



ANoto

ANNUAL REPORT

2012



“We are transforming our company — making Anoto simpler, more transparent, easier to do business with and focusing on meeting the needs of our end-customers.”

Stein Revelsby, Chief Executive Officer

In 2012 we made great strides to transform our company. We improved our business and product solution, and most importantly, developed market leading capabilities to serve and solve our end-customers' and clients' core workflow challenges. We are building deeper relationships with our end-customers and clients, and increase confidence in everything branded Anoto.

What does the end-customer mean to Anoto?

Dialog Knowledge Opportunity



80%
of the world's
businesses rely on
pen and paper.

In 2012 we established a clear goal: To provide the most intuitive data capture solution for handwriting in the world in the eyes of our end-customers, our employees and our shareholders. Our focus and strategy is clear: We want to make our products easier to get, easier to implement and easier to use. Almost every business has a need to collect information to manage operations: Sales people register customer data and get the customer signature on a contract or an application form; service people fill in inspection reports and detailed maintenance forms; doctors fill in patient records and mobile healthcare workers report from patient visits; the police take witness statements and write crime scene investigation reports; logistics firms require reports on proof of delivery and status of goods in transit; construction companies need to adjust drawings and manage planning; retail companies must train their employees and collect market data. These are just some examples of situations where the collection of data is of crucial importance to business operations.

While digital devices like mobile phones, laptops, tablet computers, PCs and handheld digital assistants are used to collect data and information,

80% of the world's businesses rely on pen and paper. Paper consumption is increasing every year, and so are the costs associated with the cumbersome processes of getting information from paper into a digital system via scanning, copying or typing, as well as archiving and managing documents over its life cycle. During 2012, more than 50,000 new end users (+30% from 2011), within industries such as insurance, banking, healthcare and field service, started to use an Anoto digital writing solution. So did thousands of children and students in schools worldwide.

Anoto technology is the solution for the millions of users who prefer to write on paper: it is robust, easy to integrate and easy to use. Digital writing enables access to information in real time while reaping the benefits of being more cost efficient than other data capture technologies.

At the same time, we are developing digital writing solutions for the rapidly increasing number of people who prefer to write directly on a tablet, smartphone or large screen to mark up documents or make annotations to a map or a drawing.

What is Anoto offering to
the end-customer?

Usability. Mobility. Durability. Connectivity in Realtime ROI



A digital writing solution is intuitive and requires minimal training and change to the way the user normally works. The pen is mobile and has a long battery life. It works on-line and off-line and is robust and not prone to theft.

Important benefits for the customer are improved realtime decision-making and process optimization as well as increased productivity since employees spend less time on paper handling, scanning and typing. Other benefits are improved customer loyalty and repeat business.

Digital writing allows for a more personal interactive dialog with customers and users. It also allows an organization to keep the original authentic paper document, often required for legal or record-keeping purposes.

Digital writing can for instance be applied to inspections of buildings and process equipment, and for assets inventories. Errors originating from manual handling can thereby be reduced, leading to improved business control and security.

(Left) "The digital writing solution connects the digital pen with smart devices and moves handwriting to computer in realtime".

What is Anoto's
competitive difference?

Compatibility Bridging Analog and Digital Realtime Document Management

Anoto solves the inefficiency of using paper in the workflow with the digital features of a pen without requiring changes in work habits. Paper-based processes remain a fact of life mainly due to the intuitive usability of pen and paper. In many situations when people want to record information such as notes, sketches, mark-ups on documents, or business form completion, the pen is often superior to a keyboard, mouse and touchscreen.

Anoto has an extensive patent and IP portfolio, and the company has invested heavily in optimizing its digital writing technology to be accurate, reliable and easy to use, just like regular pen and paper. Other competitive advantages are the options to register time stamps and the identity of the user for monitoring and administrative purposes as well as the identity of each single document for authenticity and compliance.

We are enhancing Anoto's business potential further by adapting our digital writing solutions to other surfaces than paper. In January 2013, Panasonic introduced the world's first tablet computer with embedded Anoto technology. Panasonic is targeting professional users within

computer aided design, engineering, construction and areas where larger format paper is used today. The digital pen provided by Anoto provides high accuracy and interacts with the dot pattern embedded in the screen. Digital writing is a fast growing feature within computing. Anoto's competitive advantages in the market for digital writing are high accuracy, low cost, and no need for additional electronic components in the screen. It works on glass as well as flexible materials, and it works on screens of all sizes. Anoto is now pursuing discussions with screen manufacturers to explore opportunities for OEM agreements to replace competing technologies. Initial focus is on larger screens, including LCD screens and flat panels for corporate board rooms.

Pixel perfect
Digital writing
solution



(Right) "The digital pen is one of several parts in the digital writing solution that drives the gamechanging concept of realtime document management".

How can Anoto succeed in
a highly competitive environment?

End-Customer Centric Strategic Alliances and Partners Cost Efficient Scalable

**Strengthening
business and
brand**
with acquisitions
and innovations

Anoto has highly skilled employees with many years of experience in developing technology for digital writing. In addition, we have partners and strategic alliances with extensive experience and know-how in how to embed the technology into solutions. Some of these partners and strategic alliances are global leaders within their fields of business. Most importantly, the technology and solutions themselves allow for very cost efficient and scalable deployments within existing business segments such as healthcare and pharmaceuticals, insurance and banking, oil and gas, facility management, transportation and logistics, manufacturing and education. By listening carefully to what end-users need and by adapting to rapidly changing dynamics in the IT industry, we strive to be leading edge in the competitive landscape. During the past two years, we have consolidated resources with some of our leading partners, executed several strategic acquisitions of businesses, and entered into a joint venture in Korea. We have also recently established a sales office in the Benelux region. These activities and a continued support from our shareholders form the base for future success.

In 2012 we strengthened our management team as part of our continuous effort to improve execution of product development, product delivery, marketing, sales and customer service. We also acquired a small company as well as technology from another company, to expand our reach into new markets as well as to shorten time to market with packaged solutions rather than to sell just hardware and software components.



What is the financial strength
of the company today?

Innovation Expertise Emerging Growth Large Market Opportunities

Anoto's greatest asset is our customer base. Thousands of healthcare professionals, field workers, and people working in logistics, oil and gas, manufacturing and in government are satisfied users of digital writing solutions, and so are their employers who get real time data and are able to save money on administration and paperwork. During 2012 some of the world's largest and most renowned companies started to use mobile data capture solutions from Anoto and our partners. We therefore strongly believe there is a large business potential for digital writing solutions. In 2012 we continued our effort to consolidate resources with some of our leading partners, including the acquisition of Ubisys in the UK. We combine hardware and software into packaged digital writing solutions and sell these directly to end-users as well as indirectly via partners, system integrators and resellers. The effect will be less technical friction and easier implementation with existing business systems as well as higher value and revenues per new customer.

It is now time to move up in the value chain and capitalize on our installed base of successful reference customers. An increased effort within marketing and sales supports the increasing momentum in the market. Within the business solutions area we sell hardware, software and services, and within the technology licensing area, we sell hardware and/or collect royalties from partners based upon number of units sold. Our solid base of partners grew stronger in 2012 with the addition of two leading companies: Panasonic, which introduced a new tablet computer with Anoto digital writing technology embedded; and a global company within electronic voting systems that will launch products and applications later this year.

Our partners within education are building a stronger presence and business momentum especially in Korea, China and Japan. Our revenues in 2012 were still not large enough for us to be profitable, but with sustainable high gross margins and emerging growth in large global

market segments, we believe strongly in a successful future. We have a strong culture of innovation, new seasoned management and skilled, hardworking employees. We have enthusiastic partners and loyal shareholders. We are building a new brand identity and have a number of new and exciting product releases to come. We will expand our business globally with a strong focus on increasing sales. 2013 will be a very exciting year for Anoto.

April 19, 2013



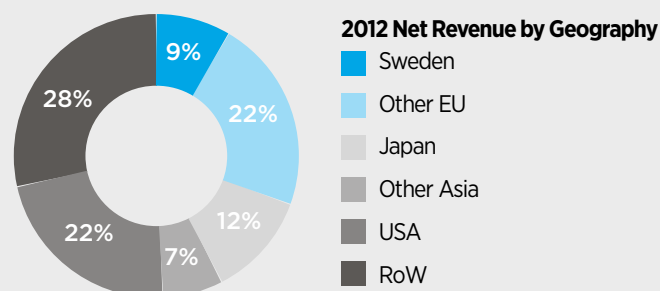
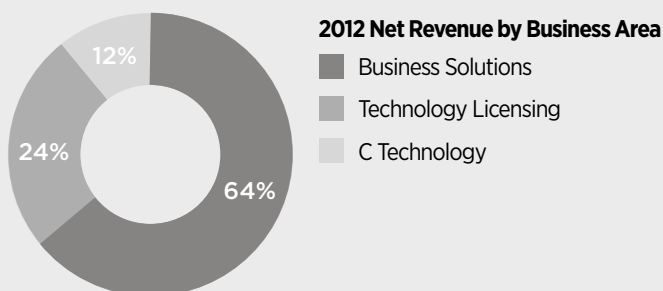
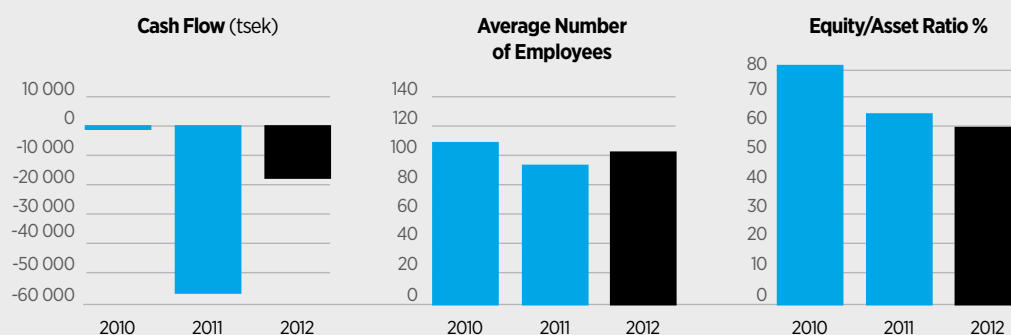
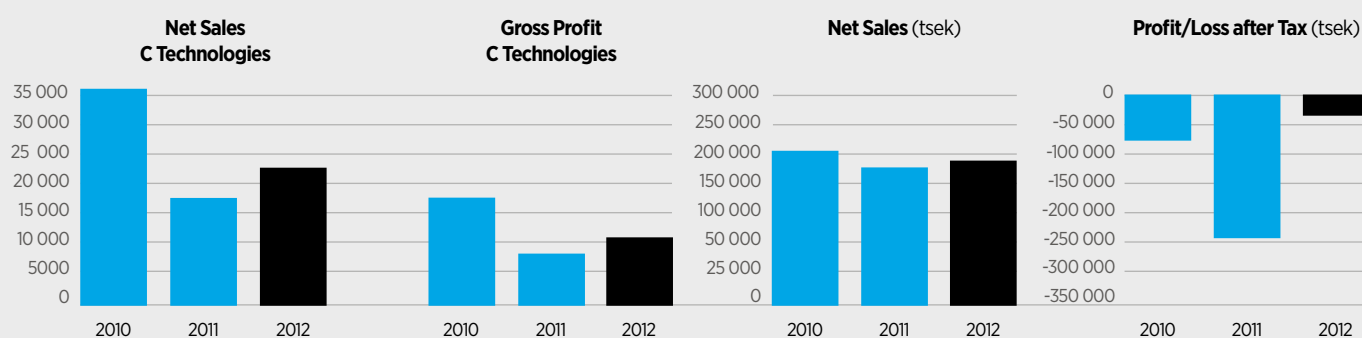
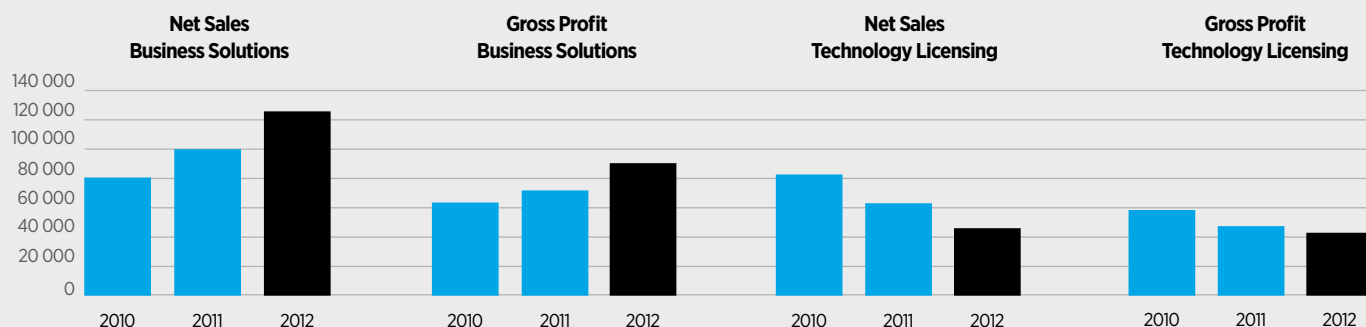
Stein Revelsby
Chief Executive Officer
Anoto Group

Anoto annual report

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Anoto in numbers



Anoto in Brief

About Anoto

Anoto develops pens and offers solutions that transform handwritten text and illustrations into digital information, enabling possibilities for quick and reliable distribution and storage. Anoto's digital pen technology also enables the transmission of interactive information.

Our Business Areas

Within **Business Solutions** we offer cost saving and effective solutions for mobile data capture of handwriting together with our partners and on our own. Within **Technology Licensing** we offer technology to our OEM customers who make interactive solutions for education, applications for note taking, systems for electronic voting, and screens. **C Technologies** offers the C-Pen, a hand-held scanner solution combined with optical character recognition that works like a digital highlighter pen.

All gathered in a complete system consisting of software applications, digital pens and a unique pattern technology.

Our customers

Our end customers work within many different segments where mobile, easy-to-use solutions are needed to capture handwritten information. Our applications are used, among other things, to keep records in the health-

care sector and within various types of field services. Other customers develop interactive conference and educational materials for businesses, students and preschool children.

Our revenue

Anoto's revenue comes primarily from selling digital pens, software and from royalties associated with the use of our technology.

Five powerful reasons to use Anoto technology:

- It feels just as natural and familiar as using pen and paper.
- It's mobile and can be used anywhere without large requirements on infrastructure, such as computers and networks.
- It's effective. There's no need for double registration because the information is available immediately, in digital and analog forms.
- It is secure but also cost-effective and environmentally efficient.
- It enables interactivity in an easy way.



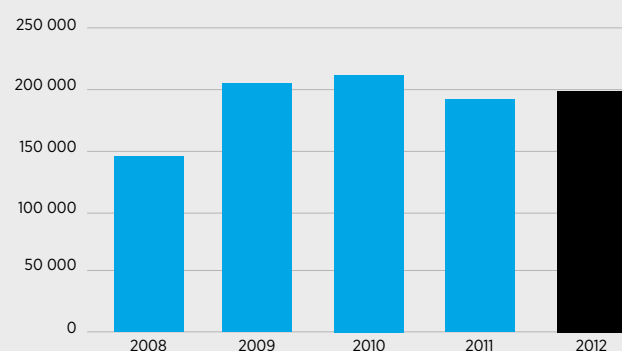
2012 in Brief

- Net sales amounted to MSEK 199
- The result after tax was MSEK -45
- Earnings per share amounted to SEK -0,33
- Cash flow for the year was MSEK -18
- Digital pens accounted for 59 percent of net sales
- Acquisition of 100 percent of the shares in Ubiquitous Systems Ltd. and Xpaper technology from Talario

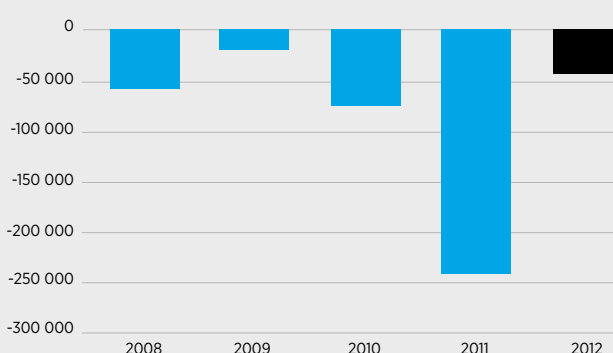
Key ratios for the group sek thousand

	2008	2009	2010	2011	2012
Net sales	143 975	205 862	212 293	192 286	198 646
Other income	0	0	0	0	0
Gross profit/loss	97 662	142 472	143 970	136 567	143 563
Operating profit/loss	-51 645	-20 848	-74 475	-242 980	-41 252
Profit/Loss after tax	-60 903	-20 678	-77 326	-243 879	-44 829
Cash flow for the year	-31 957	-18 574	274	-57 103	-18 482
Earnings per share (sek)	-0,47	-0,16	-0,60	-1,89	-0,33
Shareholders' equity per share (sek)	3,80	3,65	3,07	1,17	0,95
Equity/assets ratio	81	84	82	65	60
Average no of employees	127	113	108	94	103

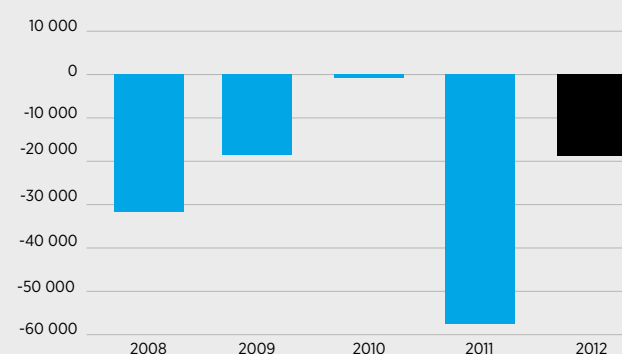
Net Sales Sek Thousand



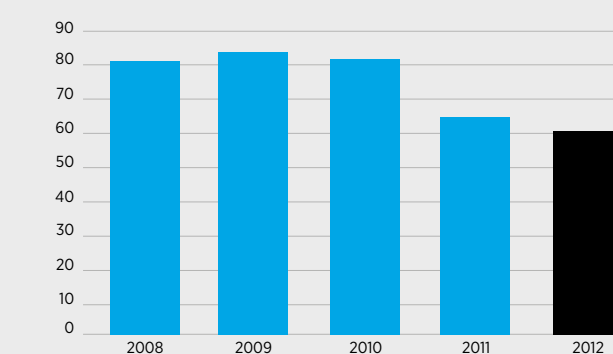
Profit/Loss after Tax Sek Thousand



Cash Flow Sek Thousand



Equity/Asset Ratio % Sek Thousand



Natural Data Collection and Interactivity

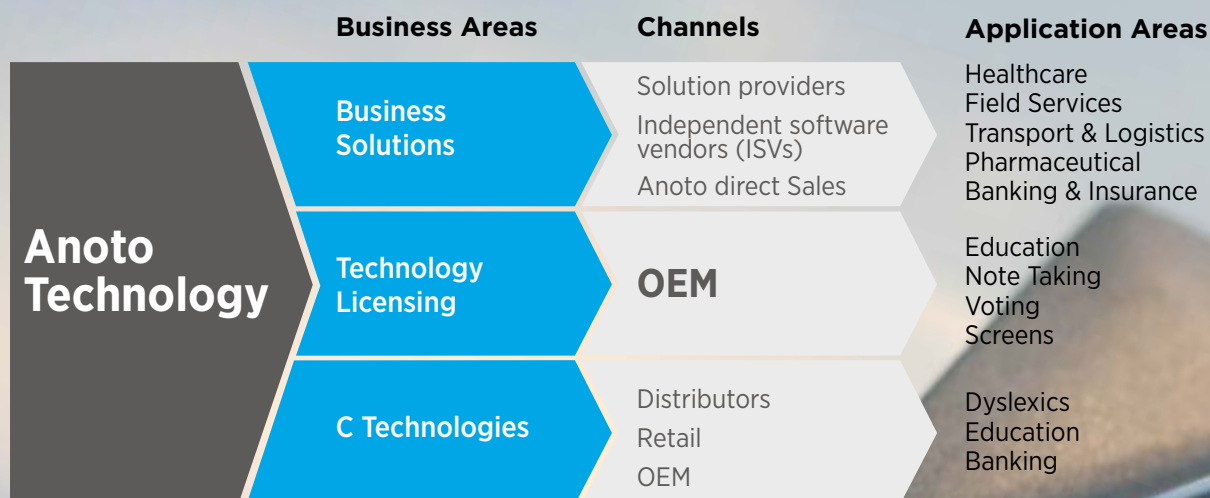
Anoto's offerings are based on a joint technology that is primarily comprised of a pen with a built-in infrared camera and a unique dot pattern. The infrared camera in the pen effectively captures the dot pattern printed on various surface types, such as glass, paper and metal. Information registered by the pen is sent in digital format for presentation in a computer.

