

Interim Report

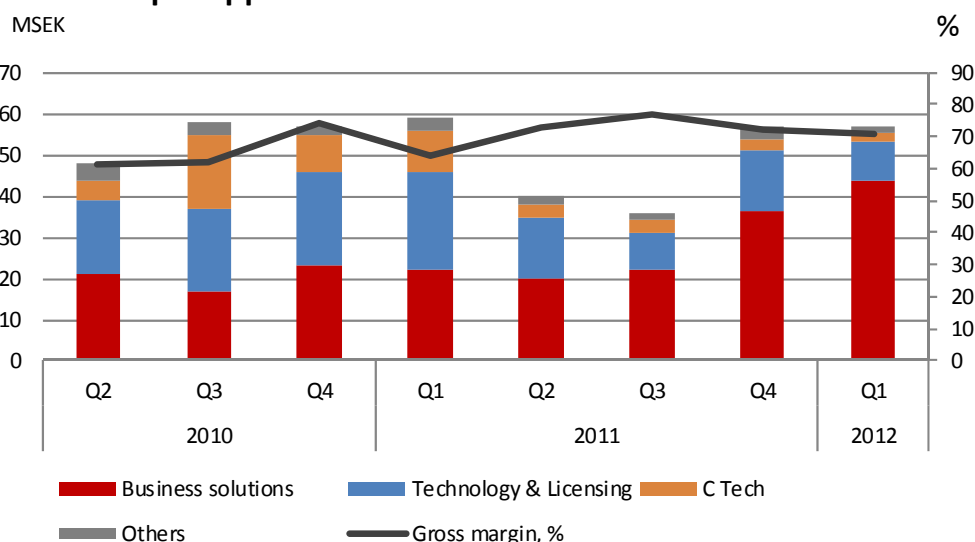
JANUARY – MARCH 2012

Interim Report January – March 2012

- Net sales in the period amounted to MSEK 57 (59).
- The gross margin for the period was 73% (65) and the gross profit was MSEK 41 (39).
- Earnings before depreciations and amortizations (EBITDA) in the period was MSEK 2 (5).
- The result after tax for the period was MSEK -3 (1).
- Earnings per share before and after dilution for the first quarter was SEK -0,02 (0,01).
- The cash flow during the first quarter was MSEK -1 (-13).

Key ratios	2012	2011	2011
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales, MSEK	57	59	192
Gross profit/loss	41	39	137
Gross margin, %	73	65	71
Operating profit/loss, MSEK	-2	1	-243
Profit/loss after tax, MSEK	-3	1	-244
Earnings per share			
before and after dilution, SEK	-0,02	0,01	-1,89
Cash flow, MSEK	-1	-13	-57
Cash at end of period, MSEK	23	68	24

Net sales per application area



This report was published April 27th, 2012

Comments from the CEO

Ability to scale

In the first quarter we shipped the largest Business Solutions order in Anoto's history to a single customer, Taiyo Life Insurance Company in Japan. The digital pen and paper solution was provided by our partner Dai Nippon Printing as part of a new solution together with Fujitsu Limited and IBM Japan Ltd. to improve customer service. The total contract was for 10,000 users.

Total revenues in the period were MSEK 57 of which 77% came from Business Solutions. Gross margin was satisfactory at 73%.

Anoto's business through strategic partnerships such as Vodafone in the UK continues to grow and is delivering an increased pipeline in large organizations including National Health Service (NHS), Central Government and the service industry. Three of our partners were selected as approved suppliers for a National Framework Agreement for the NHS. This will enable NHS trusts to procure solutions from these partners without the need to go to tender. Destiny Wireless started deployment of a digital pen solution for midwives with NHS Great Western Hospitals, integrating pen data with their Medway software provided by System C.

Sales within interactive whiteboards and education as well as C Technologies were lower than expected.

The ADP601 is ready for mass production starting early in the second quarter and our partner TStudy is now preparing for sales of their interactive classroom solution in larger deals, primarily in Asia. Our other partners within the education segment have indicated that despite a slow start sales will increase in the coming quarters.

In first quarter we strengthened our management team by hiring Dennis Ladd as Chief Strategy Officer. Dennis has spent over 25 years in enterprise software as an architect at SAP, as well as CTO and later CEO of Streamserve (merged with enterprise content management leader OpenText). He will be responsible for Anoto's portfolio of products and strategic alliances within Business Solutions.

