Interim Report January – June 2002

- The Board of Directors has decided, on condition that authorisation is granted by the Annual General Meeting, to issue new shares with preferential rights valued at approx. SEK 207 million. Ericsson and the majority of other major shareholders, representing approx. 51 per cent of the share capital, have stipulated their intention to subscribe for their respective parts of the new share issue. In addition further shareholders and major investors have expressed interest in subscribing for some 9 percent of the issue without preferential rights.

- Further cost cutting programs have been decided upon, implying that the number of staff at the Stockholm office is reduced from approx. 100 to 25, while a number of new positions are being offered in Lund. The cost reduction is valued at around SEK 100 million per year as of the end of 2002. Down-sizing expenses, including winding up premises, is valued at SEK 40 million and will be charged in the third quarter.

- C Technologies has received an order for 750.000 ASIC-circuits totalling around SEK 42 million, which will be fully effectuated in the second half of 2002. The business transaction is profitable and will in the future also generate royalty income per ASIC-circuit.

- Sales remained unchanged at SEK 82 (82) million in comparison with the same period the previous year. The gross margin for the period was 29 % (2 %).

- Operating loss amounted to SEK -236 (-263) million.

- Cash flow for the period was SEK –236 (-165) million, of which SEK –79 (-134) million in the second quarter.

- In April *Anoto* functionality was launched on the Swedish consumer market in collaboration with Vodafone, Sony Ericsson, Esselte and 3M, making Chatpen™ by Sony Ericsson the first digital pen with *Anoto* functionality.

- *Anoto* has initiated a new partnership agreement with a major mobile phone manufacturer no less prominent than Sony Ericsson and Logitech, and has received its first order valued at SEK 2 million.

- Anoto's industrial partners Hitachi Ltd and Groupe Hamelin have subscribed for shares in Anoto Group totalling SEK 25 million.

- Milcom, Chiahui and MediMedia have announced their intention to launch enterprise services in commercial operation during the year.

Anoto

Anoto Group is composed of innovative high tech companies within the fields of digital camera technology, image processing and digital pens. The group is today best known for its subsidiary *Anoto*, which operates within three business units.

The subsidiary *Anoto* is progressing largely according to plan. Important basic development of the infrastructure and development of basic consumer services have now been completed. This combined with the fact that partners to a large extent develop their own services and that telephones and computers have integrated support for new server-based services, create a declining demand for new major projects within server development. Consequently the company has decided to significantly reduce operations in Stockholm. In spite of these measures the company expects to finalise its undertakings and continue to sell the finished products.

The weak telecom market has affected the time of market introduction for a number of the company's potential partners among the operators.

The remaining business units, Enterprise and PC solutions, are progressing according to plan or better.

Business Unit Enterprise focuses on selling solutions and systems to streamline the flow of paper forms within mail service, medical service, logistics, financial transactions, inventory, market research and others. The business unit has in the period enjoyed progressed somewhat better than forecasted and will during the remainder of 2002, and in 2003, be prioritised further, utilising the strong interest in the market. At present the biggest customer is Hitachi with orders and NRE[*] valued at approx. SEK 20 million up to and including Q1 2003, for development of the co-called EPLS**. When the system is sold by Hitachi to Japanese customers, a little more than 50% of the service fee generated by each pen will go to *Anoto*.

Business Unit PC Consumer Products has progressed excellently and will be launched via Logitech in the autumn 2002. The company estimates that Logitech's launch will provide *Anoto* with royalty revenues for *Anoto* enabled digital pens ranging between SEK 40 and 80 million in 2002 and 2003. At the launch Logitech will be collaborating with existing *Anoto* partners such as 3M Post-It Notes, MeadWestvaco, Groupe Hamelin and Franklin Covey.

Business Unit Mobile, which offers mobile solutions for private consumers and enterprises to operators, has progressed less favourably than forecasted. There is a keen interest among operators to introduce services based on *Anoto* technology, however there is clearly a delay compared with the indications given at the beginning of the year. As mentioned above, it has been decided to take steps to reduce the negative cash flow.

In addition to the announced partners, *Anoto* has initiated collaboration with further major companies, which, on request by the respective partner, for the time being will remain confidential for reasons of secrecy and competition.

In April 2002 *Anoto* functionality was launched on the Swedish consumer market in collaboration with Vodafone, Sony Ericsson, Esselte and 3M, thus making Chatpen™ by Sony Ericsson the first digital pen with *Anoto* functionality worldwide. Sales have so far matched Vodafone's expectations and Chatpen™ is today marketed through 52 Vodafone Stores, as well as a number of additional retailers connected to Vodafone. A major concentration on vertical applications has been initiated and in the autumn *Anoto,* Vodafone and other partners count on being able to get a large number of additional pilot projects under way in several areas of forms processing.