Business areas:

- The Business Solutions offerings are based on our pens combined with dot pattern, tools and form applications, as well as our own solutions for digital writing.
- The Technology Licensing offerings are based on customized pen products and solutions for OEM customers who produce and market their own products.
- The C Technologies offering is based on C-Pen, a handheld scanner solution

combined with optical character recognition that works like a digital highlighter pen. The product and technology is sold under its own brand and via OEM customers.

Based on a unique pen technology, Anoto has formulated offerings which via different partners and our own solutions, addresses several application areas. Behind each offering are the business areas that form the basis of Anoto's report structure.



Natural, Fast And Secure Data Collection

Anoto Business Solutions

The digital pen can be used to its full potential when mobility, fast documentation and simplicity are essential. Often, it applies to a type of form used for surveys, interviews, tests and other items that must be documented onsite. Anoto Business Solutions is primarily geared towards five market segments: Healthcare, Field Services, Transport and Logistics, Pharmaceutical, and Banking and Insurance.

Healthcare

Quality patient care is the top priority of healthcare professionals around the world. Capturing patient data is critical to improving patient care. Most healthcare processes today are still paper-based, and this is because there is so much risk to the accuracy and quality of patient care involved in adopting complicated data capture tools such as laptops or tablet PCs. Clinicians are understandably resistant to completely disrupting their workflow to adopt these devices, citing concerns that patient care will suffer. Therefore, digital writing is quickly becoming the perfect data capture alternative as it requires minimal training, is extremely easy to use, and causes minimal workflow interruption. In the market segment Healthcare there are a number of areas of use based on different types of forms.

Typical areas include the following:

- Record-keeping
- Documenting home visits in elderly care
- Documenting home pregnancy visits by midwives
- Health control checks in disaster areas

In Portsmouth on the south coast of England the maternity department's

midwives provide ante-natal care in the homes of expectant mothers. To ease the administrative burden for the midwives and improve patient care, the Trust has deployed a digital writing solution. Thanks to the digital writing solution, the time spent on patient administration has been halved and the solution saves the Trust approximately £220,000 annually.

Field Services

Areas of use in the Field Services market segment apply to data collection outside the permanent workplace, such as in different types of surveys and controls in which forms are frequently used. More specifically, it can be used in the construction industry, the public sector such as in the police force, the oil and gas industry, and by housing associations. Customized Anoto solutions and products can be found in all industries and tailored to meet the specific demands and needs to quickly transfer handwritten text and illustrations into a digital format, including:

- Crime scene investigations
- Various types of inspections, such as insurance injuries and cars in traffic
- Inventory of stock
- Verification and check lists for deliveries »



» The Police Service of Northern Ireland has equipped 4,000 police officers with digital pens to register witness testimonies. The handwritten witness testimonies are uploaded automatically when an officer connects his pen to the police authority's secure network and are immediately made available to authorized staff. This type of effective information processing is vital to the success of crime investigations and the Police Service of North Ireland has seen a positive difference in the number of crimes solved.

Transport & Logistics

Whether transporting passengers, medical supplies or regular packages, transport and logistics companies all face the same challenges: To be reliable, cost efficient and deliver on time. An increasing number of companies around the world have turned to digital writing solutions to overcome their data collection challenges. Some areas where digital writing solutions are very well suited are:

- Tracking and tracing
- Signature capture
- Proof of delivery
- Load control

One logistics company that has turned to a digital writing solution is Enviro-tainer, the world-leader in secure cold chain logistics solutions. The solution is used to keep track of containers as well as to inspect damages. Thanks

to the solution the company has increased rental volumes by 20% in one year and projects savings of Euro 910,000 over three years.

Pharmaceutical

The road to approving a new drug is cumbersome. Clinical trials are extensive and detailed research studies which test the safety and efficiency of a drug. A digital writing solution accelerates the information flow in clinical trials and speeds up the approval of new drugs. It helps to capture, validate, integrate and process clinical research data using Case Report Forms. Actelion Pharmaceuticals conducts clinical trials all over the world and use digital pens to capture information in the Case Report Forms. The digital writing solution used has been very well received by trial study doctors. Not only is it intuitive and easy to use, but it also ensures traceability of the collected data and reduces the time a drug takes to go to market, which can represent millions of euros in earned revenues.

Banking & Insurance

Banks and insurance companies around the world are increasingly discovering the benefits with digital writing technology. Digital writing practically eliminates the need for data entry, is easy to use, requires minimal training and provides almost instant information to clients. Within Banking

and Insurance there are several application areas where digital writing is the ideal solution. Some examples are:

- Signature capture
- Loan applications
- Documenting client information
- Inspections

In Germany for instance, the Savings Bank of Kaiserslautern is using digital pens at its headquarters to capture customers' digital signatures for legally binding financial documents. The bank and its customers have greatly benefited from the digital writing solution. Thanks to the solution the business process which used to take 10 days has been cut down to 5 minutes.



Improved Communication In Realtime

Anoto Technology Licensing

Anoto offers leading OEM businesses (Original Equipment Manufacturer) working in the fields of education, note taking, electronic voting and screens, solutions based on Anoto's pen technology and unique dot pattern to increase interactivity.

Within the business area Technology Licensing, Anoto has entered into a few large cooperation agreements. The customers have their own marketing, distribution channels and sometimes unique market segments. The digital pens and solutions are adapted according to specific requirements from the market segment.

Education

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.

Anoto has several strong OEM customers that focus on the education:

- TStudy, with several interactive products: TNote, a solution that facilitates distance learning; Symphony, a solution for work in the classroom; and DOTnote, a simple and effective solution for taking notes.
- PolyVision, a manufacturer of interactive whiteboards, offers several products for conference rooms and educational environments.
- DNP, which supplies screens and also offers the interactive products: OpenNOTE, a collaborative learning tool for students in the classroom; and OpenSTAGE, an interactive meeting/presentation tool for educational environments and corporate meetings.
- PLUS, a manufacturer of equipment for education, like interactive whiteboards and the UPIC series which includes interactive wireless panels and pads for education and business.

The solutions for education are often packaged together with whiteboards, projectors and books to offer customers complete solutions.

Note Taking

Wanting digitized notes from meetings or classes is becoming increasingly common. Livescribe has developed a new low-cost mobile computing platform that enhances productivity, learning and communication for anyone who uses pen and paper. Livescribe's Echo and Pulse smartpens capture meetings and lectures and its speakers play back recorded audio.

Voting

The use of digital pen and digital paper where the paper constitutes the ballots is an effective solution to meet the demands for quick results

and rules for verification. Since 2012, Anoto works with a leading company for electronic voting systems to develop a portfolio of products for voting, polling and census.

Screens

Writing on screens has quickly become a popular and intuitive way to interact with smartphones and tablets. In January 2013, Panasonic launched the world's first tablet with built-in technology from Anoto. The product is a 20-inch flat screen with high resolution aimed at professional users who work with computer-aided design and engineering, or in other areas where large-format paper traditionally is used.

Benefits with Anoto Technology

The advantages of Anoto's technology compared with other solutions include cost-effectiveness, flexibility and performance. Surfaces such as glass, whiteboards and books do not require built-in electronics, which keeps costs and complexity to a minimum. The intelligence lies in the pen, and the same pen can be used for different surfaces, and different pens can be used on one single surface. Anoto's digital pen technology offers maximum precision across the whole surface, irrespective of size.

Three Interacting Components

Anoto's OEM partners' solutions are based on three interacting components:

- Pen technology comprising hardware and software components that can be integrated with other products or serve as the basis for new products.
- Software modules for handling dot pattern and design, and printing. The pattern can be printed with a regular printer, digital and laser printers and also printed on surfaces, such as whiteboards.
- Software applications developed by Anoto's partners in the area of education.

A Ready Solution With A Brand of It's Own

C Technologies

C Technologies is part of Anoto. C Technologies' main product is the C-Pen, a handheld scanner combined with character recognition that works like a highlighter pen. With the help of a C-Pen, the user can easily transfer printed text into a format that can be edited in computers or mobile devices. Data retrieval occurs line by line, and the user easily controls what is captured and transferred. The C-Pen technology is also used as a basis for several products from C Technologies business partners, primarily for teaching and learning programs. The products are sold under a separate brand through a network of distributors and suppliers in a number of different countries, primarily in Europe. In other regions and in special markets, our products are being sold under a third-party brand (OEM) or co-branding.

C-Pen Compatible with All Leading Operating Systems

The technological transfer occurs in part through graphic recognition, through OCR (Optical Character Recognition) into text and numbers, and partly through cable or wireless transfer to virtually all programs and operating systems, and to any computer, tablet or smartphone. In addition to Word and Excel, the solution also works with electronic dictionaries and translation programs. This flexibility is one of the biggest advantages with C-Pen. For private individuals, it's easy and safe to enter long OCR numbers from invoices when these are registered for payment. Together with our cooperating partners in Switzerland, we have been very successful for ten years. For professionals this is a significant benefit when transcribing data into a business system or collecting information, partly in combination with TTS (text-to-speech), partly with electronic dictionaries.

C-Pen Alone in Wireless Transfer

Today C Technologies is the only company with a product in the wireless category (Bluetooth®) which creates a unique product offering given the compatibility with smartphones via Bluetooth simplifying spontaneous use.

A Complete Solution

C-Pen products from C Technologies include hardware and accompanying software designed with functions and resources to optimize user value. The patented technology which the digital highlighter pen is based on provides great benefits when it comes to performance, design and durability. The accompanying software is customized both in terms of compatibility and functionality.

A Learning Support

Primarily students use our products as a reading and study aide. Our digital highlighter pen offers speech synthesis and the possibility for multisensory learning (reading and listening together improve learning). The combination is also an established reading aide for people with dyslexia and vision impairment.

Clear Benefits

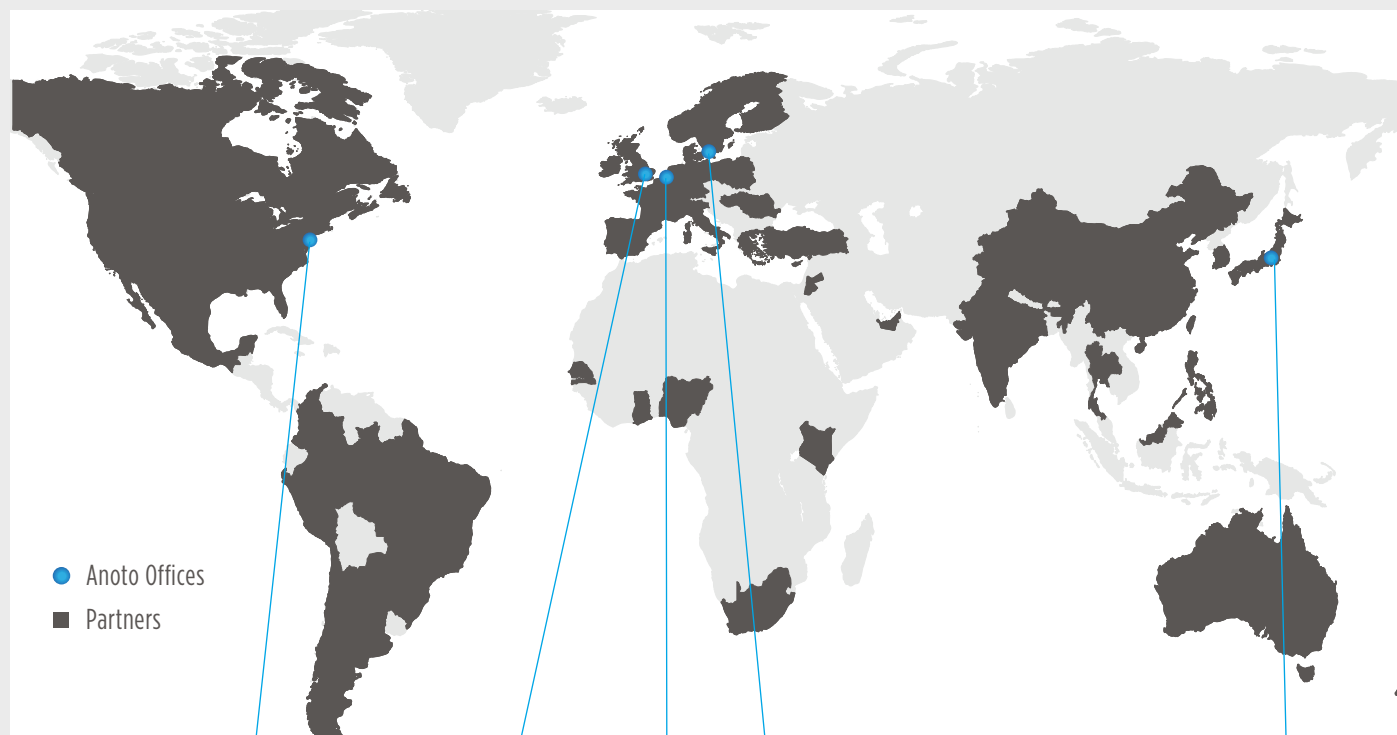
In addition to the fact that it's easy to use, there are several advantages to the C-Pen:

- Secure and risk-minimizing with transcriptions
- Multisensory learning
- Wireless transfer via Bluetooth
- Compatible with different programs, operating systems and computers, tablets and smartphones, and different applications, such as Google Docs.



Anoto Is Close To Customers

Anoto has its own sales organization with offices in Sweden, Japan, the Netherlands (office opened in February 2013), the United States and the United Kingdom. The organization works largely via a global partner network but also sells directly to end-users in selected vertical markets across the globe.



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Business Case Deutsche Annington

Improved Customer Service with Digital Writing Solution



Challenge: To Work Efficiently and Keep the Customer in Focus

Deutsche Annington Immobilien Group has around 235,000 leased and managed apartments and is Germany's leading housing company. The company offers its customers apartments for rent and for sale all over Germany and adds value with their customer-oriented service.

Deutsche Annington's field staff has up to 1,100 appointments daily with clients spread across approximately 600 different locations in Germany. Dwelling approvals, transfers, repairs and rentals are all documented. To provide top notch customer service and respond to tenants requests as rapidly as possible is of utmost importance. The challenge for the field staff at Deutsche Annington is to work as focused and efficiently as possible and at the same time meet the specific needs of the tenants while building a trusting relationship with them. Deutsche Annington decided that in order to be as efficient as possible it would have to find a solution to help streamline the massive flow of information. The company selected a digital writing solution from SRS-Management, based on Anoto digital writing technology.

Solution: A Digital Writing Solution from SRS-Management

With the PaperDynamix® solution from SRS-Management the tenant signs and keeps the original document. The data captured by the digital pen is sent via

a mobile device and is automatically validated. All relevant information is quality assured and transferred in real time by PaperDynamix® to the right back-end systems. Each operation is executed in only a minute or so and documented in SAP/CRM and recorded in SAP/RE.

Result: Increased Productivity and Improved Customer Service

With the PaperDynamix® solution the flow of documents has been optimized. The tenants benefit from a customer-friendly implementation and improved services. They get their contracts faster as productivity has increased. All this has been achieved without having to change existing work processes: the employees simply fill out the forms, just like before. The paper handling has been reduced to a minimum since the pre-printed forms stay with the customer and no paper copies physically have to be returned to headquarters. Thanks to the digital writing solution the turnaround time has been reduced from several days to only 7.5 minutes. "With PaperDynamix® we can map all required registrations and processes in real time, integrate them into our SAP system and trigger downstream processes", says Jens Karff, Operation Management Infrastructure, Deutsche Annington Information Systems GmbH. "The solution has streamlined our paper flow and enables us to spend time on what really matters - our customers".

Business Case The Aneurin Bevan Health Board

More Time for Patient Care and Saving £600.000 Per Annum



Challenge: To Work Efficiently and Improve Patient Care

Gwent Frailty Program in Wales, UK, is a partnership between Aneurin Bevan Health Board (ABHB) and Torfaen, Blaenau Gwent, Caerphilly, Monmouthshire and Newport councils. The organizations employ a total of 16,000 staff comprising Doctors, Nurses, Social Workers, professions allied to Medicine and community staff and serve a population of approximately 600,000 people. The objectives of the program are to improve patient care at home, avoid unnecessary hospital visits and improve efficiency. It is vital that caregivers can capture patient information in the patient's home, so that it can be shared with other authorized multi-agency professionals.

ABHB wanted to put a solution for managing the flow of patient information into the hands of the caregivers, whilst also empowering the patient but there were several challenges. The information would have to be secure and confidential, the data capture device discreet and non-disturbing to the interaction between care giver and patient, and a copy of the record had to remain in the home of the patient to share with family. In addition, ABHB wanted to give unscheduled care areas such as Accident & Emergency or after-

hours General Practice surgeries access to the latest record of community intervention, which is considered vital to prevent unnecessary hospital admissions. The solution would also have to be fully supported by the National Welsh Informatics Service (NWIS) and comply with the technical architecture strategy for Wales, patient safety and information governance standards.

Solution: A Digital Writing Solution from DevelopIQ

Before implementing the solution, caregivers used paper forms for recording patient information and mobile phones for communicating when out in the community. Therefore, ABHB decided to replicate this familiar set-up to minimize change and training costs by selecting a single mobile platform, together with DevelopIQ's proven digital pen solution. ABHB chose a digital writing solution from DevelopIQ because of their fully integrated solution used with a BlackBerry smartphone and their unmatched custom development skills.

With the new solution, carers fill out the relevant patient form during each visit using their digital pens. The digital pen sends a copy of the form as encrypted data via Bluetooth® to the BlackBerry smartphone, which in turn integrates the information to the PaperIQ digital pen platform and then finally the information is pushed seamlessly into the back-end patient system. This enables the original form to be left with the patient at their home and all the information collected by the pen is instantly available to other authorized health-care staff across multiple disciplines and organizations. The solution has replaced the paper diary previously used for scheduling patient visits with the BlackBerry Calendar.

Result: Improved Productivity and Patient Care

The solution has provided a robust safety net to underpin the frailty care pathway. Now, no referrals are missed, no visits are duplicated, the whereabouts of staff is known at all times and detailed clinical information is passed securely and instantly. This, in turn has led to more efficient working and reduced unnecessary admissions, as well as improving staff safety and the care quality.

Following phase 1 deployment, users reported an average of 10 minutes saved per patient visit. With an average of five visits per shift and a user group of 200 people, this equates to projected annual savings in excess of £600,000. Also, because caregivers no longer need to go to the office to pick up their schedule or file paperwork, ABHB expects to see significant savings on travel expenses.