Our product development continues according to plan to focus on meeting end user needs and to package solutions that addresses document workflow and mobile data capture. We also see an increasing interest in digital pen and paper with regards to digital signature, secure ID and document traceability.

Outlook

We expect sales to improve in all business areas in the coming quarter, C Technologies expects larger shipments in the second quarter. Anoto's cash position will be sufficient to support our business in the coming 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 areas generate income in five different categories - licensing, royalty, digital pens, components and NRE (Non Refundable Engineering).

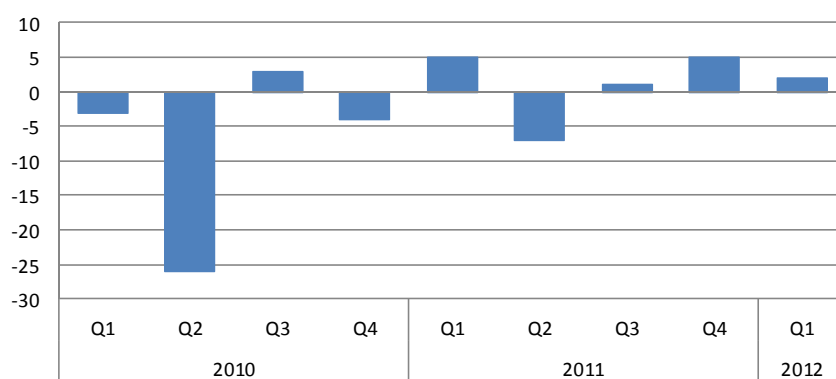
Net sales per product group

MSEK	2012	2011	2011
	Jan-Mar	Jan-Mar	Jan-Dec
Licenses	12	7	34
Royalty	5	9	32
Digital pens*	33	34	97
Components	2	3	10
NRE and other	5	6	20
Total	57	59	192

*Digital pens include the C-Pen

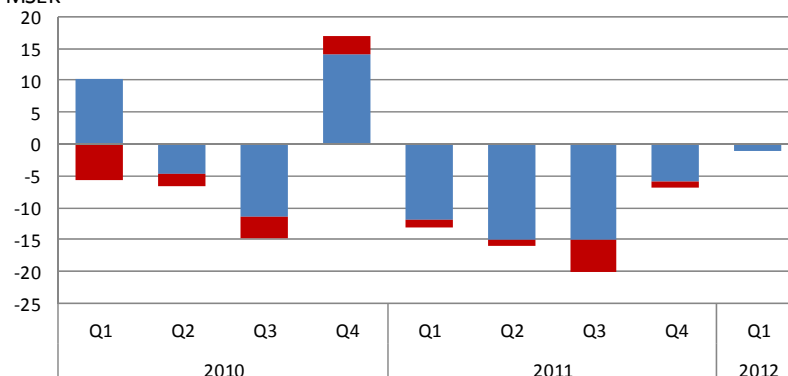
EBITDA 2010-2012

MSEK



Cash flow 2010-2012

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. The offering is Pen Solutions which includes solutions for creating a form in digital format, digital processing of handwritten forms and automatic generation of a digital version of a document with handwritten signatures and notes. 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 period was MSEK 22 higher than in the same period last year. Excluding entities acquired during 2011/2012 Net sales was MSEK 3 higher than in the first quarter last year.

The earlier communicated order of 10,000 pens to a Japanese insurance company was delivered. The order is an important step on the Japanese market and will bring positive attention to Anoto's digital pen technology in different user scenarios.

Anoto's business through strategic partnerships such as Vodafone in the UK continues to grow and is delivering an increased pipeline in large organisations including NHS, Central Government and the service industry.

Reflecting the significant growth in demand for Anoto technology in the healthcare sector, a new National Framework for the supply of digital pens and digital pen software has been established in the UK by Solent Supplies Team NHS. This means that any UK public sector organisation can now purchase Anoto Technology from the selected suppliers without the requirement to run a lengthy and expensive tender process. The Anoto Partners awarded a four-year contract on this new Framework are DevelopIQ, Destiny Wireless and Footprint Solutions.

Destiny Wireless has secured contract renewals with three of its existing customers, DSV, Derbyshire Mental Health Trust and Wolverhampton PCT. This demonstrates the continued commitment of these key clients to the use of digital pen technology as the most viable solution for mobile data capture.