*) NRE = "Non Refundable Engineering" (Development fee)
**) EPLS = "Enterprise Paper Lookup Service" (Customised intranet solutions for Anoto's pen and paper-based services)

C Technologies

The subsidiary C Technologies' products, of which the scanning pen C-Pen is best known, are based on the integration of digital camera technology with advanced image processing in products with low energy consumption and high speed processing. Since the end of 1998 the company has established its technology platform on the global market through license and OEM partnerships and sales of proprietary products.

The Korean partner, Fusion Road, has continued to progress at a slower rate than expected. This is largely due to the inadequate quality of the externally purchased OCR software used in the Korean products. Measures have been taken.

There is a continued strong interest in C-Pen 10, which achieved improved margins during the period by moving the production to Asia.

Development of the product BzMate – a further development of the scanning pen C-Pen, allowing for text scanning capacity as well as taking pictures – has been completed during the second quarter.

At the end of the period the company was reorganised, resulting in staff cuts amounting to around ten.

WeSpot

In the subsidiary WeSpot (in which Anoto Group AB controls 54.7 % of votes and capital) applications based on so-called intelligent camera technology, advanced image processing and the group's proprietary ASIC-chip are developed. WeSpot the previous year signed its two first commercial contracts with Overhead Door Corporation (part of Japan-based Sanwa Group) in the US and Attendo Senior Care AB in Sweden as well as a partnership agreement with US-based Visionics. Parallel negotiations with a number of potential customers and partners regarding further agreements are ongoing.

Operations have progressed as planned during the period.

Invoicing and results

Invoicing for the first six months of the year totalled SEK 82 (82) million, of which C Technologies accounted for SEK 66 (82) million, *Anoto* for SEK 15 (-) million and WeSpot för SEK 1 (-) million.

The group's gross margin for the period was 29% (2%).

The collaboration with the company's partner in Korea – Fusion Road – has not progressed as expected. Measures to remedy quality problems in externally developed OCR have been taken.

Consolidated operating loss for the period was SEK –236 (-263) million. Sales, administration and research expenses have continued to decrease according to plan and amounted to SEK –227 million, compared with SEK –257 million for the corresponding period the previous year and SEK –330 million for the previous period of six months (July – December 2001).

Pre-tax loss for the period was SEK –226 (-158) million. The result for the corresponding period the previous year included a positive result regarding the group's profit in connection with directed new share issues in subsidiaries after taking the minority share into consideration. The item amounted to SEK 59 million. Adjusted for lump sum expenditures, pre-tax loss for the period the year before was SEK –217. The period was charged with depreciation of goodwill on consolidation totalling SEK 19 million. There was no corresponding item the previous year.

Financing and liquidity

Consolidated liquid assets amounted to SEK 133 million at the end of the period compared to SEK 212 million at the end of Q1 and SEK 368 million at the beginning of the year.

In the first quarter the employees of the parent company and wholly owned subsidiaries, as described in the previous report, were offered to acquire warrants in the parent company at market price. Fully utilised the parent company will be provided with SEK 123 million. The said salary cuts accepted by employees subscribing for warrants will during 18 months correspond to a total cost reduction of just over SEK 15 million for the group.

At the end of the reporting period the major shareholders of the partly owned subsidiary WeSpot AB (including Anoto Group AB) decided to, pro rata and in the form of interest-bearing loans, advance totally SEK 16,5 million in respect of the next new share issue in WeSpot. With this advance WeSpot's funds are secured well into the first quarter 2003. Of this advance SEK 7,3 million refers to minority shares, thus constituting a contribution to the company's liquidity. The greater part of the latter had been paid in within the scope of the reporting period.

Cash flow

Cash flow generated by current operations amounted to SEK –209 (-244) million for the period. The improvement relates entirely to the second quarter of the period when a positive change in working capital was realised.

Cash flow for the period amounted to SEK –236 (-165) million.

The cash flow has been charged with net investments of SEK –39 (-30) million for the period.

Investments

Net investments for the period January-June was SEK 39 (30) million in respect of capitalised development and patent expenditure and tangible fixed assets.

Second quarter (April – June)

Invoicing for the second quarter was SEK 30 (39) million, of which C Technologies accounted for SEK 20 (39) million, *Anoto* for SEK 9 (-) million and WeSpot for SEK 1 (-) million. Sales in *Anoto* has, in comparison with the first quarter of the year, increased by 41 %, reflecting among other things initial effects of the above mentioned strategic partnerships.

The gross margin was 31% (4%).

Consolidated operating loss for the second quarter was SEK –118 (-139) million, which was charged with provisions for employment terminations and bad debts totalling just over SEK 8 million. Sales, administration and research expenses have continued to decrease according to plan, amounting to SEK –110 (-136) million in the second quarter. The previous statement in respect of estimated costs has thus been met.