Most importantly, the solution improves patient care. ABHB expects that even a small decrease in the number of patients admitted to hospital will significantly improve patient outcomes and satisfaction. "I cannot stress highly enough that the biggest benefit is the fact that the solution enables information sharing to prevent unnecessary admissions and keep the patient in their own home as much as possible," says Jon Holmes, Head of Informatics Programmes at ABHB.

Business Case Metro Imaging

Acheives Meaningful Use with Digital Writing Solution



Challenge: Transitioning to an Electronic Health Record System

Metro Imaging is a full-service imaging center, providing “open” non-claustrophobic MRI, computed tomography, ultrasonography, digital mammography, bone density, fluoroscopy and digital radiography. They have five locations in the greater St. Louis, USA, area, with offices in South County, West County, North County, St. Peters and Richmond Heights. The organization conducts upwards of 100,000 exams per year and uses more than 1,000 new patient forms per day for both health history and consent. All US healthcare practices, including Metro Imaging, are under financial pressure from the US government to transition to an electronic health record system that meets the government’s basic standards called “Meaningful Use”.

Solution: Digital Writing Solution from NextGen

By leveraging a digital writing solution, Metro Imaging can immediately import relevant structured data directly into Anoto partner NextGen’s® Ambulatory EHR. In addition to patient history and consent forms, Metro Imaging is also using the technology to populate structured data and alerts, such as whether the patient has a pacemaker or not. Pens are provided to each patient along with the form and the handwritten information is recorded onto a chip in the digital pen. When the

form is completed, the data in the pen is transferred via a computer docking station. The handwritten information then becomes digitized data that is available for immediate use.

Result: Meaningful Use and Increased Efficiency Across Clinics

The solution helps Metro Imaging achieve meaningful use since the forms contain important patient background details such as smoking history, race and demographic information. Using the digital writing solution has resulted in increased practice efficiency and improved flexibility to handle high patient volumes and expedited administrative tasks that ultimately deliver better patient care. Employing Anoto’s technology to collect patient history, demographics and signatures directly from the waiting room without interviewing, scanning or transcribing, reduces utilization of high cost staff, thereby improving outcomes through proactive patient engagement.

“Metro Imaging is independently owned by radiologists who provide real-time results to patients, so our system has to flow really well,” said Chris Keefe, chief financial officer of Metro Imaging. “Everything must run smoothly and this solution was perfect since it allows us to continue to work the way we always have and only required a small amount of user training. There is no way we could have achieved meaningful use without it.”

Business Case Time Education

Turning Classroom Learning into Teamwork



Challenge: Teaching takes a step into the digital age

In most classroom settings around the world, pen and paper, which have been used for centuries, are still the primary tools used. Teaching occurs in lecture format, even though this method has proven limitations. As course plans become more focused on information and communications technology, there is growing pressure on educational systems to step into the digital age. To facilitate digital educational initiatives, the South Korean company TStudy developed Symphony, a modern interactive classroom teaching system that draws from the benefits of pen and paper connected to the digital world. Time Education, one of the first and most comprehensive education companies in Asia, saw an opportunity to transform its classrooms into cutting edge, interactive learning environments and decided to implement Symphony in all of its schools in Asia.

Solution: Enter the digital pen

The Symphony system is an interactive solution that aims at creating a one-on-one learning environment in the classroom. Symphony replaces the traditional classroom setting with a more student-centric, interactive and fun approach to learning. Students use

a digital pen to take notes on paper imprinted with the Anoto dot pattern. Using the pen's integrated Bluetooth® module, their work is then transmitted to the teacher's PC and displayed on a screen or interactive whiteboard for the whole classroom to see. Teachers can evaluate each student's way of thinking and give targeted feedback, while students can compare their work with their classmates. All work can be stored electronically, enabling teachers to monitor the progress of their students more easily. Symphony can also administer exams, which Symphony then grades and analyzes automatically.

Result: Discussions and teamwork replace lecturing

Symphony enables a new style of classroom teaching. It enhances the motivation and creativity of the students because they participate actively, sharing and comparing their work in lively discussions. The system also makes it easier to address individual learning challenges, which can be difficult to manage in traditional classroom settings. Symphony's focus on teamwork makes learning more inspiring for the teacher and the students and the teaching approach has achieved great success.

Business Case Students with challenges

Digital Pen Completes the School Bag



Challenge: Not everyone has the same capacities

The need to transfer information from paper into digital format has increased significantly in the past ten years, especially in the world of education. Given that computers, reading tablets and smartphones are becoming an ever more integrated part of school work for many students, there is a growing need to find simple solutions for transferring information from physical to digital formats.

For students with reading and writing challenges, the need is especially big. The manual transfer of printed text to a digital tool can test students' capacity to concentrate, which reduces productivity and the quality of learning. The C-Pen scans and transcribes printed or written text by capturing it graphically. The text can then be transmitted to a digital medium like computers, reading tablets and smartphones. C-Pen significantly simplifies transcription, which enables increased personal productivity and minimizes the risk of error during transcription.

C-Pen can work as an aide and support tool for students with or without reading- or writing impediments.

Solution: Highlighter pen that facilitates learning

For a while, the education and finance ministries in Denmark have provided a so-called IT Rucksack to students with reading and writing difficulties, especially for those who have been diagnosed with dyslexia. The IT Rucksack was launched as a toolkit to facilitate learning and increase productivity among students.

Initially, the IT Rucksack contained a portable computer with software to make reading and writing easier, and a scanner to simplify the copying and transfer of entire texts to the computer. Since the summer of 2011, a C-Pen has also been included in the Danish IT Rucksack.

With a C-Pen complementing the existing tools, dyslexics, for example, can more easily learn without the need for special learning materials. The highlighter pen works together with a large number of software programs and operating systems and makes it possible to read and listen, while the text is being scanned.

Result: Higher quality of learning and increased personal productivity

Introducing the C-Pen in the IT Rucksack in Denmark has proven to be a successful initiative, with a clear improvement in study results among the students who use the highlighter pen. With the help of C-Pen, students with dyslexia or other reading and writing difficulties can absorb more information and increase their rate of learning. The C-Pen has received positive feedback from teachers, parents and students who all see that the highlighter pen supports and enables learning. IT rucksacks with C-Pen have so far helped thousands of Danish children, and the goal for the project period is to double the number by 2015.

Business Overview 2012

During 2012 more than 50 000 people started using solutions for mobile data collection based on Anoto digital pen and paper technology. The solutions are sold through our worldwide network of partners and system integrators. The needs of businesses and governments to reduce their expenses related to document management is greater than ever and more and more businesses realize that the digital pen and paper is a cost effective way to collect data.

Business Solutions

Business Solutions focus on business to business solutions, services and products, primarily within digitized forms handling.



- 10,000 pens were installed by a Japanese insurance company
- 3,200 pens were delivered by our French partner Kayentis to a European insurance company
- The British Prime minister and the Secretary of Health announced 140 MGBP to be invested into the British health sector
- Acquisition of 100% of the shares in Ubiquitous Systems Ltd
- Continued development of the company's products and services and the introduction of "LIVE", which will be include in the name of new products from Anoto

Net sales (MSEK)

126

Gross profit (MSEK)

89

Technology Licensing

Customers within Technology Licensing primarily develops and sells their own products based on Anoto technology and digital pens.



- 3 MEUR agreement with globally active company delivering electronic voting solutions to government
- Cooperation with Panasonic led to the presentation of the first tablet PC with Anoto's pattern technology embedded in the screen at CES in January 2013

Net sales (MSEK)

47

Gross profit (MSEK)

42

C Technologies

C Technologies develops and markets C-Pen® which captures and transfers printed information to computers and smartphones.



- Improved sales over last year (+4 MSEK)
- The launch of a new reading pen, TS1
- Continued work on improvement of product portfolio and further efforts to improve partnerships with existing and new sales channels

Net sales (MSEK)

23

Gross profit (MSEK)

11

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 January 1 – December 31, 2012 financial year.

Group structure

Anoto Group AB is the parent company in the corporate business group, performing group-wide functions only to its subsidiaries. The operational activities including sales are performed by the subsidiaries Anoto AB, C Technologies AB, Anoto Inc., Anoto-Maxell K.K., Ubiquitous Systems Ltd and Destiny Wireless Ltd. From here on we refer to the entire business group as "Anoto", unless otherwise follows from the context.

Enterprise

Anoto is a high-tech company that has developed a unique technology for digital pen and paper, enabling rapid, reliable conversion of handwritten text and illustrations to digital form. The organization is divided into three business areas: "Business Solutions", "Technology Licensing" and "C Technologies". The entire business is based on digital camera technology and image processing in real time.

Anoto Business areas

Business Solutions

Business Solutions focuses on systems, products and services that target businesses, primarily in the field of forms processing and data capture. The offering 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.

Business Solutions had a positive development during the year. The Net sales increased by MSEK 26 compared to the previous year and reached MSEK 126 in 2012. Excluding the businesses acquired during 2011/2012, sales within Business Solutions was MSEK 9 lower than previous year.

Anoto has, during the year, worked intensely with the product portfolio, which shall generate sales in the years to come. Anoto is focusing on the consolidation of resources with software- and solution providers in order to be in a position to offer better packaged products and solutions to other partners, system integrators and re-sellers within different market segments. At the same time we are increasing our efforts within sales and marketing in order to strengthen our business and to attract larger partners.

During the past year Anoto has been involved in two large deliveries within the insurance business, a sector where our technology has proved

to have significant advantages. Another area where we see an increased demand is the banking sector.

During the fall of 2012 the British government announced its intentions to, through financial support, enhance an increased use of solutions using digital pens within the NHS. Following the announcement we now see signs of an increased activity level at our subsidiaries and British partners.

Technology Licensing

Customers within Technology Licensing develop and sell products based on technology and digital pens provided by Anoto. The main offering focuses on the education segment and creates 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.

The Net sales within Technology Licensing was MSEK 16 below previous year, totaling MSEK 47.

During the year Anoto signed an agreement, initially worth MEUR 3, with a globally active partner within voting and similar government services. Anoto will, together with this new partner, work on solutions which will support the partner's and its customers' business.

Anoto has during 2012 worked together with Panasonic to integrate our technology into Panasonic's new tablet PCs. A new tablet PC with the Anoto dot pattern embedded in the screen was introduced by Panasonic at the Consumer Electronic Show (CES) in Las Vegas on January 8, 2013. The launch of the new product is planned during the summer of 2013.

The cooperation with the TStudy group, initiated in 2009, has continued as planned. Anoto has during the year started delivering DP601 pens to the TStudy group for use together with Symphony, TStudy's product for the classroom environment. TStudy has established a business in China during 2012 with an office in Beijing and expect significant growth in China during the coming years. Furthermore, TStudy has during the year established sales into the public school system in Korea.

The use of Anoto technology within whiteboard applications did not develop in line with our expectations for the year. The market, especially in the US, has due to the current economy been very weak over the past year. Our customers expect, however, a slight recovery in the com-

ing year and continue to see a bright future for interactive whiteboards.

Partners who develop their own digital pens based on Anoto technology contribute to Anoto's revenues through royalty payments. The partners within this market have experienced a weaker business than expected. Anoto's royalty income, which includes royalties from other types of customers, was MSEK 11 below previous year.

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.

The Net sales in C Technologies was MSEK 4 higher than previous year, totaling MSEK 23 in 2012.

During the year a new product, C-Pen TS1, was launched by C Technologies. The new pen comes with software developed to support students in general and auditory students in particular.

In consumer sales, the work within product development, marketing and sales is still focused on dyslexics, students and schools. Geographically the focus of consumer sales is primarily in Scandinavia, the UK and Germany.

In the OEM area our focus is to continue to developing the business activities with our existing customers and to eventually introduce products in new markets with new partners. The products are developed to improve usability and customer value.

Shares and shareholders

There were as per end of 2012 137,037,081 issued Anoto shares. According to Euroclear Sweden AB's statistics, there were 4,936 shareholders on December 31, 2012, representing a decrease of approximately 9 per cent over the past 12 months.

In relation to the acquisitions of Ubiquitous Systems Ltd and Xpaper technology from Talario, 4,706,324 respective 2,014,702 Anoto shares were issued to the sellers.

The largest shareholder as per 31st of December 2012 was Aurora Investment, Ltd. owning 22,3 per cent of the votes and capital.

Employees

The average number of employees within the Group increased from 94 to 103 in 2012. The Group had 102 employees (94) at the year-end, including employees in the acquired company Ubiquitous Systems Ltd.

Remarks on the statement of comprehensive income

Net sales for the year increased by three per cent from MSEK 192 to MSEK 199. Anoto's gross profit for the year increased to MSEK 144 (137), and the gross margin was 72 per cent (71).

Overhead costs increased during 2012 by MSEK 29 compared to the previous year. The major reason for the increase is the accelerated activ-

ity level within the development of products and services together with the acquisitions of Ubiquitous Systems Ltd and Xpaper technology.

Anoto capitalizes non-customer financed development- and patent expenses meeting the IAS 38 criteria. A total of MSEK 3 (3) was capitalized in 2012.

The profit before depreciations and amortizations (EBITDA) in the period was MSEK -27 (4).

As a part of the annual closing process Anoto tested the value of the Group goodwill, a total of MSEK 110, and found that there is no evidence of impairment. Anoto has during the year made write-downs of MSEK 1 in connection with the continuous review of the company's patent portfolio.

The operating result for the year was MSEK -42 (-243).

Remarks on the statement of financial position and the statement of cash flows

The total assets decreased by MSEK 19, mainly because of the result of the year. Short term and long term liabilities have increased by MSEK 5 to MSEK 101. The liabilities include prepaid royalties of MSEK 10 for which there is no obligation for repayment or other performance.

The long term liabilities per end of 2012 include loans of MSEK 18 which stem from the two British companies acquired during 2011/2012.

Group Equity at the end of the year amounted to MSEK 131 compared to MSEK 153 in previous year. The equity/debt ratio at year-end is 60 per cent (65).

The cash flow from operating activities was MSEK -15 (-50). Working capital increased by MSEK 13 (-50). Cash flow from investment activities during the year was MSEK -6 (-9), of which MSEK -2 (-3) are related to capitalized patent expenses. The cash flow from financing activities was 3 (0). The cash flow for the year was MSEK -18 (-57). Closing cash at end of year was MSEK 5 (24).

Investments

The net investments for the year totalled MSEK 11 (9), of which MSEK 5 was related to the acquisition of Xpaper from Talario LLC, paid through issuance of shares.

Research and development

Anoto's R&D efforts are focused on upgrading and integration of hardware and software for solutions within digital data capture using digital pens. The R&D expenses during the year were MSEK 89 (63) equivalent to 49 percent (41) of the total operating expenses. The number includes amortization of capitalized development of MSEK 1 (1).

Pursuant to its compliance with IAS 38, the Group capitalized MSEK 1 (0) during 2012. Including capitalization, the Group's R&D expenses totaled MSEK 90 (63) for the year.

Anoto has an extensive patent portfolio. At the end of 2012, the Group had 99 active patent applications and owned 415 registered patents within the area of digital pen and paper technology.

Diputes

Anoto is currently not engaged in any dispute 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.

Riskmanagement

Liquidity and financing risk

Anoto's liquid assets, as cash and bank deposits, amounted at the end of 2012 to MSEK 5 (24). The Group has, through the 2011/2012 acquisitions of Destiny Wireless Ltd and Ubiquitous Systems Ltd, borrowings of MSEK 18. These loans are secured against the current assets of the acquired entities. There are no other loans in the Group and apart from the recently acquired business the Group has neither any interest bearing liabilities nor pledged accounts receivables, inventory or fixed assets.

Due to the, during 2012, continued loss making operations and hence the strained liquidity the Board decided, in the beginning of 2013, to propose a new share issue which resulted in MSEK 43,8. The money from the share issue will, besides from securing the liquidity for 2013, also provide the company with sufficient means to finalize ongoing development projects as well as funding of activities to improve the operations. More information below under "Significant events after year-end".

Currency Exposure

Anoto conducts the main part of its sales internationally, and a majority of the invoicing is in EUR, GBP, USD and JPY. A significant part of the costs are in SEK, USD and GBP. Margins and earnings are sensitive to currency fluctuations, mainly against the Euro where the company has predominantly income. The Board believes that the distribution between the Group's operating currencies provides a sufficient balance in the foreign currency exposure and that the company therefore should not work with hedging of currency net flows.

In 2012, 30 percent of the total income was in EUR, 29 per cent was in USD and 21 per cent in GBP. Refer to Note 4 for a detailed description of the company's risk management policies.

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. For additional information about credit risks in accounts receivable, refer to Note 27. The financial credit risk is managed as part of Anoto's finance policy.

Insurance Risk

Anoto'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's 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 that Anoto infringes their intellectual property rights, and may do so also in the future. 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, to modify its products and technology, and/or to enter into license agreements with licensors. Anoto cannot guarantee that such licenses will be available at all or be possible to obtain on reasonable terms. Anoto cannot guarantee that such licenses will be available at all or be possible to obtain on reasonable terms.

Employee policies

To realize Anoto's business concepts, we depend on a multitude of skilled employees who are wholeheartedly engaged in their work and who have a good understanding of the communication between people from different cultures and backgrounds. We strive to make use of all of our employees' competences in best possible ways. No employee should under any circumstance be discriminated against. We apply a clear policy on gender equality, equal opportunities and anti-discrimination. We strongly encourage an environment of respect and honesty, with open and clear communication by and between all parties involved in Anoto's business.

In a knowledge based company like Anoto, employee competences are our most important assets. Without constantly adding knowledge to the workforce and allowing the transfer of knowledge between colleagues, the company cannot develop. Competence development is therefore a priority at Anoto. Development plans are determined individually to ensure that the goals and ambitions of both the employees and the company are aligned.

The board and its rules of procedure

The Anoto Group AB Board of Directors consists of five regular members. Refer to the section entitled "Corporate Governance Report" in this annual report for a detailed account of the Board's composition and working methods.

The 2012 Annual General Meeting authorized the Board to decide on one or more directed share issues totaling no more than 15,000,000 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 on remuneration for senior executives

Remuneration for the CEO and senior executives in 2012 appears in Note 9, "Salaries and other remunerations". The Board has proposed to the Annual General Meeting that the guidelines on remuneration for senior executives remain unchanged in 2013.

Significant events after year-end

New share issue

On February 4, the Board decided on a rights issue at a maximum of MSEK 95.

The result from the rights issue, communicated to the market on March 28, was a subscription rate of 47%, equivalent to 25 739 937 new shares or MSEK 43,8 before issue costs. The management team and the Board believes that the injection from the rights issue will be sufficient to support the business during 2013.

Proposed appropriation of accumulated result

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

Share premium reserve	17 772 069 SEK
Profit brought forward	0 SEK
Loss for the year	-29 160 891 SEK
Totalt	-11 388 822 SEK

The Board of Directors and CEO propose that the accumulated deficit of SEK 11,388,822 reduces the statutory reserve by the same amount. With regard to the financial position of the Group and parent company, refer to the following accounts.

Outlook

Recent developments in our business, large global brands adopting our technology within business solutions, partners' expanding within education in Korea and China, a large global partner developing solutions for voting and emerging opportunities to become an alternative for screen and tablet computer manufacturers for digital writing, has confirmed our belief in several large growth opportunities.