Anoto Platinum Partner, DevelopIQ, has successfully delivered the first phase of the Welsh National Programme for Frailty. This programme aims to improve patient care at home, avoid unnecessary hospital visits and improve efficiency. Anoto digital pens and BlackBerry smartphones have been selected as the preferred data capture tools for community healthcare workers conducting the care assessments and the project was short-listed in March as a finalist for the 2012 BlackBerry Global Wireless Achievement Award. Planning is now underway to expand this solution across Wales during the next couple of years.

Anoto continues to see wider end-user adoption of the digital pen in the US healthcare market via Electronic Medical Record partners such as NextGen Healthcare. Prime Care Physicians PLLC adopted the NextGen® Ambulatory EHR system with the NextPen™ digital pen solution in 22 locations and automated the data capture from thousands of forms on a daily basis. They have realised workflow efficiencies and better quality answers from patients who document their social and family history by using the NexPen™ digital pen solution.

In February, eight Anoto partners exhibited at the largest Healthcare IT trade show in the US: HIMSS 2012. Leveraging this significant digital pen presence, Anoto conducted a number of media interviews at the show, which resulted in over 30 different trade and mainstream articles about digital pen technology in healthcare.

MSEK	2012	2011	2011
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	44	22	100
Gross profit	29	17	75

Technology Licensing

Customers within Technology Licensing develop and sell products based on technology and digital pens provided by Anoto. The main offering is Interactive solutions in the education segment. Interactive solutions create a learning environment that is more oriented towards the individual and where the traditional classroom model is replaced by a more student-centric and interactive approach to teaching. Other end user products are learning toys, visual communication equipment and personal productivity solutions. End product customers are individual consumers as well as enterprises.

Net sales was MSEK 14 lower in the first quarter than in the same period last year.

We have signed an agreement with a new partner within Interactive Whiteboards that is targeting product launch during the second quarter. The interest in whiteboard solutions and software applications for education in general is significant, more and more schools and universities are introducing interactive learning systems.

The ADP601 pen is now in production, targeting user scenarios in education, and the business progress in this segment by several partners is very good. Anoto's partner TStudy is one of our key partners with a focus in this segment, particularly in Asia.

There are positive signals among customers and potential customers related to Anoto's Technology Licensing business and even if the start of 2012 was slower than expected, the outlook for 2012 is positive.

MSEK	2012	2011	2011
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	10	24	63
Gross profit	9	16	48

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.

Revenue for the first quarter was MSEK 8 below the same quarter last year.

C-Pen consumer retail sales is traditionally low during the first quarter of the year and this year did not include any major OEM deliveries. The Net Sales during Q1 was thus far below first quarter last year and is below our expectations.

The work on strengthening the product offer and the sales channels has continued during the quarter. Within the consumer retail business, product development and sales are targeting dyslectics, students and schools. Geographically the focus remains on Scandinavia, UK and Germany.

Within the OEM business, the effort to help our existing customers to grow their respective markets remains our main focus. The products are continuously developed to increase usability and user customer value.

The previously announced order to Crealogix, supposed to be delivered during first half of 2012, will be split into deliveries during 2012, starting in May.

	2012	2011	2011
MSEK	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	2	10	19
Gross profit	1	5	9

Anoto Group AB

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

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 2011 annual report. The accounting policies are unchanged from those applied in 2011.

Risk factors and uncertainties

The liquidity risk has been unchanged during the first quarter of the year.

At the close of the quarter, the group's total cash amounted to MSEK 23, which is a decrease by MSEK 1 compared to year end of 2011.

The cash flow is expected to show improvements during 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 2011 annual report for the Anoto Group. (Please see Note 4 in the Annual report 2011 for a detailed presentation of the company's risk exposure and management.)

Related party transactions

The largest shareholder of Anoto, Aurora Investment Ltd (owned by TStone), has been represented in the board of directors since the Annual Meeting in May 2010. Transactions with companies within the TStone group amounts to MSEK 3.4 during 2012. All transactions have been made on normal commercial conditions.

Transactions and activities after March 31, 2012

There have been no significant transactions after the end of the quarter.

Share data

The Anoto share is listed on the NASDAQ OMX Nordic Small Cap List in Stockholm. Including the 6,721,026 shares issued in relation to the acquisition of Ubiquitous Systems Ltd and Xpaper (from Talario LLC) the total number of shares at the end of the quarter is 137,037,081. See further details in Note 1.

Option program

Anoto has no outstanding warrants or other incentive programs.