Pre-tax loss for the quarter amounted to SEK –112 (-98) million. Adjusted for lump sum expenditure amounting to SEK 10 million, pre-tax loss for the corresponding period the previous year was SEK –108 million.

The second quarter has been charged with depreciation of goodwill on consolidation according to plan amounting to around SEK 10 million. There was no corresponding item the previous year.

Cash flow generated by current operations amounted to SEK –62 (-133) million in the second quarter, implying a noticeable improvement compared to SEK –147 million in the first quarter. The improvement relates primarily to the working capital, where undesired large accounts receivable to a certain extent have been balanced by a gradual implementation of factoring.

Cash flow in the second quarter was SEK –79 (-134) million, charged with net investments amounting to SEK 21 (16) million.

Parent Company

Subsequent to the legal restructuring of the group in connection with the previous turn of the year, the parent company operates solely as a holding company with a limited number of consolidated functions.

As previously foretold, Christer Fåhraeus was appointed new CEO and president of the parent company, which, in connection with the Annual General Meeting, changed its name to Anoto Group AB.

Accounting principles

During the period the company has applied the same accounting principles that were used in the Annual Report 2001. The company observes the Swedish Financial Accounting Standard Council's recommendations and statements. The interim report has been made in accordance with the Swedish Financial Accounting Standards Council RR 20 – Interim Reports.

Share data

Anoto Group's share is listed on Stockholmsbörsen's O list (Attract 40). On expiration of the reporting period there was a total of 76.526.901 shares, and 11.609.939 * outstanding warrants.

Ownership structure

On June 30, 2002 the number of shares in Anoto Group was around 15.500. Foreign shareholders controlled 25 % of the shares. Major shareholders at the same point of time are listed below.

Owner	No. of shares	% of capital & votes
Ericsson	18.253.549	23,9 %
Capital Group	9.225.053	12,1 %
Christer Fåhraeus	6.952.870	9,1 %
Robur fonder	3.701.783	4,8 %
4:e AP-fonden	3.653.846	4,8 %
Skandia Liv	2.475.038	3,2 %
Metallfinans/Sv. Metallind.arb.förbundet	1.808.845	2,4 %
Other	30.455.917	39,7 %
Total	76.526.901	100,0 %

*) 5.170.714 of these are warrants issued in connection with the agreement with holders of stock options in Anoto AB regarding exchange of shares, whereby subscription for new shares based on warrants in Anoto AB entitles the subscriber to 1 new share in the parent company per 8,1915 shares in Anoto AB. Fully exercised these warrants would provide the group with SEK 247 million. Furthermore there are 1.639.225 so-called staff warrants in the parent company, of which only 55 % have been offered to employees until now. Fully utilised, this program could provide future subscription payments amounting to SEK 123 million. The salary relinquishment program implemented in the first quarter of the year comprises 1.856.440 warrants, whereby the remaining warrants authorised by the General Meeting (2.943.560) will not be utilised and consequently do not constitute a potential dilution exposure. On condition that these conditions remain, the total actual dilution exposure as at June1, 2002 will be approx. 10,4%.

Significant events after the end of the reporting period

Within the scope of the Board of Director's authorisation to direct new share issues at Anoto's strategic partners, 650.000 new shares were emitted to Hitachi in July. The share price was SEK 23, which provided around SEK 15 million before issue expenses.

In line with the above, in July a further 500.000 shares were emitted to Groupe Hamelin at a price of SEK 20 each, which increased the company's share capital by SEK 10 million before issue expenses.

Anoto in July announced the signing of an additional licence agreement regarding manufacturing of digital pens with *Anoto* functionality. The new collaboration partner with which an agreement has been signed remains confidential until further notice due to industrial secrecy. However, the statement announced that the partner in question is a leading player in the telecom industry, as important as existing pen partners Sony Ericsson and Logitech. The agreement is estimated to generate royalty income in 2003, representing the company's major source of telecom revenues.

Having completed the important technology platform and basic consumer services, the company consequently decided to reduce operations at the Stockholm office. Employees at the Stockholm office are cut from 100 to 25 while a number of positions are being offered in Lund.

A pilot order valued at SEK 1.4 million has been placed by Medimedia, USA's largest supplier of forms processing systems for the medical service. *Anoto* technology will be utilised to facilitate patients' journals, registrations and prescription procedures within the medical service.

Anoto has received and order from Chiahui Technologies in Taiwan regarding pen and paper-based services with *Anoto* functionality for enterprises and private consumers. Initial services will be launched in Q4 2002.

Anoto has also initiated collaboration with MilCom, leading Danish distributor of mobile phones and accessories. The agreement regards a future launching of pen and paper-based services.