Group

Statement of comprehensive income

(TSEK)	Note	Group 2012	Group 2011
Net sales	5	198 646	192 286
Cost of goods and services sold	11	-55 083	-55 719
Gross profit/loss		143 563	136 567
Selling expenses	8,14,31,33	-58 457	-65 281
Administrative expenses	8,9,10,14,31,33	-35 939	-25 975
Research & development costs	8,14,34	-86 601	-62 649
Other operating income	12	2 392	10 816
Other operating costs	13	-7 131	-236 458
Operating profit/loss	11	-42 173	-242 980
Financial income	16	63	155
Financial cost	16	-2 704	-1 024
Profit/loss before taxes		-44 814	-243 849
Taxes	17	-15	-30
Profit/loss for the year		-44 829	-243 879
Other comprehensive income/cost			
Translation differences for the year		2 811	-1 253
Tax attributable to items in other comprehensive income/cost		0	0
Other comprehensive income/cost for the year		2 811	-1 253
Profit/loss for the year		-42 018	-245 132
Total profit/loss for the year attributable to:			
Shareholders of Anoto Group AB		-42 235	-246 274
Non-controlling interest		-2 594	2 395
Total profit/loss for the year		-44 829	-243 879
Total comprehensive income/cost for the year attributable to:			
Shareholders of Anoto Group AB		-40 204	-246 949
Non-controlling interest		-1 814	1 817
Total profit/loss for the year		-42 018	-245 132
Earnings per share before and after dilution (SEK) ¹⁾²⁾		-0,33	-1,89
Earnings per share on total comprehensive income/cost before and after dilution ¹⁾²⁾		-0,31	-1,90
Weighted average number of shares		136 757 038	129 161 263
Weighted average number of shares after dilution ²⁾³⁾		136 757 038	129 161 263

1) Profit/Loss for the year attributable to shareholders of Anoto Group AB divided by the average number of shares during the year.

2) Profit/Loss for the year attributable to shareholders of Anoto Group AB divided by the 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). There were no outstanding warrants at the year end 2012.

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

Statement of financial position

Group

(TSEK)	Note	Group 2012-12-31	Group 2011-12-31
Assets			
Non-current assets			
Intangible fixed assets			
Capitalized development expenditures	18	1 614	3 100
Patent	19	10 380	15 355
Goodwill	22	109 781	96 875
Brands	20	1 179	858
Other intangible assets	21	5 350	2 551
Total intangible fixed assets		128 304	118 739
Property, plant and equipment			
Equipment and tools	23	4 578	6 910
Total property, plant and equipment		4 578	6 910
Financial fixed assets			
Other long-term securities	25	2 853	200
Other long-term receivables	26	929	1 286
Total financial fixed assets		3 782	1 486
Total non-current assets		136 664	127 135
Current assets			
Inventory			
Finished goods and goods for sale		30 916	27 236
Current receivables			
Accounts receivable	27	24 037	39 138
Other receivables		9 613	7 286
Prepaid expenses and accrued income	28	10 018	11 363
Total current receivables		43 668	57 787
Liquid assets		5 459	23 941
Total current assets		80 043	108 964
TOTAL ASSETS		216 707	236 099

Statement of financial position

Group

(TSEK)	Note	Group 2012	Group 2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	38		
Share capital		2 741	2 606
Other capital contributed		471 420	453 648
Other reserves		2 464	433
Profit brought forward and Profit/loss for the year		-345 934	-303 699
Equity attributable to the shareholders of Anoto Group AB		130 691	152 988
Non-controlling interest		-14 888	-13 074
Long-term liabilities/Provisions			
Long-term interest bearing liabilities	32	18 235	15 695
Advance payments from customers		0	9 903
Total long-term liabilities/provisions		18 235	25 598
Current liabilities			
Provisions for product warranties	29	152	240
Short-term interest bearing liabilities		-	-
Accounts payable		26 789	20 470
Advance payments from customers		27 262	14 871
Other liabilities		6 002	6 790
Accrued expenses and deferred income	30	22 464	28 216
Total current liabilities		82 669	70 587
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		216 707	236 099
Pledged assets	34	326	2 745
Contingent liabilities	35	1 815	2 140

Statement of cashflows

Group

(TSEK)	Note	Group 2012	Group 2011
OPERATING ACTIVITIES	39		
Profit after financial items		-44 814	-243 849
Change in provisions	29	-88	-589
Depreciation and amortization on assets	14, 18-23	14 821	13 600
Impairment losses of fixed assets	14, 18-23	1 431	233 329
Tax paid	17	-15	-30
Cash flow from operating activities before change in working capital		-28 665	2 461
Cash flow from change in working capital			
Change in operating receivables		14 119	-23 426
Change in inventory		-3 680	-1 930
Change in operating liabilities		2 705	-24 950
Total change in working capital		13 144	-50 306
Cash flow from operating activities		-15 521	-47 845
Capital expenditure			
Capitalized development expenditures	18	-904	-398
Patents	19	-2 182	-2 657
Brands	20	-474	-220
Equipment and tools	23	-1 941	-810
Shares in group companies	40	-	-5 173
Cash flow from net capital expenditures		-5 501	-9 258
Total cash flow before financing activities		-21 022	-57 103
Financing activities			
Change in long-term receivables		2 540	-
Change in long-term liabilities		-	-
Cash flow from financing activities		2 540	-
Cash flow for the year		-18 482	-57 103
Liquid assets at beginning of the year		23 941	81 044
Liquid assets at end of the year		5 459	23 941

Statement of changes in shareholders' equity

Group

(TSEK)	Share capital	Other capital contributed ¹⁾	Translation reserve ²⁾	Profit brought forward incl. profit for the year	Shareholders' equity contributable to the shareholders of Anoto Group AB	Non-controlling interest	Total shareholders equity
Shareholders' equity January 1 2011	2 572	448 508	1 108	-57 425	394 763	-3 160	391 603
Total profit/loss for the year	-	-	-	-246 274	-246 274	2 395	-243 879
Other comprehensive income/cost	-	-	-675	0	-675	-578	-1 253
Total comprehensive income/cost for the year	0	0	-675	-246 274	-246 949	1 817	-245 132
Acquisitions for the year	-	-	-	-	0	-11 731	-11 731
New share issue	34	5 140	-	-	5 174	-	5 174
Shareholders' equity December 31, 2011	2 606	453 648	433	-303 699	152 988	-13 074	139 914
Total profit/loss for the year	-	-	-	-42 235	-42 235	-2 594	-44 829
Other comprehensive income/cost	-	-	2 031	-	2 031	780	2 811
Total comprehensive income/cost for the year	0	0	2 031	-42 235	-40 204	-1 814	-42 018
New share issue	135	17 772	-	-	17 907	-	17 907
Shareholders' equity December 31, 2012	2 741	471 420	2 464	-345 934	130 691	-14 888	115 803

1. Includes parent company statutory reserve and premium reserve from share issues. For changes in these items references are made to changes in parent company equity.

2. From translation of Financial reporting from foreign subsidiaries.

Parent Company

Income statement

(TSEK)	Note	Parent company 2012	Parent company 2011
Net sales		6 561	9 128
Cost of goods and services sold		0	0
Gross profit/loss		6 561	9 128
Selling expenses	8,14,31,33	0	0
Administrative expenses	8,9,10,14,31,33	-6 221	-8 265
Research & development costs	8,14,33	0	0
Other operating income	12	0	0
Other operating costs	13	0	0
Operating profit/loss	11	340	863
Profit/loss on shares in group companies	15	-29 500	-240 570
Interest and similar income	16	0	4
Interest and similar expenses	16	-1	0
Profit/loss before taxes		-29 161	-239 703
Taxes	17		
Profit/loss for the year		-29 161	-239 703

Statement over comprehensive income

(TSEK)	Note	Parent company 2012	Parent company 2011
Profit/loss for the year		-29 161	-239 703
Other comprehensive income/cost		0	0
Total comprehensive income/cost		-29 161	-239 703

Balance sheet

Parent company

(TSEK)	Note	Parent company 2012	Parent company 2011
ASSETS			
Non-current assets			
Intangible fixed assets			
Patents	19	225	344
Brands	20	33	37
Total intangible fixed assets		258	381
Property, plant and equipment			
Equipment and tools	23	5	27
Total property, plant and equipment		5	27
Financial fixed assets			
Other long-term securities		2 853	-
Shares in group companies	24	70 136	70 136
Receivables - group companies		110 000	110 000
Total financial fixed assets		182 989	180 136
Total non-current assets		183 252	180 544
Current assets			
Current receivables			
Receivables from subsidiaries		-	-
Other receivables		271	4
Prepaid expenses and accrued income	28	316	229
Total current receivables		587	233
Liquid assets		56	325
Total current assets		643	558
TOTAL ASSETS		183 895	181 102
Shareholders' equity			
Restricted equity			
Share capital	38	2 741	2 606
Statutory reserve		170 126	404 690
Total restricted equity		172 807	407 296
Non restricted equity			
Share premium reserve		17 772	5 140
Profit brought forward		0	0
Profit/loss for the year		-29 161	-239 703
Total non restricted equity		-11 389	-234 563
Equity attributable to the shareholders of Anoto Group AB		161 478	172 733
Current liabilities			
Accounts payable		1 362	922
Liabilities to group companies		17 314	4 370
Other liabilities		664	1 512
Accrued expenses and prepaid income	30	3 077	1 565
Total current liabilities		22 419	8 369
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		183 895	181 102
Pledged assets	34	0	0
Contingent liabilities	35	0	0

Cash flow statement

Parent company

(TSEK)	Note	Parent company 2012-12-31	Parent company 2011-12-31
OPERATING ACTIVITIES	39		
Profit after financial items		-29 161	-239 703
Depreciation and amortization on assets	14, 18-23	-148	147
Impairment of shares in group companies	15	29 500	240 570
Cash flow from operating activities before change in working capital		190	1 015
Cash flow from change in working capital			
Change in operating receivables		-354	19 775
Change in operating liabilities		-15 155	6 353
Total change in working capital		-15 509	26 128
Cash flow from operating activities		-15 319	27 143
Capital expenditure			
Patents 19	19	0	-
Brands	20	-3	-
Equipment and tools	23	-	-
Acquisitions of shares		-2 853	
Acquisitions of shares in Group companies			-33 000
Cash flow from net capital expenditures		-2 856	-33 000
Total cash flow before financing activities		-18 175	-5 857
Financing activities			
New share issues		17 906	5 140
Cash flow from financing activities		-17 906	-5 140
Cash flow of the year		-269	-717
Liquid assets at beginning of the year		325	1 042
Liquid assets at end of the year		56	325

Changes in shareholders' equity

Parent company

(TSEK)	Share capital	Statutory reserv	Total restricted equity	Share premium reserve	Profit brought forward incl profit for the year	Total unrestricted equity	Total equity
Shareholders' equity January 1 2011	2 572	419 610	422 182	28 555	-43 475	-14 920	407 262
Total profit/loss for the year	-	-	0	-	-239 703	-239 703	-239 703
Other comprehensive income/cost	-	-	0	-	-	0	0
Total comprehensive income/cost for the year	0	0	0	0	-239 703	-239 703	-239 703
Allocations of income	-	-14 920	-14 920	-28 555	43 475	14 920	0
New share issues	34	-	34	5 140	-	5 140	5 174
Shareholders' equity December 31, 2011	2 606	404 690	407 296	5 140	-239 703	-234 563	172 733
Total profit/loss for the year	-	-	-	-	-29 161	-29 161	-29 161
Other comprehensive income/cost	-	-	-	-	-	0	0
Total comprehensive income/cost for the year	0	0	0	0	-29 161	-29 161	-29 161
Allocations of income	-	-234 564	-234 564	-5 140	239 703	234 563	0
New share issues	135	-	135	17 772	-	17 772	17 906
Shareholders' equity December 31, 2012	2 741	170 127	172 867	17 772	-29 161	-11 389	161 478

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.

(TSEK)	2012	2011
Registered opening balance	130 316 055	128 583 867
New share issues	6 721 026	1 732 188
Registered closing balance	137 037 081	130 316 055
Par value (SEK)	0,02	0,02

NOTES

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Not 1:

The consolidated accounts of Anoto Group AB (publ.) (Anoto) have been prepared in compliance with the Swedish Annual Accounts Act, International Financial Accounting Standards (IFRS), interpretations from International Financial Reporting Committee (IFRIC) as accepted by EU and the Swedish Financial Reporting Board recommendation RFR 1 "Complementary accounting standards for group accounting".

The parent company's annual accounts have been prepared in compliance with the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board recommendation RFR 2, "Accounting for legal entities". In addition, Swedish Financial Reporting Board statements applicable for listed companies are observed. The consolidated and annual accounts, which are specified in thousands of Swedish kronor (SEK Thousand), refer to January 1 - December 31 for income statement items and December 31 for balance sheet items.

The annual report and consolidated accounts have been approved for distribution by the Board and the CEO on April 19, 2012. The Group's statement of comprehensive income and statement of financial position, and the parent company's income statement and balance sheet, will be subject to approval by the Annual General Meeting on May 15, 2013.

Not 2:

The Group

Significant accounting policies applied

Other than the revaluation of certain financial instruments, assets and liabilities are based on historical cost.

The parent company's functional currency, Swedish kronor (SEK), is also the reporting currency for the Group.

Below is a summary of the accounting principles used by the Group. The accounting principles have, with the exceptions described, been applied consequently to all periods presented, in the Group's financial reports. The Group accounting policies have been applied accordingly by all Group companies.

Assessments and applications in the financial reports

Preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the ap-

plication of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed periodically. Changes in estimates are recognized in the period in which it is revised if the revision affects only that period, or the period in which the revision is made and future periods if the revision affects both current and future periods.

Classification etc.

Fixed assets and financial liabilities consist of amounts expected to be recovered or settled after more than twelve months from the closing date. Current assets and current liabilities consist of amounts to be recovered or paid within twelve months from the closing date.

Consolidated accounts

The consolidated accounts cover Anoto Group AB (publ.), the parent company, and the companies in which the parent company has a controlling interest. Controlling interest means the direct or indirect right to outline a company's financial and operational strategies in order to achieve economic benefits. In determining whether a controlling influence exists, potential voting rights that are exercisable or convertible are considered.

Acquisitions as from January 1, 2010

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. Transaction costs that arise, with the exemption of transaction costs arising from issues of equity instruments or debt instruments, are recognized directly in profit or loss for the year.

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. When the difference is negative, a so called bargain purchase, this is recognized directly in profit or loss for the year.

Transferred consideration in connection with the acquisition does not include payments that applies to settlement of previous business rela-

tions. This type of settlement is recognized in profit or loss.

Contingent payments are reported at fair value on the acquisition date. In cases where a contingent payment is classified as an equity instrument, no revaluation is done, and settlement is done in equity. Other contingent payments are revalued at every reporting date, and the change is recognized in profit or loss for the year.

In companies that are not wholly owned subsidiaries, non-controlling interests are recognized. There are two alternative ways for reporting non-controlling interests, either as the proportionate share of net assets or at fair value meaning that goodwill is included in the non-controlling interest. The choice of method can be made individually for each acquisition.

Acquisitions made between January 1, 2004 and December 31, 2009

Acquisitions made between January 1, 2004 and December 31, 2009 and when the historical cost exceeds the fair value of assets paid and overtaken liabilities as well as contingent liabilities, which are recognized separately, the difference is reported as goodwill. When the difference is negative, this is recognized directly in profit or loss for the year. Transaction costs, with the exemption of transaction costs arising from issues of equity instruments or debt instruments, have been capitalized as part of the acquisition.

Acquisitions made before January 1, 2004 (date of first-time adoption of IFRS)

On acquisitions made before January 1, 2004 goodwill has, after impairment testing, been reported to a historical cost equivalent to recognized value according to previous accounting policies. The classification and the handling in the accounts of the acquisitions made before January 1, 2004 has not been reviewed in accordance with IFRS 3 when preparing the opening balance of the Group according to IFRS on January 1, 2004.

Financial statements of subsidiaries are consolidated from the date of acquisition until the date that control ceases.

In cases where the subsidiary's accounting policies do not comply with Group accounting policies, adjustments are made to the Group's accounting policies.

Losses attributable to non-controlling interest is distributed even in cases where non-controlling interest will be negative.

Acquisition of non-controlling interest

Acquisition by non-controlling interest is recognized as a transaction in equity, i.e. between the owners of the parent company (within retained earnings) and non-controlling interest. Therefore, no goodwill arise on these transactions. The change in non-controlling interest is based on its proportionate share of net assets.

Divestment to non-controlling interest

Sales to non-controlling interest, in which control remains, reported as a transaction inequity, i.e. between parent company and non-controlling interest. The difference between the price received and the non-controlling interests proportionate share of net assets acquired is recognized in retained earnings.

Elimination of intra-Group transactions

All intra-Group transactions are eliminated in the consolidated accounts. IntraGroup transactions include internal sales, profits and balances, as well as shareholders' contributions to Group companies and impairment losses on participations in Group companies.

Transactions in foreign currencies

A functional currency is assigned to each foreign subsidiary. The functional currency is the currency of the primary economic environment in which the companies carry out their business.

Monetary assets and liabilities in foreign currencies are translated to the functional currency to the exchange rate in effect on the balance sheet date. Exchange rate differences arising from translation are recognized against profit or loss for the year. Non-monetary assets and liabilities recognized at historical costs are translated at the exchange rate at the time of the transaction. Non-monetary assets and liabilities recognized at fair values are translated at the functional currency to the exchange rate applicable at the time of valuation to fair value.

The financial reports of 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, including goodwill and other consolidated surpluses and deficits and at the average exchange rate for all items included in the result.

The translation differences that arise stem from the difference between the average 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 reported separately in the statement of comprehensive income as translation differences for the period and are accumulated in the equity as translation reserve. In the event that the foreign operation is not wholly owned the translation difference is distributed to non-controlling interests

based on its proportionate share of ownership. If control, significant influence or joint control ceases in a foreign operation, the translation differences attributable to the entity are realised and they are reclassified from revaluation reserve in equity to net income. In case of a divestment where control remains, a pro rata share of cumulative translation adjustments is transferred from revaluation reserve to non-controlling interest.

Revenue recognition

Revenue is received from product sales, licenses, royalties and development projects. Revenue from product sales is recognized 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 recognized 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.

Financial income and expenses

Financial income includes interest income on funds invested (including available assets held for sale), dividend income, gains on disposals of financial assets held for sale, profits from the value of financial assets at fair value through profit and loss on hedging instruments recognised in result for the year.

Interest income on financial instruments is recognized using the effective interest method (see below). Dividend income is recognized when the right to receive payment is established. Profit from sale of financial instruments are recognized when the risks and benefits associated with ownership of the instrument is transferred to the buyer and the Group no longer controls the instrument.

Country	Currency	Average exchangerate		On balance sheet date	
		2012	2011	2012	2011
USA	USD	6,775	6,497	6,516	6,923
Japan	JPY (100)	8,507	8,166	7,563	8,918
Great Britain	GBP	10,734	10,520	10,491	10,677

Exchange rates used at recalculation of foreign subsidiaries, see table above

Financial expenses comprise of interest expense on borrowings, the effect of dissolving the present value of provisions, revaluation losses on financial assets valued at fair value through profit or loss, impairment of financial assets and losses on hedging instruments recognised in net income. Borrowing costs are recognised in earnings using the effective interest method, except to the extent they are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for intended use or sale, in which case they are part of the acquisition value.

Exchange gains and losses are reported net.

The effective rate is the rate that exactly discounts estimated future cash payments under a financial instrument's expected life of the financial asset or liability's net carrying amount. The calculation includes all fees paid or received by the contractors who are part of the effective interest rate, transaction costs and all other premiums or discounts.

Intangible assets

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. As described in note 22 the Group has no independent cash-generating units and the Group as a whole is viewed as a cash-generating unit, thus there has been no split of the goodwill amount. Goodwill is not amortized 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 recognized if the value of the unit reported by the Group exceeds the recoverable amount. The impairment loss is charged to earnings for the year.

Regarding goodwill acquired before January 1, 2004 : The Group has at the transition to IFRS not adopted IFRS retrospectively as per the transition date. Reported net book value thus equals net book value as per January 1, 2004 having considered periodic impairment testing.