Stein Revelsby

CEO

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 April 27, 2012.

A webcast of the Q1 report will be available from 09.00 on April 27.

A Q&A session via audiocast will be held at 11.00 the same day. For more information, see www.anoto.com/investors.

Calendar 2012

Q1 report	April 27, 2012
Q2 report	August 3, 2012
Q3 report	November 2, 2012
Q4 report	February 8, 2012
AGM 2012	May 10, 2012 at 1 pm

For more information

Please contact:
Stein Revelsby, CEO
Phone: +46 (0)733 45 12 05

or

Dan Wahrenberg, CFO
Phone: +46 (0)733 45 10 19

Anoto Group AB (publ.), Corp. Id. No. 556532-3929
Box 4106,
SE-227 22 Lund, Sweden
Phone: +46 46 540 12 00
www.anoto.com

Financial report

Condensed statement of comprehensive income

Note	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
TSEK			
Net sales	56 979	59 116	192 286
Cost of goods and services sold	-15 554	-20 589	-55 719
Gross profit	41 425	38 527	136 567
Sales, administrative and R&D costs	-42 109	-32 511	-159 266
Other operating income/cost	-1 446	-4 717	-220 281
Operating profit/loss	-2 130	1 299	-242 980
Writedown of shares	-166	-	-173
Other financial items	-621	-27	-696
Profit before taxes	-2 917	1 272	-243 849
Taxes	0	-6	-30
Profit/loss for the period	-2 917	1 266	-243 879
Other comprehensive income			
Translation differences for the period	1 804	2 308	-1 253
Other comprehensive income for the period	1 804	2 308	-1 253
Total comprehensive income for the period	-1 113	3 574	-245 132
Total Profit/loss for the period attributable to:			
Shareholders of Anoto Group AB	-3 541	954	-246 274
Non controlling interest	624	312	2 395
Total Profit/loss for the period	-2 917	1 266	-243 879
Total comprehensive income for the period attributable to:			
Shareholders of Anoto Group AB	-2 512	3 262	-246 949
Non controlling interest	1 399	312	1 817
Total comprehensive income for the period	-1 113	3 574	-245 132
Key ratios:			
Gross margin	72,7%	65,2%	71,0%
Operating margin	Neg	2,2%	Neg
Earnings per share before and after dilution	-0,02	0,01	-1,89
Average number of shares before and after dilution	135 916 910	128 583 867	129 161 263

Consolidated balance sheet in summary*

TSEK	2011-03-31	2011-12-31
Intangible fixed assets	135 191	118 739
Tangible assets	6 238	6 910
Financial fixed assets	1 209	1 486
Total fixed assets	142 638	127 135
Inventories	27 836	27 236
Accounts receivable	37 786	39 138
Other current assets	17 912	18 649
Total short-term receivables	55 698	57 787
Liquid assets, including current investments	22 717	23 941
Total current assets	106 251	108 964
Total assets	248 889	236 099
Equity attributable to shareholders of Anoto Group AB	168 383	152 988
Non controlling interest	-11 675	-13 074
Total equity	156 708	139 914
Loans	15 585	15 695
Long term liabilities**	7 427	9 903
Provisions	69	240
Other current liabilities	69 100	70 347
Total current liabilities	92 181	96 185
Total liabilities and shareholders equity	248 889	236 099

* Effect on balance sheet from acquisitions, see Note 1

** Non refundable prepayment from Leapfrog

Changes in shareholders equity

TSEK	Share capital	Other capital contributed	Reserves	Profit/loss for the year	Shareholders equity	Non-controlling interest	Total equity
Opening balance 1 januari 2011	2 572	448 508	931	-57 248	394 763	-3 160	391 603
Profit/loss for the year				-246 274	-246 274	2 395	-243 879
Other comprehensive income			-675		-675	-578	-1 253
Summa totalresultat			-675	-246 274	-246 949	1 817	-245 132
Acquisitions*					0	-11 731	-11 731
New share issue*	34	5 140			5 174		5 174
Closing balance 31 december 2011	2 606	453 648	256	-303 522	152 988	-13 074	139 914
Profit/loss for the year				-3 541	-3 541	624	-2 917
Other comprehensive income			1 029		1 029	775	1 804
Summa totalresultat			1 029	-3 541	-2 512	1 399	-1 113
New share issue*	135	17 772			17 907		17 907
Closing balancel 31 mars 2012	2 741	471 420	1 285	-307 063	168 383	-11 675	156 708

