504	15 308
Cash flow from investments activities	-6 057	-3 369	-8 668	-16 330	-15 034
Total cash flow before financing activities	-20 789	-14 852	-50 365	-16 834	274
Cash flow from financing activities	-	-	-	-	-
Cash flow for the period	-20 789	-14 852	-50 365	-16 834	274
Liquid assets at the beginning of the period	51 468	78 788	81 044	80 770	80 770
Liquid assets at the end of the period	30 679	63 936	30 679	63 936	81 044

Key ratios

TSEK	2011	2010	2011	2010	2010
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Cash flow for the period	-20 789	-14 852	-50 365	-16 834	274
Cashflow / share before and after dilution (SEK) ¹	-0,16	-0,12	-0,39	-0,13	0,00
			2011-09-30	2010-06-30	2010-12-31
Equity/assets ratio			63,1%	84,0%	82,3%
Number of shares			130 316 055	128 583 867	128 583 867
Shareholders equity per share (kr)			1,18	3,17	3,07

¹ 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.

Parent company, summary of income statement

TSEK	2011 Jul-Sep	2010 Jul-Sep	2011 Jan-Sep	2010 Jan-Sep	2010 Jan-Dec
Net sales	1 686	605	5 705	2 753	4 509
Gross profit	1 686	605	5 705	2 753	4 509
Administrative costs	-1 531	-548	-5 186	-2 506	-4 102
Operating profit	155	57	519	247	407
Writedowns of shares in group companies	-230 070		-230 070		-46 000
Financial items	1	-4	2	-1	3
Profit for the period	-229 914	53	-229 549	246	-45 590

Parent company, balance sheet in summary

TSEK	2011-09-30	2010-09-30	2010-12-31
Intangible fixed assets	411	535	507
Tangible assets	32	65	49
Financial fixed assets	180 136	344 700	344 699
Total fixed assets	180 579	345 300	345 255
Other short-term receivables	5 109	108 800	62 373
Liquid assets, including current investments	132	267	1 042
Total current assets	5 241	109 067	63 415
Total assets	185 820	454 367	408 670
Equity	182 886	453 098	407 262
Other current liabilities	2 934	1 269	1 408
Total liabilities and shareholders equity	185 820	454 367	408 670

Note 1 Acquisitions

The 31st of August the Group acquired 51% of the shares in the unlisted company Destiny Wireless Ltd for 15,5 MSEK. Destiny Wireless has been a long standing partner to Anoto, active within application area Business Solutions. Through the acquisition the group moves up in the value chain and takes a step closer to the market where the group's services and products are sold.

During the period up to 30th of September the acquireid entities contribution to Group Net sales amounted to 4,7 MSEK.

If the acquisition had taken place as per January 1st mangement estimates that the contribution to Group Net sales would have been 41,1 MSEK.

Effects form acquistions 2011

The acquired company's net assets at the time of acquisition:

	KSEK
Intangible assets	1 319
Tangible assets	1 088
Inventory	495
Current assets	22 545
Liquid assets	44
Interest bearing liabilities	-14 949
Current liabilities	-33 291
Net identifyable assets and liabilities	-22 749
Non controlling interest (49%)	11 147
Group goodwill	27 152
Consideration	15 550

The Group goodwill is based on a preliminary valuation of assets and liabilities.

Goodwill

The goodwill value includes additional sales recources, customer contacts and an increased precense on the UK market. No part of the goodwill is expected to be taxdeductible.

Acquisition related expenses

Expenses related to the acquisition amounts to 2,8 MSEK and includes fees to consultants in relation to the due dilligence. These expenses have been accounted as operating expenses in the Condensed statment of comprehensive income.

Consideration

	KSEK
Liquid assets	5 173
Issued shares	5 174
Credit note	5 203
Total consideration	15 550

Fair value of the 1 732 188 shares issued as part of the total consideration paid for the shares in Destiny Wireless Ltd is based on the price for the Anoto share on the day of the transaction.

Note 2 Goodwill

The impairment test has been updated based on Group result and cash flow. The expected sales used in the test for the years to come are based on volumes which have been discussed with customers and partners.

The estimated sales growth for the years 2013-2016 is 5% p.a. and thereafter a perpetual growth of 2% p.a.

Operating expenses are based on next years budget and an annual increase of 3%. The WACC has been raised to 15% in order to better reflect the increased liquidity risk. The test shows a recoverable amount which was 230 MSEK below the bookvalue. The goodwill value has therefore been written down by this amount.