Research and development

Expenses for research related to acquiring new scientific or technical knowledge are expensed immediately as they occur. Expenses for development, where the results from research or other knowledge are applied to achieve new or improved products, are reported as an asset in the statement of financial position if the product is technically or commercially useful and if the company has sufficient resources to complete the development and thereafter use or market the immaterial asset. The reported value includes all directly attributable expenses, such as material and services, payroll and registration of legal rights. Other expenses related to development are expensed directly as they occur. In the statement of the financial position development expenses are reported at actual cost less accumulated amortization and write-downs.

Other intangible assets

Other intangible assets acquired by the Group mainly relates to patents, brands and licenses and are reported at acquisition cost less accumulated amortizations and write-downs.

Subsequent expenses

Subsequent expenditure on capitalized intangible assets are recognized as an asset in the statement of financial statement only when it increases the future economic benefits for the specific asset to which they relate. All other expenditure is expensed as incurred.

Tangible fixed assets

Property, plant and equipment consisting of equipment, computer equipment and computer programs is reported at accumulated depreciation according to plan and any impairment losses. Acquisition cost includes purchase price and expenses directly attributable to the bringing of the asset to its use as intended with the acquisition. Other expenses are added to the acquisition cost only if it is probable that such expenses will lead to future economic benefits and if such expenses can be calculated properly. Other related costs are reported as expenses as they occur.

Depreciation and amortization according to plan

Depreciation and amortization according to plan are based on the historical costs and are done on a straight-line basis over the estimated economic useful lives of the assets in view of the following depreciation and amortization periods:

- Patents 10 years
- Capitalized development expenditures 3 years
- Brands 10 years
- Equipment 5 years
- Capital expenditure on rented assets 5 years

The depreciation and amortization methods used, residual values and useful life of assets are reassessed at the end of each year.

Impairment losses

Write-down of tangible and intangible fixed assets

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 recognized if the Group's reported value exceeds the recoverable amount, and the impairment loss is charged to result for the year.

Write-down of financial assets

At the time of each reporting the company evaluates the existence of objective evidence of an impairment in financial assets, such as identifiable occurrences having a negative effect on the possibilities to regain the acquisition cost.

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 An-

oto Group has no significant financial lease contracts. Cost for operational leases are distributed evenly over the lease period.

Profit per share

The calculation of profit per share is based on the annual result in the Group attributable to the shareholders of the parent company and the weighted average of outstanding shares during the year. When calculating the profit per share after dilution the result and the average number of shares are adjusted in order to consider potential dilution from preference shares, which during the reporting periods relates to options granted to employees. The dilution from options affects the number of shares and occurs only when the strike price is below market price.

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.

Reporting of and derecognition from the statement of financial position

A financial asset or financial liability is recognized in the statement of financial position when the company becomes party to the instrument's contractual terms. A receivable is recognized when the company has performed and there is a contractual obligation on the counterpart to pay, even if the invoice has not been sent. Accounts receivable are recorded in the statement of financial position when the invoice is sent. Liabilities are recognized when the counterparty has performed and there is contractual obligation to pay, even if the invoice has not been received. Accounts payable are recognized when an invoice is received.

A financial asset is derecognized from the statement of financial position when the rights to the agreement are realized, expired or when the company loses control over them. The same applies to portions of financial assets. A financial liability is derecognized from the statement of financial position when the obligation in the agreement is fulfilled or become extinguished in some other way. The same applies for part of a financial liability.

A financial asset and a financial liability are offset and the net amount is recognized in the statement of financial position only when the company has a legal right to set off the amounts and intends either to settle the net amounts or at the same time realize the receivable and settle the liability.

Acquisition or divestment of financial assets are reported on the transaction day. The transaction day is the date on which the company commits to acquire or divest the asset.

Classification and valuation

Financial instruments, except for derivative instruments, are initially stated at cost, corresponding to the instrument's fair value. Transaction costs are added to this for all financial instruments except for those belonging to the financial assets category, which are reported in the income statement at fair value. The classification of a financial instrument on the initial reporting depends on the intention of the acquirer. The classification decides how the financial instrument is valued on the initial reporting date as described below.

Derivative instruments are reported initially at their fair value meaning that transaction costs are charged against profit or loss for the period. After the initial recognition, derivative instruments are reported as described below.

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.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are monetary assets which are not derivatives, that have defined payment plans or identifiable payments and which are not listed on an active market place. These assets are valued at historical cost. Accounts receivable are reported net after deduction of doubtful accounts receivable.

Financial assets/liabilities valued at actual cost through result

This category consists of two subgroups: Financial assets/liabilities held for trade and other financial assets/liabilities which the Group has chosen to report in this category. A financial asset is classified as held for trade if acquired with the intention to sell at short term. Derivatives are classified as held for trade. Assets/liabilities in this category are valued at market value and gains/losses are reported in the result. Derivatives held for trade by Anoto relate to securing of future (6 months) net cash flows in EUR, USD and JPY.

Unlisted shares

The company's ownership of unlisted shares are valued at acquisition cost in accordance with the exception rule in IAS 39 related to equity instruments whose actual cost cannot be accurately determined.

Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. The liabilities are measured at accrued acquisition value.

Currency forward contracts and hedge accounting

The Group uses currency forward contracts to hedge the net flow of foreign currencies up to

12 months. The size of each contract is based on rolling liquidity forecasts for following periods. The Group continually orders contracts in line with received payments in foreign currencies. The primary purpose of hedging is to shield the Group from major changes in cross rates. 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 result as other operating 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. The cost of inventories includes costs incurred to acquire inventory assets and transport them to their current site and condition.

Pensions and compensations to employees

All pension plans in the Group are classified as defined contribution pension plans, as Anoto's obligation is limited to the contributions that the company has undertaken to pay. In those cases, the size of an employee's pension depends on the contributions the company pays into a fund or to an insurance company and the capital return on those contributions. Consequently it is the employee who takes the actuarial risk (that the benefit becomes less than expected) and the investment risk (that the invested assets will be insufficient to support the expected benefit). The company's commitments concerning service costs paid to defined contribution pension plans are charged against profit in pace with employees' performance of their service for the company during a period.

Short-term compensation paid to employees is calculated without discounting and is reported as an expense when the related services were received. A provision for estimated bonus payment is reported when the Group has a legal or constructive obligation to make such payments due to the fact that the services in question have been received from the employees and the provision amount can be estimated in a reliable manner.

A provision is recognized in conjunction with termination of employees only if the company is unquestionably obligated to terminate an employee prior to the normal date. When compensation is offered to encourage voluntary departures, an expense and provision are booked if it is likely that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Taxes

All tax deemed payable on reported earnings is reported in the annual result. 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 statement of comprehensive income 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 statement of financial position only in amounts that can presumably be utilized within the foreseeable future.

Temporary differences are not taken into consideration in consolidated goodwill or in difference attributed to initial recognition of assets and liabilities not classified as acquisitions of business operations that, at the time of transaction, did not affect either net profit or taxable profit.

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, and 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 statement of financial position:

Product warranties

Provisions for product warranty commitments relate to the sale of pens. The warranty time period is 12 months and the provision is classified as short-term. As there is not yet any reliable history concerning the number of warranty issues, the provision is calculated with regard to the expected outcome during the existing warranty time period.

Disclosures about related parties

For disclosures about the company's transactions with related parties, refer to Note 9 "Remuneration for senior executives" and Note 37 "Related party transactions". There were no other transactions with related parties.

Segment reporting

The evaluation of the Group sales is based on three application areas Business Solutions, Technology Licensing och C Technologies. The outcome of the application areas is of a combination of invoicing of goods and services from various parts of the business, which are not represented by separate financial statements. The application areas utilize common resources with regards to development and administration and a split of costs below Gross profit would be possible only if based on rough estimates. The same applies also to the Group assets & liabilities. Evaluation of Group expenses is applied to the Group as a whole and there is no independent financial information available to the fields of application. The Group has consequently not identified any operating segments.

New IFRSs not yet applied

A number of new or amended standards does not take effect until the next financial year and has not been applied in preparing these financial statements. New standards or amendments with future application are not planned for early application. Such changes in accounting policies with future application is judged not to have any material effect on consolidated financial statements.

Parent company

The parent company's annual accounts have been prepared in compliance with the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board recommendation RFR 2, "Accounting for Legal Entities". In addition, Swedish Financial Reporting Board statements applicable for listed companies are observed. Application of RFR 2 entails that the parent company, in the annual report for the legal entity, shall comply with all EU-endorsed IFRSs and pronouncements as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act, and taking into account the connection between reporting and taxation. The recommendation indicates which exceptions from and amendments to IFRS are to be made.

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

Changes to accounting principles

The Parent Company has in 2012 made no changes to its accounting principles.

Classification and presentation format

An income statement and a comprehensive statement of income are presented for the parent company, whereas for the Group, these two financial statements form one comprehensive statement of income. In addition, for the parent company the titles balance sheet and cash flow are used for the financial statements which in the Group are titled statement of financial position and statement of cash flows, respectively. The income statement and balance sheet of the parent company are presented in accordance with the format prescribed in the Annual Accounts Act, whereas the statement of comprehensive income, statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in the parent company's income statement and balance sheet compared with the Group's financial statements consist mainly of the reporting of financial income and costs and the reporting of equity.

Leases

The parent company's financial lease contracts are reported as operational lease contracts.

Financial instruments

The parent company does not apply the pre-

sentation 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 recognized. Transaction costs are included in the reported cost for the subsidiary. Contingent payments are measured according to the probability that the payment will be made. Any changes in the provision/receivable is added to/reduces the reported cost. Acquisition to a low price corresponding to future expected losses and costs is dissolved during the expected periods the losses and costs arise. Acquisition to a low price arising from other reasons is recognized as provision except for the share that exceeds fair value on acquired identifiable non-monetary assets. The share that exceeds this value is taken up as an income immediately. The part that does not exceed the fair value on acquired identifiable non-monetary assets is taken up as an income in a systematic way over a period that is calculated as the remaining weighted average useful life of the acquired identified assets and which can be depreciated.

Not 3:

Critical assessments when applying the company's accounting policies

When applying the Group's accounting policies (as described in Note 2), 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 cashgenerating 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 110 million as of the balance sheet date. For additional information about impairment losses, refer to Note 22.

Impairment tests for capitalized development expenditures

When testing for impairment losses, the value in use is calculated for the technology and products developed by the company. The value in use is based upon the estimated future cash flows

that the technology and products are expected to generate.

Not 4:

The Anoto Board of Directors has adopted a financial policy for:

- Simplifying and harmonizing 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 Finance policy of the Group the cash need of the Group is continuously updated.

These cash flow analyses give information about cash planning, deposits, interest periods etc.

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

Liquidity and financing risk

Anoto's liquid assets, as cash and bank deposits, amounted at the end of 2012 to MSEK 5 (24).

Due to the, in 2012, continued loss making operations and consequently the strained liquidity, the Board decided, early February 2013, to propose a rights issue of approximately SEK 95 million. The proceeds from the rights issue will, in addition to liquidity for the next 12-month period being ensured, also giving the company the ability to complete the development projects and further develop the business. The result from the rights issue, communicated to the market on March 28, was a subscription rate of 47%, equivalent to 25 739 937 new shares or MSEK 43,8 before issue costs. The management team and the Board believes that the injection from the rights issue will be sufficient to support the business during the coming twelve months.

The Group has, through the 2011 and 2012 acquisitions of Destiny Wireless Ltd and Ubiquitous Systems Ltd, borrowings of MSEK 18. These loans are secured against the current assets of the acquired entities. There are no other loans in the Group and apart from the recently acquired business the Group has neither any interest bearing liabilities nor pledged accounts receivables, inventory or fixed assets.

There are no credit promises or liquidity reserve, e.g. overdraft facilities. No part of the borrowing is due for payment within the next twelve months. The only financial liabilities that, apart from the interest on the loans, will affect the cash flow are accounts payable and other current liabilities. All these liabilities fall due within 3 months.

Currency exposure and currency policy

Transaction exposure

Transaction exposure arises when income and expenses are in different currencies. Anoto has significant currency flows in USD, EURO, JPY and GBP because most of its invoicing is in those currencies.

Anoto's Board decided in 2012 on changes in the Group's currency policy, which means that the hedging of future cash flows are no longer made. This is mainly due to the difficulty in forecasting flows in different currencies of six months.

The surplus in EUR depends on the Group's invoicing in mostly EUR on the European market and on almost no costs in this currency. The net exposure in EUR is expected to decrease somewhat from the establishment of an office in the Netherlands but the net exposure will remain significant.

The increased net exposure in USD compared to last year stems from the relatively lower invoicing in USD. The expenses in USD are a combination of the purchasing of components and finished goods along with current expenses incurred in the USA based subsidiary.

The net exposure in JPY has increased during 2012. The Group's cost in JPY is related to the operations of the subsidiary in Japan.

The net exposure in GBP has, due to now having two subsidiaries in the UK, increased during 2012. The Net sales in GBP is related to invoicing

to customers in the UK by our UK based subsidiary and the costs in GBP is related to the running of the UK business.

Hedge accounting under IAS 39 does not apply.

Sensitivity analysis exposure

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

USD/SEK +/- 0,9 MSEK

EUR/SEK +/- 2,4 MSEK

JPY/SEK +/- 0,7 MSEK

GBP/SEK +/- 0,8 MSEK

Translation exposure

Hedging of translation exposure is determined by the Group finance policy. Currently no hedging of the translation exposure is undertaken as the risk is limited. An annual analysis of the risk takes place in order to identify changes in exposure. The net assets in the subsidiaries in the US, Japan and UK amount to MSEK -15, MSEK -15 and MSEK -25 respectively.

The effect on the translation reserve with a 5 percent change of the exchange rate is:

USD/SEK +/- 0,5 MSEK

JPY/SEK +/- 0,1 MSEK

GBP/SEK +/- 1,3 MSEK

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.

For additional information about credit risk in accounts receivable, refer to Note 27. The financial credit risk is managed as part of the Group's finance policy, refer to Liquidity policy above.

Other risk areas

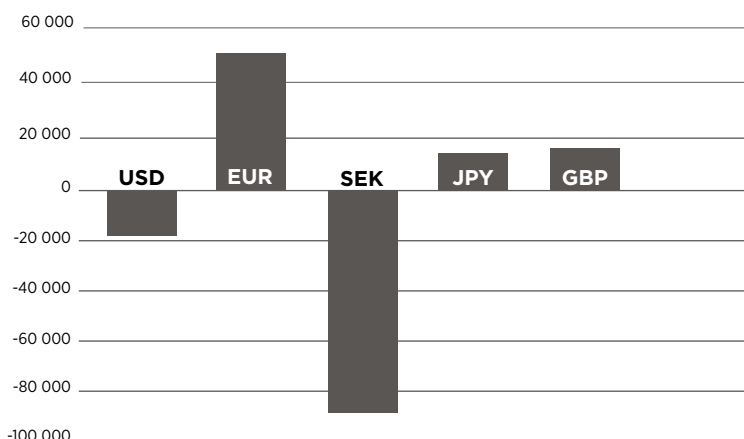
Other areas covered by the financial policy are:

- Interest rate risks
- Financing risks
- Guarantees and contingent liabilities

Maturity structure financial liabilities (MSEK) :

	0-3 mo	4-6 mo	7-12 mo	1-5 yrs
Borrowings	547	547	1 094	18 235
Accounts payable	26 789			
Other current liabilities	6 002			

Actual Net flows by currency:



Not 5: **Net sales****Net sales per Market**

<i>(TSEK)</i>	<i>Group 2012</i>	<i>Group 2011</i>
Sweden	16 847	22 635
Rest of EU	43 769	51 227
USA	44 125	70 883
Japan	23 713	17 755
Rest of Asia	13 775	19 693
Rest of the world	56 417	10 093
Total	198 646	192 286

Group sales per product group

<i>(TSEK)</i>	<i>Group 2012</i>	<i>Group 2011</i>
Royalty	22 631	31 531
NRE ¹⁾	16 938	3 504
Licenses	14 956	33 915
Components	779	10 331
Digital pens	108 852	96 923
Other	34 490	16 082
Total	198 646	192 286

1. Revenues from software/hardware development of customer products

Net sales per income type

<i>(TSEK)</i>	<i>Group 2012</i>	<i>Group 2011</i>
Goods	109 631	107 254
Services	89 015	85 032
Total	198 646	192 286

Net sales of the parent company only consist of inter-company invoicing of shared services.

Not 6: **Average number of employees**

	2012 No. of employees	2012 Whereof men	2011 No. of employees	2011 Whereof men
Parent company	-	-	-	-
Group companies:				
Sweden	55	44	77	55
USA	7	5	5	4
Japan	3	2	3	2
United Kingdom	38	29	9	7
Total	103	80	94	68

Not 7: **Board of Directors and management split by gender**

	2012 No. of employees	2012 Whereof men	2011 No. of employees	2011 Whereof men
Board of Directors Parent company	5	3	5	4
Management Parent company	0	0	0	0
Board of Directors Group companies	25	25	22	22
Management Group companies (Sweden)	11	10	13	11
Total	41	38	40	37

Not 8: Salaries and remunerations

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Salaries				
Board of Directors and CEO	2 040	5 364	1683	1650
Other senior executive ¹⁾	6 908	4 980	-	-
Other employees Sweden	31 719	30 187	-	-
Other employees USA	4 838	3 285	-	-
Other employees UK	21 578	8 054	-	-
Other employees Japan	2 008	4 142	-	-
Total	69 091	56 012	1683	1650
Payroll overhead				
Board of Directors and CEO	641	1 685	387	518
Other senior executive ¹⁾	1 948	1 362	-	-
Other employees Sweden	9 966	9 592	-	-
Other employees USA	274	221	-	-
Other employees UK	3 157	1 003	-	-
Other employees Japan	147	386	-	-
Total	16 133	14 249	387	518
Pension expenses				
Board of Directors and CEO	34	1 790	-	-
Other senior executive ¹⁾	1 656	1 256	-	-
Other employees Sweden	5 325	7 072	-	-
Other employees USA	391	197	-	-
Other employees UK	0	0	-	-
Other employees Japan	145	165	-	-
Total	7 551	10 480	0	0
Total salaries and remunerations	92 775	80 741	2 070	2 168
Whereof:				
Sweden	60 237	62 365	2070	2168
USA	5 503	4 693	-	-
UK	24 735	9 057	-	-
Japan	2 300	4 626	-	-
Total	92 775	80 741	2070	2168
Salaries and other remunerations are included in the statement of comprehensive income headlines as follows:				
Selling expenses	28 946	34 436	-	-
R & D expenses	45 553	32 821	-	-
Administrative expenses	18 277	13 484	-	2 168
Total	92 775	80 741	2 070	2 168

1. The Group has 11 (13) senior executives.

The notice period for the CEO is one month from the company and four months from the employee.

The period of notice for other senior executives is three to six months if the company terminates their employment provided that the Security of Employment Act can be applied.

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.

One executive is entitled to financial compensation equivalent to six months salary in case of discharge.

Apart from a salary during the period of notice, no of the other senior executive receives financial compensation in case of discharge.

The retirement age for the CEO and other senior executives is 65. The pension premium is 1,3% of the pensionable salary for the CEO and 15-19% for other senior executives.

Cont. Not 8: Salaries and remunerations

Guidelines for compensation to the Executives of the Company (Annual General meeting 2012)

The compensation level and structure shall be at market level. The total compensation shall be a balanced mix of fixed salaries, 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 programmes.

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 percent of the fixed salary.

However, the variable compensation for the CEO may be at most 75 % of the fixed salary.

The retirement plan shall be competitive. The CEO shall have a pension premium based retirement plan of 35 % 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. As a main rule all of the 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 CEO shall have a mutual notice period of six months and a severance payment of twelve months salary in case Anoto terminates the employment without just cause.