↙

Consolidated Cash flow statement in summary

	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
TSEK			
Profit/loss after financial items	-2 917	1 272	-243 849
Depreciation, amortisation and write-downs	3 998	3 705	246 929
Other items not included in cash flow	-171	99	-11
Total items not included in cash flow	3 827	3 804	246 918
Cash flow from operating activities before change in working capital	910	5 076	3 069
Change in working capital	-1 738	-16 852	-53 046
Cash flow from operating activities	-828	-11 776	-49 977
Cash flow from investments activities	-396	-1 464	-7 126
Total cash flow before financing activities	-1 224	-13 240	-57 103
Cash flow from financing activities	0	0	0
Cash flow for the period	-1 224	-13 240	-57 103
Liquid assets at the beginning of the period	23 941	81 044	81 044
Liquid assets at the end of the period	22 717	67 804	23 941

Key ratios

	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
TSEK			
Cash flow for the period	-1 224	-13 240	-57 103
Cashflow / share before and after dilution (SEK) ¹	-0,01	-0,10	-0,44
	2012-03-31	2011-12-31	
Equity/assets ratio	63,0%	64,8%	
Number of shares	137 037 081	130 316 055	
Shareholders equity per share (kr)	1,23	1,17	

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

	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
TSEK			
Net sales	1 228	1 761	9 128
Gross profit	1 228	1 761	9 128
Administrative costs	-1 115	-1 602	-8 264
Operating profit	113	159	864
Profit/loss from shares in Group companies	0	0	-240 570
Financial items	0	1	4
Profit for the period	113	160	-239 702

Parent company, balance sheet in summary

TSEK	2012-03-31	2011-12-31
Intangible fixed assets	349	381
Tangible assets	21	27
Financial fixed assets	180 136	180 135
Total fixed assets	180 506	180 543
Other short-term receivables	13 523	233
Liquid assets, including current investments	284	325
Total current assets	13 807	558
Total assets	194 313	181 101
Equity	190 753	172 733
Other current liabilities	3 560	8 368
Total liabilities and shareholders equity	194 313	181 101

Note 1 - Acquisitions 2012

Ubiquitous Systems Ltd

As of January 12, 2012 the Group acquired all shares in the UK based unlisted company Ubiquitous Systems Ltd (Ubisys) for 12.8 MSEK. Ubisys which is active within Business Solutions have been a long standing Anoto partner. Anoto have consolidated Ubisys as from January 1, 2012.

Through this acquisition Anoto increases its presence on the UK market.

During the period up until March 31 Ubisys contribution to Net sales was 5.6 MSEK.

Effects from acquisitions

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

(KSEK)	
Intangible assets	0
Tangible assets	91
Inventory	53
Current assets	899
Liquid assets	192
Interest bearing liabilities	-821
Current liabilities	-1 231
Net identifiable assets and liabilities	-816
Group goodwill	13 645
Consideration	12 829

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

Goodwill

The goodwill value includes additional sales resources, customer contacts and an increased presence on the UK market.

No part of the goodwill is expected to be tax deductible.

Expenses related to the acquisition amounts to 0.8 MSEK and includes fees to consultants in relation to the due diligence. These expenses have been accounted as operating expenses in the Condensed statement of comprehensive income.

Consideration

(KSEK)	
Credit note	12 829
Total consideration	12 829

Fair value of the 4,706,324 shares issued as part of the total consideration paid for the shares in Ubisys is based on the price for the Anoto share on the day of the transaction.

Xpaper

As of January 16 the Group acquired Xpaper from Talario LLC for 5.1 MSEK. The Xpaper software makes it easy to use Anoto's pen and paper technology with any software application or paper document. The objective is to incorporate Talario's document printing and document capture components along with supporting web services in Anoto's core offering.

The estimated effect on Group Net sales from this acquisition during 2012 is 2 MSEK.

Effects from acquisitions

The acquired software has been booked as an intangible asset and amortized over the estimated useful lifetime.

The acquisition cost for Xpaper is 5.1 MSEK.

Acquisition related expenses

Anoto have only had minor expenses, mainly internal, related to the acquisition of Xpaper.

Consideration

(KSEK)	
Shares issued	5 077
Total consideration	5 077

Fair value of the 2,014,702 shares issued as part of the total consideration paid for Xpaper is based on the price for the Anoto share on the day of the transaction.