Stock related incentive plans are to be determined by the AGM. Issues and transfers of securities determined by the AGM according to the rules of §16 in the Swedish Companies Act are not comprised by these guidelines in case the AGM has or will make such decisions. The Board shall be entitled to deviate from these guidelines in a certain case should there be specific reasons.

Not 9: Remunerations to Board of Directors and CEO

(TSEK)	Salaries/ Remunerations	Bonus	Pension premiums	Other Remunerations	Total
Board and CEO 2012					
Stein Revelsby - CEO	2 040				2 040
Jörgen Durban - Chairman of the Board	950				950
Gunnel Duveblad - Board member	200				200
Nicolas Hassbjer - Board member	67				67
Ulrika Hagdahl - Board member	133				133
Andrew Hur - Board member	200				200
Kjell Bråthen - Board member	133				133
Total¹⁾	3 723	0	0	0	3 723

1) Compensation to Board members (Board fee) are paid from the parent company. Compensation to the CEO may originate from Group companies.

(TSEK)	Salaries/ Remunerations	Bonus	Pension premiums	Other Remunerations	Total
Board and CEO 2011					
Torgny Hellström - CEO until 30 sept	3 214		1 790		5 004
Stein Revelsby - Board member/CEO from 1 Oct	662				662
Jörgen Durban - Chairman of the Board	925				925
Gunnel Duveblad - Board member	100				100
Nicolas Hassbjer - Board member	100				100
Andrew Hur - Board member	100				100
Paddy Padmanabhan - Board member	88				88
Charlotta Falvin - Board member	88				88
Joonhee Won - Board member	88				88
Total¹⁾	5 364	0	1 790	0	7 154

1) Compensation to Board members (Board fee) are paid from the parent company. Compensation to the CEO may originate from Group companies.

(TSEK)	Salaries/ Remunerations	Bonus	Pension premiums	Other Remunerations	Total
Management 2012					
Group management	6 908		1 656	4 304	12 868
Total	6 908	0	1 656	4 304	12 868

(TSEK)	Salaries/ Remunerations	Bonus	Pension premiums	Other Remunerations	Total
Management 2011					
Group management	4 980		1 256		6 236
Total	4 980	0	1 256	0	6 236

Compensation to Group management may originate from Group companies.

Not 10: **Audit fees**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Deloitte				
Audit assignment, Deloitte	300	-	150	-
Tax advisory services	72	8	72	-
Other services	91	54	0	0
Total	463	62	222	0
KPMG				
Audit assignment, KPMG	-	280	-	103
Tax advisory services	-	-	-	-
Other services	-	129	0	0
Total	0	409	0	103
Other auditors				
Audit assignment, other auditors	292	30	-	-
Tax advisory services	-	-	-	-
Other services	187	146	0	0
Total	479	176	0	0
Total	942	647	222	103

An audit 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.

Audit activities in addition to the audit assignment involves reviews as certificates etc.

By tax advisory is meant advisory services related to taxes, VAT and fees.

Everything else is other services.

Not 11: **Operating cost by type**

(TSEK)	Group 2012	Group 2011
Raw materials and supplies	-51 403	-53 789
Change in inventories	-3 680	-1 930
Personnel cost	-89 152	-80 741
External services	-35 429	-25 801
Rent	-10 045	-9 829
Travel expenses	-6 783	-6 202
Marketing and PR	-6 201	-4 664
Depreciation	-14 821	-13 600
Other external expenses	-20 748	-13 068
Total	-238 262	-209 624

Not 12: **Other operating income**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Write down vendor liabilities	-	4 839	-	-
Result from trading in Financial instruments (derivatives)	1 837	-	-	-
Exchange gains	367	2 413	-	-
Other	188	3 564	-	-
Total	2 392	10 816	0	0

Not 13: **Other operating cost**

(TSEK)	Group 2012	Group 2011
Impairment of intangible assets	-1 431	-232 985
Impairment of tangible assets	-	-344
Result from trading in Financial instruments (derivatives)	-	-2 511
Exchange losses	-5 700	-618
Total	-7 131	-236 458

Not 14: **Depreciation and amortization**

Depreciation of property, plant and equipment, and amortization of intangible fixed assets are included in the statement of comprehensive income and income statement as follows:

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Amortization intangible fixed assets				
Selling expenses	-5 057	-4 709	-	-
Administrative expenses	-307	-286	-126	-125
Research & development expenses	-5 171	-4 816	-	-
Total amortization intangible fixed assets	-10 534	-9 811	-126	-125
Depreciation tangible fixed assets				
Selling expenses	-828	-732	-	-
Administrative expenses	-2 555	-2 258	-22	-22
Research & development expenses	-904	-799	-	-
Total depreciation tangible fixed assets	-4 287	-3 789	-22	-22
Total	-14 821	-13 600	-148	-147

Not 15: **Profit/loss on participations in group companies - Parent Company**

(TSEK)	Parent company 2012	Parent company 2011
Impairment of shares in Anoto AB ¹⁾	-	-230 070
Impairment of shares in Anoto AB ²⁾	-29 500	-10 500
Total	-29 500	-240 570

1) Refers to write-down related to impairment of Group goodwill linked to the value of the shares in Anoto AB

2) Refers to write-down related to unconditional shareholders' contribution to the subsidiary Anoto AB. The shareholders' contribution was made to cover the subsidiary's loss for the year and to restore its equity to the level of share capital.

Not 16: **Financial income and expenses - Group**

(TSEK)	Group 2012	Group 2011
Financial income		
Interest on current investments	-	-
Interest income bank deposits	15	149
Other interest income	48	6
Total financial income	63	155

Cont. Not 16: **Financial income and expenses - Group**

Financial expenses		
Interest expenses on loans	-2 261	-663
Expenses from assets/liabilities at market value	0	0
Write-down loan receivable	0	0
Write-down unlisted shares	-200	-173
Other financial expenses	-243	-188
Total financial cost	-2 704	-1 024
Total financial net		
	-2 641	-869
Of which:		
Interest income from instruments valued at accrued acquisition value	15	149
Interest expenses from instruments valued at accrued acquisition value	-2 261	-663

Not 16: **Financial income and expenses - Parent Company**

(TSEK)	Parent company 2012	Parent company 2011
Financial income		
Interest on current investments	0	2
Other interest on current investment	0	2
Total financial income	0	4
Financial expenses		
Other financial expenses	-1	0
Total financial cost	-1	0
Total financial net		
	-1	4

Not 17: **Taxes**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Current Tax ¹⁾	-15	-30	-	-
Total	-15	-30	0	0

1) Primary foreign subsidiaries.

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

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Reported profit/loss before tax	-44 814	-243 849	-29 162	-239 702
Tax in accordance with current tax rate of 26,3%	11 786	64 132	7 670	63 042
Tax impact of non-deductible expenses:	-	-	-	-
Intra-group adjustments that disregard deferred tax	-335	-1 044	-7 761	-
Other non-deductible expenses	-941	-61 585	-	-63 274
Other adjustments	-	-	-	-
Tax impact of non-taxable income	25	265	-	-
Adjustment for tax effects in foreign group companies	-3 847	-1 476	-	-
Increase/decrease of tax deficits without corresponding capitalization	-6 703	-322	91	232
Tax reported	-15	-30	0	0

Cont. Not 17: **Taxes****Tax deficit**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Opening balance	-495 609	-492 043	-26 236	-27 118
Tax deficit of the year	-23 778	-3 566	349	882
Adjustment due to changed taxation	-	-	-	-
Closing tax deficit	-519 387	-495 609	-25 887	-26 236
Nominal amount, tax asset 22% (26,3%)	114 265	130 345	5 695	6 900

There are no temporary differences.

The nominal value of tax assets (22%) 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.

There are additional tax deficits in our foreign subsidiaries which amounts to approximately MSEK 141 and are not limited in time.

Not 18: **Capitalized development expenditures**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Accumulated historical costs				
Opening accumulated historical costs	154 580	151 763	24 218	24 218
Acquisitions of Group companies	-	2 341	-	-
Capitalizations for the year ¹⁾	904	398	-	-
Impairment losses for the year	-3 661	-	-	-
Translation difference	-28	78	-	-
Closing accumulated historical costs	151 795	154 580	24 218	24 218
Accumulated amortizations and impairment losses according to plan				
Opening accumulated amortizations	-151 480	-148 703	-24 218	-24 218
Acquisitions of Group companies	-	-1 022	-	-
Amortizations for the year according to plan	-1 761	-1 728	-	-
Impairment losses for the year	3 044	-	-	-
Translation difference	16	-27	-	-
Closing amortizations and impairment losses according to plan	-150 181	-151 480	-24 218	-24 218
Closing residual value	1 614	3 100	0	0

1) Internally developed

Amortizations by function are shown in Note 14.

Not 19: **Patents**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Accumulated historical costs				
Opening accumulated historical costs	83 268	80 611	13 934	13 934
Capitalizations for the year ¹⁾	2 182	2 657	-	-
Impairment losses for the year	-1 933	-	-	-
Closing accumulated historical costs	83 517	83 268	13 934	13 934
Accumulated amortizations and impairment losses according to plan				
Opening accumulated amortizations	-67 913	-58 390	-13 590	-13 471
Amortizations for the year according to plan	-6 342	-6 608	-119	-119
Impairment losses for the year	1 118	-2 915	-	-
Closing amortizations and impairment losses according to plan	-73 137	-67 913	-13 709	-13 590
Closing residual value	10 380	15 355	225	344

¹⁾ Internally developed

Amortizations by function are shown in Note 14.

Impairment losses are reported on line "Other operating costs", Note 13.

Not 20: **Brands**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Accumulated historical costs				
Opening accumulated historical costs	1 324	1 104	69	69
Capitalizations for the year	474	220	3	-
Closing accumulated historical costs	1 798	1 324	72	69
Accumulated amortizations and impairment losses according to plan				
Opening accumulated amortizations	-466	-342	-32	-25
Amortizations for the year according to plan	-153	-124	-7	-7
Closing amortizations and impairment losses according to plan	-619	-466	-39	-32
Closing residual value	1 179	858	33	37

Amortizations by function are shown in Note 14.

Not 21: **Other intangible assets**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Accumulated historical costs				
Opening accumulated historical costs	10 261	10 261	0	0
Capitalizations for the year	5 077			
Closing accumulated historical costs	15 338	10 261	0	0
Accumulated amortizations and impairment losses according to plan				
Opening accumulated amortizations	-7 710	-6 364	0	0
Amortizations for the year according to plan	-2 278	-1 346	0	0
Closing amortizations and impairment losses according to plan	-9 988	-7 710	0	0
Closing residual value	5 350	2 551	0	0

¹⁾ Acquisition of Xpaper from Talario

Amortizations by function are shown in Note 14.

Impairment losses are reported on line "Other operating costs", Note 13.

Not 22: Goodwill

(TSEK)	Anoto AB 2012	Anoto AB 2011	Destiny Wireless 2012	Destiny Wireless 2011	Ubisys 2012	Ubisys 2011
Accumulated historical costs						
Opening accumulated historical costs	298 674	298 674	28 271	0	0	0
Acquisitions for the year	0	0	0	27 759	13 645	0
Translation differences	0	0	-481	512	-258	0
Closing accumulated historical costs	298 674	298 674	27 790	28 271	13 387	0
Accumulated historical costs						
Opening accumulated write downs	-230 070	0	0	0	0	0
Write downs for the year		-230 070	0	0	0	0
Closing accumulated write downs	-230 070	-230 070	0	0	0	0
Closing net balance	68 604	68 604	27 790	28 271	13 387	0

Impairment testing

The goodwill balance consists of Goodwill from three acquisitions. In 2001 the Group acquired shares in Anoto AB resulting in a goodwill of 299 MSEK. During 2011 Anoto acquired Destiny Wireless Ltd, which resulted in an increase of the Group Goodwill value by 27,8 MSEK and in the beginning of 2012 Anoto acquired the UK based company Ubiquitous Systems Ltd, creating an additional goodwill of 13,6 MSEK.

The Group thus performs impairment testing on three separate cash generating units.

During the third quarter of 2011 Anoto made a write-down of goodwill, attributable to the acquisition of Anoto AB, of SEK 230 million. The write-down included the Group's entire business, as it is the CGU to which impairment testing has been done and is therefore attributable to an assessment of the business prospects. During the year, Anoto undertook a strategic review of operations and implemented strategically related restructuring. In light of this strategic repositioning and taking into account that past sales and sales growth had not been in line with expectations, combined with the situation in the financial markets, Anoto's Board determined that an impairment should be performed. The impairment was primarily due to a downward revision of future sales growth, the effects of changes in strategic direction and revenue losses attributable to restructuring. The impairment was based on a value in use calculation in which a discount rate of 15% (15%) were used.

Impairment testing of goodwill is performed for each cash generating unit respectively annually or when an indication of decline in value occurs. The recoverable value for Group business is defined based on calculations of value in use. In the calculation of value in use a discount factor of 15 % has been applied. The measurement of value in use is based on management's estimated cash flow forecast for a period of five years. Cash flow for the ensuing years has been extrapolated using an assumed annual growth of 2 %. As a precautionary measure when calculating the cash flow, the margins have been reduced with 1 % annually the first five years together with an increase of operating costs with 3% annually during the same period.

Important variables	Method for estimating amounts
Market growth	Group management expects a long-term positive development on the markets where Anoto's products are used. The growth forecasts are built on underlying forecasts and discussions with partners and customers together with the expected long-term growth.
Discount rate	The discount rate is determined with regards to the market conditions and the required return of the Group. Considering Anoto's current tax position where the Group companies will not pay any tax over a foreseeable time, the difference between discount rate before and after tax will be minimal.
Gross profit	The long-term forecasted gross profit is calculated with caution compared to present level, but it is reasonable to expect lower margins as the market matures. The ambition is however still to keep up the gross profit margin.
Cost increase	The company believe it is reasonable to calculate with a general cost increase over time which in the forecast is expected to be in line with the inflation.

The recoverable value of goodwill related to; the acquisition of Anoto AB exceeds the reported value by MSEK 22 (55), related to the acquisition of Destiny Wireless Ltd by MSEK 4 (4) and related to the acquisition of Ubisys by MSEK 5. The reported value does not include any depreciation.

Changes in variables are made when motivated by changes in the business environment or the operations of each CGU such as changes in required return, forecasts or business model.

The variables used in the calculation of future value in use to estimate eternally cash flow and the changed values showing the recoverable value equal to reported value are the following:

(TSEK)	Anoto AB Assumed value	Anoto AB Changed value	Destiny Wireless Assumed value	Destiny Wireless Changed value	Ubisys Assumed value	Ubisys Changed value
2012						
Market growth	2,0%	0,0%	2,0%	0,0%	2,0%	0,0%
Discount rate after tax	15,0%	17,1%	15,0%	16,6%	15,0%	21,7%
Gross profit	62,0%	60,5%	67,0%	65,0%	51,0%	47,0%
Cost increase	3,0%	4,1%	3,0%	4,3%	3,0%	6,1%
2011						
Market growth	2,0%	0,0%	2,0%	0,0%	-	-
Discount rate after tax	15,0%	25,5%	15,0%	16,5%	-	-
Gross profit	68,0%	64,4%	58,0%	56,8%	-	-
Cost increase	3,0%	4,9%	2,0%	2,8%	-	-

* The variables' assumed values have changed one by one, respectively. When the value of one variable changes, possible effects on other variables have been considered.

Not 23: **Equipment & tools**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Accumulated historical costs				
Opening accumulated historical costs	30 908	26 196	749	749
Acquisitions of Group companies	341	3 518		
Additions for the year ¹⁾	1 941	962		
Disposals for the year	-162	0		
Adjustment opening balance	-2 177		-49	
Translation difference	-89	232		
Closing accumulated historical costs	30 762	30 908	700	749
Accumulated amortizations and impairment losses according to plan				
Opening accumulated amortizations	-23 998	-17 253	-722	-700
Acquisitions of Group companies	-250	-2 430		
Amortizations for the year according to plan	-4 287	-3 788	-22	-22
Disposals for the year	162	-344		
Adjustment opening balance	2 155		49	
Translation difference	34	-183		
Closing amortizations and impairment losses according to plan	-26 184	-23 998	-695	-722
Closing residual value	4 578	6 910	5	27

During the year the company have noted a difference with a net total of KSEK 22 related to the valuation of equipment and adjustments to the opening balance has therefore been made accordingly. Depreciations by function are shown in Note 14.

Not 24: **Participation in Group companies**

(TSEK)	Parent company 2012	Parent company 2011
Opening balance acquisition cost	300 194	267 194
Opening shareholders' contribution	521 103	510 603
Opening accumulated impairment losses	-751 161	-510 603
Acquisition of shares in Group companies ³⁾	0	33 000
Shareholders' contribution ¹⁾	29 500	10 500
Impairment loss for the year ²⁾	-29 500	-240 558
Total	70 136	70 136

1) Unconditional shareholders' contribution to Anoto AB

2) Write-down of shares in Anoto AB

3) The parent company has acquired 11% of the shares in Anoto AB and Anoto Licensiering AB from Anoto Administration AB

(TSEK)	Reg.No.	Domicile	Total No. of participation	% of capital and votes	Shareholders' equity	Carrying amount
Anoto AB	556320-2646	Lund	5 000	100%	982	69 936
Anoto Licensiering AB	556665-4306	Lund	1 000	100%	90	100
Anoto Administration AB	556591-2481	Lund	1 000	100%	5 683	100
						70 136

The Anoto Group contains sub-groups consisting of the following companies

Anoto, Inc., USA

Anoto Maxell K.K., Japan

Destiny Wireless Plc

FAB Licensiering AB

C Technologies AB

Ubiquitous Systems Ltd

Not 25: **Other long-term investments**

(TSEK)	Group 2012	Group 2011
Opening balance	200	373
Reclassification ¹⁾	-200	-173
Acquisition of shares ²⁾	2 853	
Total	2 853	200

1) Write-down of shares in Anoto Taiwan.

2) Acquisition of 19% of the shares in PenGenerations, a Korean Joint Venture

Not 26: **Other long-term receivables**

(TSEK)	Group 2012	Group 2011
Opening balance	1 286	1 768
Additions		-
Settlements	-194	-552
Reclassifications		-
Payments		-
Translation difference	-163	70
Total	929	1 286

The receivables concern deposits in full.

Not 27: **Accounts receivable**

(TSEK)	2012 Brutto	2012 Netto	2011 Brutto	2011 Netto
Not due	16 495	16 495	28 818	28 818
Due 1 - 30 days	3 884	3 884	5 719	5 719
Due 31 - 60 days	908	908	3 277	3 277
Due 61 - 90 days	152	152	152	152
Due more than 90 days	2 598	1 932	1 689	1 173
Total	24 037	23 371	39 655	39 139

The risk that the Group's customers will not fulfill their obligations, meaning that payments are not received from the customers, is a credit risk. The Group's customers undergo credit checks whereby information about the customers' financial position is obtained from various credit reporting agencies. The Group has drawn up a credit policy which stipulates how customer credits are to be handled.

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

Unsecure receivables have changed with a total of 150 KSEK.

No securities related to Accounts receivable are held by Anoto.

No individual receivable exceed 10% of total Accounts receivable.

(TSEK)	No. of customers 2012	% total No. of customers 2012	% share of value 2012	No. of customers 2011	% total No. of customers 2011	% share of value 2011
Concentration of credit risk						
Exposure < 1 MSEK	196	97%	46%	82	87%	20%
Exposure 1-10 MSEK	7	3%	54%	12	13%	80%
Exposure > 10 MSEK	0	0%	0%	0	0%	0%
Total	203	100%	100%	94	100%	100%

Not 28: **Prepaid expenses and accrued income**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Prepaid rent	1 702	1 627		
Prepaid insurance	345	417	172	178
Accrued income	6 565	7 416		
Other	14 06	1 903	144	51
Other	10 018	11 363	316	229

Not 29: **Provisions for product warranty commitments**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Opening balance	240	829		
Amounts utilized	-11	-384		
New provisions	152	240		
Unutilized reversed amounts	-229	-445		
Total	152	240	0	0

Provisions for product warranty commitments relate essentially to the sale of pens during 2012 and 2011. The provisions are based on calculations made on historical data for warranties related to the sale of pens. The whole amount is expected to be paid within 12 months.

Not 30: **Accrued expenses and deferred income**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Holiday pay liability	3 287	3 853		
Accrued social security	4 080	2 706		236
Accrued social security pensions	4 488	5 771	188	188
Accrued salaries and remunerations	4 571	8 002	2 070	240
Deferred income	771	2 343		
Other	5 267	5 541	819	901
Total	22 464	28 216	3 077	1 565

Not 31: **Share-based payments to employees****Change in outstanding option programmes:**

(TSEK)	No. of options 2012	Weighted issue price 2012	No. of options 2012	Weighted issue price 2012
Outstanding options at the beginning of the period		0	0	0
Expired during the period		0	0	0
Outstanding options at the end of the period		0	0	0
Redeemable at the end of the period		0	0	0

The AGM decided on May 10, 2012 on a warrant program with the following terms:

*Issuance of a maximum of 2 741 000 warrants whereby the share capital may be increased by a total of maximum SEK 54,820

*Each subscription warrant shall entitle the holder to subscribe for one (1) new share in Anoto Group AB with a quota value of SEK 0.02

*Subscription for shares in the company by exercising the subscription warrants may take place during the period commencing on the date of the annual general meeting 2015 up to and including 31 December 2015

*The subscription price per share shall be equivalent to one hundred fifty (150) per cent of the company's share price which is determined as the volume-weighted average value of the Anoto share on NASDAQ OMX Stockholm, on its official list, during the valuation period commencing 11 May 2012 up to and including 25 May 2012 or an equivalent reference period established by the board of directors in connection with the allotment of the subscription warrants, however not less than the quota value of the share.

*Transfer shall be made at market price, calculated using an established valuation method (Black & Scholes), which shall be based on the stock exchange rate of an Anoto share on NASDAQ OMX Stockholm during a valuation period in connection with the transfer

*The board of directors of Anoto Group AB shall have the right to resolve on the allotment of subscription warrants to approximately 20 executives and key employees in the group, in accordance with the following guidelines: 1. CEO 1,370,100 warrants, 2. Executives 117,500 warrants each, 3. Key employees 45 700 warrants each.

The warrants have not yet been transferred to the employees.

Not 32: **Long-term interest bearing liabilities**

(TSEK)	Group 2012	Group 2011
Opening balance	15 695	0
Acquisition of Group companies	661	14 949
Additions for the year	2 152	279
Translation difference	-273	467
Total interest bearing liabilities	18 235	15 695

(TSEK)	Currency	Nominal interest	Maturity	2012-12-31 Nom. value	2012-12-31 Book. value	2011-12-31 Nom. value	2011-12-31 Redov. Värde
Bankloan	GBP	12%	2013 - 2019	10 088	10 088	7 403	7 403
Shareholders' loan	GBP	12%	2013	8 147	8 147	8 292	8 292
Total interest bearing liabilities				18 235	18 235	15 695	15 695

Bank loan

The loan is secured against current assets in the company where the lenders has priority over other creditors. The loan is repayable on demand but the bank has agreed to extend the loan term for at least another twelve months.

Shareholders loan

The loan is secured against current assets in the company. The loan is repayable on demand but the lenders has agreed to extend the loan term for at least another twelve months.

Not 33: **Leasingkostnader**

The Group has no finance lease commitments. The amounts associated with equipment at the company's disposal through leases are negligible. The Group's commitment for leased premises totals to TSE K 7 803 for 2013 and TSE K 11 841 for 2014 - 2016.

Not 34: **Pledged assets**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Blocked bank deposits	326	2 745	0	0

Bank deposits are pledged as security for Letters of Credit and Bank Guarantees

Not 35: **Contingent liabilities**

(TSEK)	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Contingent liability for group companies	1 815	2 140	0	0
Contingent liability, others				
Total	1 815	2 140	0	0

Not 36: Financial instruments

(TSEK)	Loans and accounts receivable	Borrowings	Financial assets measured at fair value in profit and loss: Held for trade ¹⁾	Unlisted shares and participations	Other liabilities	Total book value	Fair value
Group 2012							
Investments				2 853		2 853	2 853
Long-term receivables	929					929	929
Accounts receivable	24 037					24 037	24 037
Other receivables			0			0	0
Shor-term investments and securities						0	0
Assets	24 966	0	0	2 853	0	27 819	27 819
Borrowings		18 235				18 235	18 235
Accounts payable					26 789	26 789	26 789
Other liabilities					6 002	6 002	6 002
Total	0	18 235	0	0	32 791	51 026	51 026
(TSEK)	Loans and accounts receivable	Borrowings	Financial assets measured at fair value in profit and loss: Held for trade ¹⁾	Unlisted shares and participations	Other liabilities	Total book value	Fair value
Group 2011							
Investments				200		200	200
Long-term receivables	1 268					1 268	1 268
Accounts receivable	39 138					39 138	39 138
Other receivables			304			304	304
Shor-term investments and securities						0	0
Assets	40 406	0	304	200	0	40 910	40 910
Borrowings		15 695				15 695	15 695
Accounts payable					20 470	20 470	20 470
Other liabilities					6 790	6 790	6 790
Total	0	15 695	0	0	27 260	42 955	42 955

1) Related to currency forward contracts only.

Forward contracts are reported on the balance sheet closing date at fair value.

There were no forward contracts at end of 2012. Forward contracts totalled EUR 3.000 thousand, USD 1.500 thousand and JPY 200.000 thousand at end of 2011.

Disclosures on fair value classification

Disclosures on fair value classification	Level 1	Level 2	Level 3	Total
Group 2012	0	0	0	0
Group 2011	0	304	0	304

Level 1: According to listed prices on an active market for similar instruments

Level 2: According to directly or indirectly observable market data not included in level 1

Level 3: According to indata not observable on the market

Estimation of fair value

Derivative instruments

Fair value for currency contracts are determined according to listed prices if available. Otherwise the fair value is determined by discounting of the difference between the agreed forward rate and the forward rate prevailing on closing day for the remaining contracts period. The discount rate is based on the risk-free interest rate of government bonds.

Accounts receivable and accounts payable

For accounts receivable and accounts payable with a remaining life of less than six months, recorded amount is deemed to reflect fair value. Accounts receivable and accounts payable with a due time over six months are discounted at the time of determining the fair value.

Not 37: Related parties

Since the Annual General Meeting in May 2012, when Andrew Hur (TStone) joined as members of the Anoto Board, sales to TStudy and Pen Generations are classified as related parties transactions. All transactions have been made on normal commercial conditions. Expedata is no longer classified as a related party as Double Day is no longer represented on the Board of Directors.

Parent company

Summary of related party transactions

(TSEK)		<i>Selling of goods and services</i>	<i>Purchasing of goods and services</i>	<i>Other</i>	<i>Receivable on related party on December 31</i>	<i>Liability to re- lated party on December 31</i>
Related parties						
Group company	2012	6 561	0	5 625	122 186	
Group company	2011	9 128	0	-38 270	110 000	

Koncernen

Summary of related party transactions

(TSEK)		<i>Selling of goods and services</i>	<i>Purchasing of goods and services</i>	<i>Other</i>	<i>Receivable on related party on December 31</i>	<i>Liability to re- lated party on December 31</i>
Related parties						
Shareholders:						
Tstudy (Tstone/Aurora)	2012	0	0	0	0	0
Tstudy (Tstone/Aurora)	2011	2 910	0	0	730	0
Pen Generations(Tstone/Aurora)	2012	9 443	912		148	0
Pen Generations(Tstone/Aurora)	2011	6 206	0		0	0

For transactions with Board and Executives, see note 9.

Not 38: Equity

Translation reserve

(TSEK)	2012	2011
Accumulated exchange rate differences at beginning of the year	433	1 108
Exchange rate differences for the year	2 031	-675
Accumulated exchange rate differences at year end	2 464	433

Capital treatment

The Anoto Group has since being founded in 1999 worked on developing a digital pen enabling digital transfer of data written with a digital pen to a computer or similar. Development costs have been significant and since 1999 approximately MSEK 1 600 have been invested as capital by the shareholders. The company's ambition is to achieve profitable growth and in the future be able to pay dividend on invested capital. Anoto Group has so far not paid any dividend and will suggest to the Annual general meeting of 2013 that no dividend shall be paid out. The company has no outspoken targets regarding dividend, debt/equity ratio or other capital ratios other than the strive for profitability and positive cash flow. When solid profitability has been achieved targets for dividend, debt/equity ratio etc. will be determined.

Not 39: Specification of Statement of Cash Flows

Liquid assets:

(TSEK)	<i>Group 2012</i>	<i>Group 2011</i>	<i>Parent company 2012</i>	<i>Parent company 2011</i>
Cash and bank balances	5 459	23 941	56	325
Short-term placements comparable to cash and equivalents	0	0	0	0
Total	5 459	23 941	56	325

Interest paid and dividends received

Dividend received	0	0		0
Interest received	0	0		0
Interest paid	-2 504	-851		0
Total	-2 504	-851	0	0

Not 40: Aquisitions for the year

Ubiquitous Systems Ltd

On January 11, 2012 the Group acquired all shares in the UK based unlisted company Ubiquitous Systems Ltd (Ubisys) for MSEK 12.8. Ubisys which is active within Business Solutions has been a long standing Anoto partner. Anoto have consolidated Ubisys as from January 1, 2012. Through this acquisition Anoto increases its precense on the UK market. During the period up until December 31 Ubisys contribution to Net sales was MSEK 10,7.

Effects from acquisitions

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

(TSEK)	2012
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

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 tax deductible.

Acquisition related expenses

Expenses related to the acquisition amounts to 0.8 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

(TSEK)	2012
Shares issued	12 829
Total considerations	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

On 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 appliaction 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.

Effects from acquisitions

The acquired software has been booked as an intangible asset and amortized over the esitimated 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

(TSEK)	2012
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.

Not 41: Events after December 31, 2012

New share issue:

On the 4th of February the Board decided on a rights issue at a maximum of MSEK 95.

The result from the rights issue, communicated to the market on March 28, was a subscription rate of 47%, equivalent to 25 739 937 new shares or MSEK 43,8 before issue costs. The management team and the Board believes that the injection from the rights issue will be sufficient to support the business during the coming twelve months.

Not 42: Parent Company details

Anoto Group is a Swedish limited company with its registered office in Lund. The shares of the parent company are listed on the NASDAQ OMX Stockholm Stock exchange. The address of the head office is Traktorvägen 11, SE 226 60, Lund. The consolidated financial statements for 2012 relate to the parent company and its subsidiaries, jointly referred to as the Group.

Signatures for the annual report

The Annual Report and consolidated financial statements were approved by the Board on 19 April 2013. The consolidated statement of comprehensive income and the statement of financial position, as well as the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting on 15 May 2013 for adoption.

The Board of Directors and CEO affirm that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and that they provide a true and fair view of the Group's financial position and earnings. The Annual Report has been prepared in accordance with generally accepted accounting standards and provides a true and fair view of the Parent Company's financial position and earnings.

The Directors' Report for the Group and Parent Company provides a true and fair overall account of the development of the Group's and Parent Company's business, financial position and earnings and describes significant risks and uncertainties facing the Parent Company and the companies within the Group.

Lund april 19 2013

Gunnel Duveblad
Board member

Jörgen Durban
Chairman of the Board

Kjell Bråthen
Board member

Andrew Hur
Board member

Ulrika Hagdahl
Board member

Stein Revelsby
CEO

Our auditor's report was
submitted on 19 April, 2013
Deloitte AB

Per-Arne Pettersson
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of Anoto Group AB (publ.)
Corporate identity number 556532-3929

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Anoto Group AB (publ.) for the financial year 2012-01-01 – 2012-12-31. The annual accounts and consolidated accounts of the company are included in this document on pages 23–60.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of ac-

counting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Other matters

The audit of the annual accounts for the financial year 2011-01-01 – 2011-12-31 were performed by another auditor who submitted an auditor's report dated 17 April 2012, with unmodified opinions in the Report on the annual accounts.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Anoto Group AB (publ.) for the financial year 2012-01-01 – 2012-12-31.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Malmö, 19 April 2013

Deloitte AB

Signature on Swedish original

Per-Arne Pettersson

Authorized Public Accountant

Corporate governance report 2012

Anoto Group AB (publ.) is governed by its Articles of Association and the Swedish Companies Act. Since Anoto is listed on NASDAQ OMX Stockholm, Anoto also applies NASDAQ OMX Stockholm's Rule Book for Issuers.

Since July 1, 2008, Anoto applies the Swedish Code of Corporate Governance (see www.bolagsstyrning.se) Anoto is, in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance required to present a Corporate Governance Report. The report has been reviewed by the Company's auditor.

Corporate governance structure

Anoto is governed by several bodies.

The shareholders exercise their voting rights at General Meetings of the Shareholders by electing the Board of Directors and external auditors and make decisions on other issues like the adoption of the annual report and stipulating how to appoint the Nomination Committee.

The Nomination Committee nominates candidates to the Board of Directors, Chairman of the Board and external auditors. A Nomination Committee is required by the Code, but not by the Companies Act.

The Board is responsible for the appointment of the CEO, the developing of long-term strategy, and controlling and evaluating Anoto's day-to-day operations.

The CEO is in charge of and responsible for the daily operations and the management of Anoto in accordance with instructions and guidelines from the Board of Directors.

External auditors appointed by the shareholders at the Annual General Meeting examine the Company's annual report and accounts as well as the management by the Board of Directors and the CEO.

Annual general meeting

The Annual General Meeting is the corporate body where the shareholders in Anoto can exercise their rights by electing the Board of Directors and deciding on all other issues voted on at Annual General Meetings in accordance with the Companies Act and the Articles of Association.

The Annual General Meeting is held in Lund, normally in the first half of May. The notice of the Annual General Meeting, together with the agenda, is published on Anoto's website and in the Swedish newspaper Post och Inrikes Tidningar (the Swedish Official Gazette). As a courtesy, the date and place for the Annual General Meeting together with information on how to obtain the agenda is published in the Swedish newspapers Dagens Nyheter and Sydsvenska Dagbladet.

All information material for the Annual General Meeting is available in both Swedish and English. The Annual General Meeting is held in Swedish.

Annual General Meeting 2012

The Annual General Meeting (AGM) in 2012 took place in Lund on May 10. Jörgen Durban, Gunnel Duveblad, Nicolas Hassbjer, Stein Revelsby and Andrew Hur were present from the Board of Directors. Present were also Anoto's external auditors.

The Annual General Meeting made the following decisions:

- The annual report was presented, and the consolidated income statements and balance sheets were adopted. The Board Members and CEO were discharged from liability. It was resolved that no dividends were to be paid to the shareholders.
- Board Members Jörgen Durban, Gunnel Duveblad and Andrew Hur were re-elected as Board Members, and at the same time Kjell Bråthen and Ulrika Hagdahl were elected as new Members of the Board until the end of the next Annual General Meeting.
- Jörgen Durban was re-elected Chairman of the Board.
- The proposal of the Nomination Committee on how to appoint members of the Nomination Committee, as well as the assignment for the Nomination Committee, was approved.
- The AGM decided in accordance with the Board's proposal to execute an incentive program for members of the management team and key personnel within Anoto Group through a directed issue of 2,714,000 warrants.
- The Board of Directors was authorized to, on one or several occasions prior to the next Annual General Meeting, resolve on an issuance of a maximum of 15,000,000 new shares with provisions for non-cash payment or payment against set-off of claims or else on conditions enabling the waiving of preferential rights of shareholders.
- The guidelines for compensation to the CEO and other executives of the Company were adopted in accordance with the proposal of the Board of Directors.

Anoto's annual general meeting 2013

Anoto's Annual General Meeting 2013 will take place on May 15, 2013 at Anoto's office in Lund.

Nomination committee

The Annual General Meeting 2012 resolved, in accordance with the proposal presented by the Nomination Committee, that the Chairman of the Board of Directors is assigned to contact the Company's three largest shareholders, according to the list of shareholders at the end of September 2012, and ask them to appoint one representative each no later than six months prior to the Annual General Meeting 2013 to form the Nomination Committee for this meeting. If not otherwise resolved by the Nomination

Committee, the representative of the largest shareholder shall be appointed as the chairman of the Nomination Committee. The majority of the Nomination Committee members shall not be Board Members of Anoto.

The Nomination Committee formed for the Annual General Meeting 2013 was presented on January 31, 2013, as follows: Joonhee Won representing Aurora Investment Ltd (Chairman of the Nomination Committee), and Paddy Padmanabhan representing DoubleDay Holdings. According to the Code of Corporate Governance the Nomination Committee shall consist of three members. The third largest shareholder has declined participation in the Nomination Committee hence the committee has two members.

The Nomination Committee shall prepare and present to the Annual General Meeting 2013 proposals for the following issues:

1. Chairman at the Annual General Meeting
2. Chairman and other Members of the Board
3. Fees to the Board of Directors
4. Election of Auditors
5. Fees to the Auditors
6. The Nomination Committee in respect of the Annual General Meeting 2013

The Nomination Committee proposal for Board Members shall be presented in the notice for the Annual General Meeting 2013 as well as on the company's website.

The board of directors

The Board of Directors, which also appoints the CEO, is ultimately responsible for the organization of Anoto and the management of its operations. According to Anoto's Articles of Association, the Board shall consist of not less than three and not more than eight directors with not more than five deputies. The Board of Anoto Group AB consists of five members, elected at the Annual General Meeting held on May 10, 2012. The Board members are: Jörgen Durban who is the Chairman of the Board, Kjell Bråthen, Gunnel Duveblad, Ulrika Hagdahl and Andrew Hur.

For information about the Board Members and their remuneration, please refer to Note 9 in the Annual Report. The members of the Board are independent of the management of the company. The Board member Andrew Hur is dependent of the largest shareholder of Anoto, Aurora Investment Ltd, through his employment in Korean investment company TStone Corporation which controls Aurora Investment. Andrew Hur also has interests in Anoto's daily business operations through Anoto's business relations with several of TStone's portfolio companies. The other Board members are independent in relation to Anoto and its largest owners. The company does therefore comply with the conditions of the Swedish Code of Corporate Governance requiring that a majority of the members

elected by the Annual General Meetings are to be independent from the company and its management and that no less than two of the Board members are independent from the largest shareholders.

Rules of procedures

The Board of Directors has adopted Rules of Procedures that outlines the work procedures and tasks for the Board, the Audit Committee and the Compensation Committee. The Rules of Procedures are reviewed and adopted at least once a year.

Work of the Board of Directors 2012

The Anoto Group AB CFO participated in the board meetings and was the secretary of the Board. When appropriate, other employees of the company participate in reporting capacities concerning their particular areas of expertise.

The Board continuously evaluated the performance of Anoto, the CEO and Anoto's management team. The Board held seventeen meetings during 2012. 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 issues 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
- July: Review of the business strategy of Anoto
- August: Review of quarterly accounts
- November: Review of quarterly accounts and discussion on the financing of the business

The Board Members attendance at Board Meetings and Committee Meetings is set forth below:

Board member:	Board meetings
Jörgen Durban	17/17
Stein Revelsby*	8/8
Nicolas Hassbjer*	8/8
Gunnel Duveblad	16/17
Andrew Hur	17/17
Ulrika Hagdahl**	9/9
Kjell Bråthen**	7/9

*) Styrelseledamot t o m årsstämman den 10 maj 2012.

**) Styrelseledamot invald vid årsstämman den 10 maj 2012.

Audit committee

On July 9, 2012 the Board decided that the Board as a whole should attend to the tasks of the Audit Committee.

Compensation committee

On July 9, 2012 the Board decided that the Board as a whole should attend to the tasks of the Compensation Committee.

The 2012 Annual General Meeting adopted guidelines for compensation to senior executives, which can be found in Note 9 in the Annual report.

Ceo and management

As of December 31, the Management Team consisted of 10 persons, with the CEO in charge. The CEO and Management Team manage and control Anoto's daily operations.

Shareholders controlling more than one tenth of the shares in the company

The following shareholders have a direct or indirect ownership of more than one tenth of the votes for all shares:

Aurora Investment Ltd 22,3%

Anoto's articles of association

The company's Articles of Association do not comprise limitations concerning the number of votes each shareholder can represent in the Annual General Meeting, or specific conditions related to appointment or dismissal of Board members or introduction of amendments to the Articles of Association.

Internal control

The Board of Directors is responsible for the internal control under the Swedish Companies Act and the Swedish Code of Corporate Governance. This section on internal control is focused on the internal control of the financial reporting. Given the size of Anoto, the Board has determined that there is no need for an internal audit department or function, and that Anoto's finance department sufficiently can carry out the internal control in cooperation with the external auditors.

Control environment

The corporate culture of Anoto encourages initiatives while assuming responsibility for meeting the defined strategic objectives of Anoto. The culture is based on trust, confidence and personal responsibility. Each employee at Anoto has a job description setting out tasks, responsibilities and authorizations.

Anoto has an "open door policy" and all employees can discuss any issue, concern or matter directly with the CEO or a member of the Management Team.

The CEO has adopted guidelines and policies for specific areas that the employees are required to follow.

Anoto has implemented a Code of Conduct that is applicable to Anoto and its suppliers. The Code of Conduct describes Anoto's requirements with respect to ethical behavior, child labor and the environment.

A detailed delegation plan has been drawn up with well-defined levels of attestation and decision levels. This is applied throughout Anoto.

Risk assessment

Risk assessments are performed in order to identify and map risks. The most important risks for the internal control of the financial reporting are identified at Group and Company level, as well as at a regional level. The outcomes of the risk assessments result in actions and tasks that support the internal control of the financial reporting.

Control measures

The Board has implemented a system for control and risk management based on the Board's Rules of Procedure – also including instructions for the CEO and reports that are to be made to the Board and the Finance Policy. These rules constitute the framework for the internal control.

Anoto's processes and systems for ensuring effective internal controls are designed with the intention of managing and limiting the risks of material errors in the reporting of financial data, thus ensuring that both strategic and operational decisions are based on accurate financial information.

The operational work of controlling the day-to-day activities is carried out by the CEO and the Management Team. Specific guidelines govern the capacity for decision making on different issues. In addition, there are several operational meeting forums like management meetings and steering committees that address specific control issues in the operational activities. These forums effectively steer Anoto towards the defined strategic objectives.

Monitoring

There are general as well as detailed control measures aimed at preventing, discovering and correcting faults and deviations. The control organization is evaluated by the CFO on an ongoing basis with the aim of ensuring quality and efficiency.

The CEO and the CFO continuously keep the Board informed of the Group's financial position, performance and any areas of risk. Anoto's external auditors attend at least two Board meetings per year, at which the auditors provide their assessment and observations on the business processes, accounts and reports. The Chairman of the Board is also in regular contact with the auditors of the Group.

The Board continuously monitors Anoto's financial performance by reports, as well as information from the CFO at Board Meetings. Regular follow-up ensures compliance with the Company's Finance Policy, thus identifying any deficiencies in the internal control system.

The internal control also includes detailed annual budgets split on application areas, geographic areas and cost centers. Forecasts are delivered three times a year; in May, August and November. The forecasting follows the same organizational set-up as the annual budget. In December, the Board adopts the budget for the following year. In addition to the budgeting and forecasting, Anoto's Management Team continuously works with overall three-year strategic scenarios.

Auditor's report on corporate governance

To the annual meeting of the shareholders in Anoto Group AB (publ.) corporate identity number 556532-3929.

It is the Board of Directors and the CEO who are responsible for the corporate governance report for the year 2011 including that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the corporate governance report has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the corporate governance report and assessed its statutory content based on our knowledge of the company. In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Malmö, April 19, 2013
Deloitte AB

Per-Arne Pettersson
Authorized Public Accountant

Board of directors



Jörgen Durban



Kjell Bråthen



Ulrika Hagdahl



Gunnel Duveblad



Andrew Hur

JÖRGEN DURBAN

Chairman of the Board

Independent

Born in 1956

Board member since 2010

Shareholding: 588 236 shares in Anoto Group AB

Education: LL.M, Stockholms Universitet, Sverige

ULRIKA HAGDAHL

Member of the Board

Independent

Born in 1962

Board member since 2012

Other positions: Board member of AB Idre Golf Ski och Spa, Beijer Electronics AB, HiQ International AB and Industrial and Financial Systems IFS AB and board member and CEO i Cancale Förvaltnings Aktiebolag, Lannion AB and Montech Invest AB

Shareholding: -

Education: Master of Engineering Physics, Royal Institute of Technology (KTH), Sweden

ANDREW HUR

Member of the Board

Not considered independent in relation to larger shareholders

Born in 1974

Board member since 2011

Other positions: CEO TStone Corporation. TStone Corporation owns Aurora Investment Ltd, sthe largest shareholder in Anoto Group AB with 22,3% of the shares.

Shareholding: 0 shares in Anoto Group AB

Education: BA Economics, Korea University

GUNNEL DUVEBLAD

Member of the Board

Independent

Born in 1955

Board member since 2011

Other positions: Chairman of the board of Team Olivia AB, Contex A/S and Stiftelsen Ruter Dam, and board member in amongst others PostNord, HiQ, Aditro and SWECO

Shareholding: 28 000 aktier i Anoto Group AB

Education: Studies in Information Science, Umeå Universitet, Sweden

KJELL BRÅTHEN

Member of the Board

Independent

Born in 1964

Board member since 2012

Shareholding: 259 919 shares in Anoto Group AB

Education: Master of Science in Business Administration, BI Bedriftsøkonomisk Institutt Oslo, Norway

Senior management



Stein Revelsby



Dan Wahrenberg



Hein Haugland



Petter Ericson



Max Marinissen



Johan Zander



Jan Skoglund



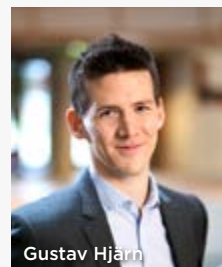
Dennis Ladd



Anna Liffner



Tim Augenbaugh



Gustav Hj rn

STEIN REVELSBY CEO

Born in 1962
Employed since 2011

Shareholding: 900 000 aktier i Anoto Group AB
Education: MBA, Norwegian School of Management, Norway

DAN WAHRENBURG CFO

Born in 1969
Employed since 2006

Shareholding: 35 000 aktier i Anoto Group AB
Education: Master of Science in Business Administration, Lunds University, Sweden

HEIN HAUGLAND Senior VP Marketing

Born in 1970
Consultant since 2012

Shareholding: -
Education: BF, Art Center College of Design, USA

PETTER ERICSON CTO

Born in 1971
Employed since 1996

Shareholding: 160 000 shares in Anoto Group AB
Education: Engineering Physics, Lund University of Technology, Sweden

MAX MARINISSEN SVP Global Sales

Born in 1958
Employed since 2012

Shareholding: -
Education: Bachelor of Economics, Hanzeehogeschool the Netherlands

JOHAN ZANDER SVP R&D

Born in 1974
Employed since 2001

Shareholding: -
Education: M. Sc. Computer Science and Engineering, Lund University of Technology, Sweden

JAN SKOGLUND Product manager

Born in 1956
Consultant since 2012

Shareholding: 56 000 shares in Anoto Group AB
Education: Business and administration, Stockholm university, Sweden, PA Education, Eskilstuna, Sweden

DENNIS LADD Chief Strategy Officer

Born in 1957
Employed since 2012

Shareholding: -
Education: Bachelor of Arts, State University of New York, USA

ANNA LIFFNER Human Resource manager

Born in 1979
Employed since 2000

Shareholding: -
Education: Bachelor of Social Science in Education, Lund University, Sweden

TIM AUGENBAUGH SVP Business Development

Born in 1966
Consultant since 2012

Shareholding: 2 014 702 shares in Anoto GroupAB
Education: BS Engineering, South Dakota University, USA

GUSTAV HJ RN VP Product Management

Born in 1982
Employed since 2012

Shareholding: -
Education: Master in Computer Science, Lund University, Sweden

The Anoto share

Anoto Group AB (publ.) has been listed on the NASDAQ OMX Stockholm Stock Exchange (ticker: ANOT) since June 16, 2000. Today the share is listed on the Small Cap list of the NASDAQ OMX Nordic Exchange Stockholm. The share was previously traded on the New Market starting on March 15, 2000. Anoto Group's share capital of SEK 2,740,742 is allocated among 137,037,081 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 decreased by 38 per cent from SEK 2,65 to 1,65 during the year. During the same period, the NASDAQ OMX Stockholm GI was up by 15 per cent and the NASDAQ OMX Sweden Technology GI decreased by 2 per cent. Anoto Group's market capitalization was MSEK 226 on December 31, 2012.

Shareholders

At the end of 2012, Anoto Group had 4,936 shareholders. Foreign shareholders controlled 81 per cent; the ten largest shareholders 65 per cent; institutional and industrial investors 93 per cent of the shares.

Dividend policy

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.

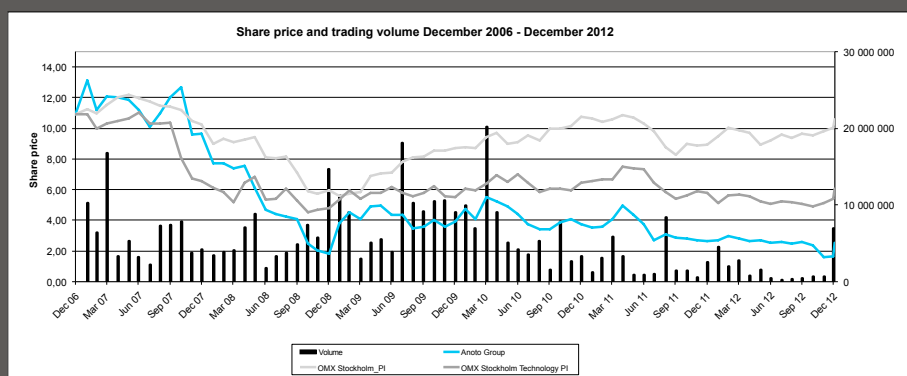
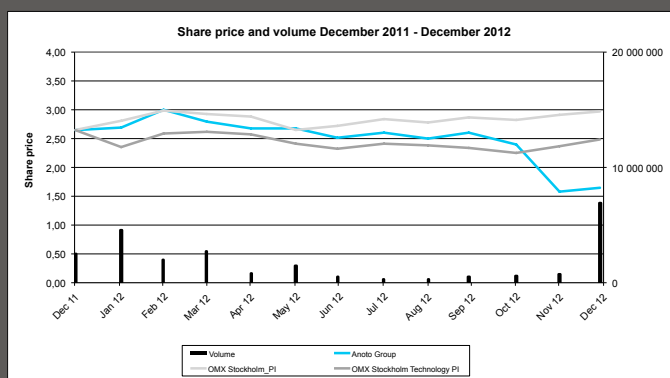
Option programmes

The parent company currently has no outstanding stock option program.

Analysts

Anoto Group is covered by analysts at banks and securities brokers including Redeye.

the Anoto share performance and trading



Per - share data

Number of shares 137,037,081	137 037 081
Number of outstanding options 0	0
Average number of shares 136,757,038	136 757 038
Average number of outstanding options 0	0
Earnings per share (SEK) -0.33	-0,33
Earnings per share incl. options (SEK) -0.33	-0,33
Cash flow per share for the year (SEK) -0.13	-0,13
Cash flow per share incl. options (SEK) -0.13	-0,13
Shareholders' equity per share (SEK) 0.95	0,95
Shareholders' equity per share incl. options (SEK) 0.95	0,95

Largest shareholders December 31, 2012

Name	Share %	Total
Aurora Investment Ltd	22,3	30 522 726
Double Day Holdings Ltd	9,4	12 860 000
Ventor AS	6,0	8 206 101
Swedbank Robur Fonder	5,4	7 362 805
Home Capital AS	4,5	6 202 261
Danske Capital Sverige AS	4,3	5 885 000
Fougner Invest AS	3,6	5 000 000
Permanent AS	3,6	4 881 282
HSBC Private Bank (Suisse) SA	3,3	4 509 768
Carnegie Norway Branch	3,1	4 210 000
Total	65,4	89 639 943

Shareholders by size December 31, 2012

Holdings	Total number of shareholders	% av of total number of shareholders	Hold collectively number of shares	% of share capital
1-1000	3 654	74,1	1 116 462	0,81
1001-10000	974	19,7	3 538 434	2,58
10001-100000	239	4,8	7 055 234	5,15
100001-	63	1,3	125 326 951	91,45
Totalt	4 930	100	137 037 081	100,00

Five-year summary

Summary of comprehensive income statements

TSEK	2008	2009	2010	2011	2012
Net sales	143 975	205 862	212 293	192 286	198 646
Other income	-	-	-	-	-
Gross profit	97 662	142 472	143 970	136 567	143 563
Amortization, intangible fixed assets	-12 159	-12 540	-43 747	-9 811	-10 534
Depreciation, property plant & equipment	-3 011	-1 914	-3 014	-3 789	-4 287
Operating profit/loss	-51 645	-20 848	-75 324	-242 980	-42 173
Profit/loss on participations in Group companies	-	-	-	-	-
Profit/loss on shares in associated companies	-2 431	-	-	-	-
Other financial items	-5 974	-87	-1 449	-869	-2 641
Profit/loss after financial items	-60 050	-20 935	-77 272	-243 849	-44 814
Tax	-853	257	-54	-30	-15
Profit/loss after tax	-60 903	-20 678	-77 326	-243 879	-44 829

1. Incl. MSEK 230 for write-down of goodwill.

Summary of financial position statements

TSEK	2008.12.31	2009.12.31	2010.12.31	2011.12.31	2012.12.31
Assets					
Intangible fixed assets	364 025	360 059	328 614	118 739	128 304
Tangible fixed assets	5 279	9 184	8 943	6 910	4 578
Financial fixed assets	30 599	2 835	1 794	1 486	3 782
Total non-current assets	399 903	372 078	339 351	127 135	136 664
Inventory	37 329	29 356	25 306	27 236	30 916
Accounts receivable	32 564	45 013	19 139	39 138	24 037
Other current assets	32 304	27 686	14 950	18 649	19 631
Cash & bank balances, incl. current investments	99 344	80 770	81 044	23 941	5 459
Total current assets	201 541	182 825	140 439	108 964	80 043
Total assets	601 444	554 903	479 790	236 099	216 707
Shareholders' equity and liabilities					
Shareholders' equity	488 474	469 105	394 763	152 988	130 691
Non-controlling interest	-160	-1 225	-3 160	-13 074	-14 888
Long-term liabilities					
Non-interest bearing	41 891	31 007	19 806	9 903	0
Interest bearing	-	-	-	15 695	18 235
Current liabilities					
Non-interest bearing	71 239	56 016	68 381	70 587	82 669
Total liabilities	112 970	85 798	88 187	96 185	100 904
Total shareholders' equity and liabilities	601 444	554 903	479 790	236 099	216 707

Summary of cash flow statements

TSEK	2008	2009	2010	2011	2012
Profit/loss after financial items	-60 050	-20 935	-77 272	-243 849	-44 814
Items that do not affect liquidity	113 715	15 554	49 632	246 310	16 149
Change in working capital	-9 318	-17 641	45 002	-50 306	13 144
Cash flow from operating activities	44 347	-23 022	17 362	-47 845	-15 521
Cash flow from investing activities	-40 257	-14 933	-17 088	-9 258	-5 501
Total cash flow before financing activities	4 090	-37 955	274	-57 103	-21 022
Cash flow from financing activities	-36 047	19 381	-	-	2 540
Cash flow for the year	-31 957	-18 574	274	-57 103	-18 482

Key ratios

	2008	2009	2010	2011	2012
Sales growth, %	17	43	3	neg	3
Gross margin, %	68	69	68	71	72
Operating margin, %	neg	neg	neg	neg	neg
Profit margin, %	23	neg	neg	neg	neg
Capital employed (TSEK)	488 314	467 880	391 603	220 404	134 038
Return on capital employed, %	neg	neg	neg	neg	neg
Return on shareholders' equity, %	neg	neg	neg	neg	neg
Proportion shareholders' funds, %	81	84	82	59	53
Equity/assets ratio, %	81	84	82	59	53
Net debt (TSEK)	-99 344	-80 770	-81 044	-8 246	12 776
Earnings per share (SEK)	-0,47	-0,16	-0,60	-1,89	-0,33
Earnings per share after dilution	-0,47	-0,16	-0,60	-1,89	-0,33
Cash flow per share for the year(SEK)	-0,25	-0,14	0,00	-0,44	-0,13
Cash flow per share after dilution	-0,25	-0,14	0,00	-0,44	-0,13
Shareholders' equity per share (SEK)	3,80	3,65	3,07	1,17	0,95
Shareholders' equity per share after dilution (SEK)	3,80	3,65	3,07	1,17	0,95
Average No. of employees	127	113	108	94	103
Sales per employee (TSEK)	1 134	1 822	1 966	2 046	1 929
Payroll expenses incl. social security contribution (TSEK)	106 375	95 530	98 019	80 741	92 775
(of which pension premiums)	13 337	12 358	14 068	10 050	7 551

Definitions

Proportion shareholders' funds

Shareholders' equity, non-controlling interest and deferred tax at the end of the year as a percentage of total assets.

Return of 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, divided with an average of 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.

Sales per employees

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.

Operating margin

Operating profit/loss after depreciation and amortization 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 non-controlling interest 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.

Annual general meeting

Anotos general meeting will be held on May 15, 2013 at the Anoto premises Traktorvägen 11 in Lund

Anoto's Annual General Meeting will be held on May 15, 2013 at 1 p.m. at the Anoto premises, Traktorvägen 11 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-mail to AGM.2013@anoto.com
- In writing to Anoto Group AB, Box 4106, 227 22 Lund

The notification must reach the company by 12:00 noon on Wednesday, May 8, 2013. To be entitled to participate, the shareholder must also be entered in the Euroclear Sweden AB share register by May 8, 2013. Any shareholder who has registered his or her shares under a trustee must temporarily register them in his or her own name with Euroclear Sweden AB by Wednesday, May 8, 2013. 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 or e-mailing a request to AGM.2013@anoto.com or phoning +46 46 540 12 00.

Following is the schedule of Anoto Group's financial reports for its 2012 financial year:

January-March interim report, May 3, 2012
January-June interim report, August 16, 2012
January-September interim report, November 5, 2012
2013 year-end report, February 2014



Anoto Group AB is a global leader in digital writing solutions, which enables fast and reliable transmission of handwriting into a digital format. Anoto operates worldwide through a global partner network that delivers user-friendly digital writing solutions for efficient capture, transmission, distribution and storage of data. Anoto is currently in use across multiple business segments, e.g. healthcare, banking and finance, transportation and logistics and education. The Anoto Group has around 110 employees and is headquartered in Lund (Sweden). The company also has offices in Guildford and Wetherby (UK), Amsterdam (NL), Boston (US) and Tokyo (Japan). The Anoto share is traded on the Small Cap list of NASDAQ OMX Stockholm under the ticker ANOT.

www.anoto.com