C Technologies has received and order for 750 000 ASIC-circuits (the company's proprietary System-on-a-chip Argus). Delivery of all circuits, corresponding to an order value of SEK 42 million, will be effectuated during the third and fourth quarters. The circuits will generate future royalty revenues.

Board member Christer Johansson has taken up his duties as new president of the subsidiary CTechnologies AB.

Subsequent to the end of the period the board of directors resolved, on condition that authorisation is granted by the General Meeting, to propose that a new share issue be implemented on the basis of preferential rights for existing shareholders. See also the section ”New share issue with preferential rights for existing shareholders” below.

Following the above-mentioned decision, the board of directors has agreed to call a shareholders' meeting in Lund on September 24, 2002.

New share issue with preferential rights for existing shareholders

Resolution of the Board of Directors regarding new share issue

On August 22, 2002 the Board of Directors resolved to implement, on condition that authorisation is granted by the General Meeting of Shareholders and that a resolution to change the Articles of Association required for the new share issue is passed, to implement a new share issue with preferential rights for the shareholders, which, if fully subscribed, will provide Anoto with slightly more than SEK 207 million before issue expenses.

Ericsson and the majority of other major shareholders of the company, representing a total of 50,9% of the share capital, have expressed their intention to undertake to subscribe for their respective shares of the new issue totalling SEK 105,3 million.

Should the new issue on the basis of preferential rights not be fully subscribed, existing shareholders and new investors have expressed their intention to subscribe for shares without preferential rights at a value of SEK 18,6 million, corresponding to 9,2% of the new share issue. The undertaking to subscribe for shares totals SEK 123,9 million, corresponding to 60% of the new share issue.

Handelsbanken Securities has been appointed as the company's adviser in connection with this share issue.

Terms and Conditions

- Shareholders will have preferential rights to subscribe for one (1) new share for every three (3) existing shares held.
- The subscription price for the new shares is SEK 8.
- The new share issue comprises a maximum of 25.892.300 shares. Should the new issue be fully subscribed the number of shares in the company will increase from 77.676.901 to 103.569.201.
- An Extraordinary General Meeting will be held in Lund on September 24, 2002.
- The last day of trading including the right to receive subscription rights is 25, 2002.
- The record day for determining participation in the new share issue is September 30, 2002.
- The prospectus will be published around September 30, 2002.
- The subscription period is October 4-24, 2002.
- Trading with subscription rights will take place in the period October 4-21, 2002.

Background and Motive

The company has previously stated that the present liquid assets will last until positive cash flow is achieved. The group is developing largely according to plan or better, however C Technologies has not reached the forecasted sales volumes in combination with expenses that have been too heavy. In Q2 measures were taken to reduce staff while pen sales have reverted to least the volume and increase prevailing in Q1.

In addition *Anoto* has been affected by the negative trend in the operators market and a number of projects aimed at the consumer market have been postponed.
It has consequently been decided to adapt to adapt the company's operations and costs to suit the present market situation, the largest cost item in this respect being the expenses involved in closing down a big part of the Stockholm office.

Against the above background, the Board of Directors have resolved to effect a new share issue raising slightly more than SEK 207 million. In summary the reasons are:

- The uncertain market conditions have meant delays on certain customer markets, resulting in the point of time for positive cash flow being postponed from the first half of 2003 to the second half of 2003. It is estimated that the company's present liquidity is insufficient until such time.
- The reported downsizing will result in significant cost reductions, however initially incurring negative cash flow effects due to closing-down costs amounting to approx. SEK 40 million in Q3, 2002. The rate of the company's spendings will temporarily accelerate in comparison with previous calculations.
- The Board of Directors wishes to strengthen the company's financial position in order to provide the company with the necessary financial power and strength to enable the company to be an interesting and confidence-inspiring partner and create scope for development of existing and new partnerships with major market players. *Anoto* collaborates in long-term projects with leading global players in IT & Telecom, and financial strength and power are indispensable in these contacts.
- The company requires financial flexibility in order to meet the strong demand for the company's products and services in business units *Anoto* Enterprise, *Anoto* PC and C Technologies' camera solutions.

As a consequence of the above combination the company requires further capital to realise its strategy with satisfactory safety margin until positive cash flow is generated.

Outlook

Anoto

The board of directors and management have great confidence in Anoto, especially taking into account that Anoto has entered commercial agreements with all world-leading companies that were targeted. This strategy will be maintained.

Vertical applications have made good progress. Far-reaching collaboration with Hitachi has previously been announced and agreements with no less than one additional partner of the same importance will be announced at the end of Q3.

The PC-solution for consumers will be introduced by Logitech in the autumn and probably generate the majority of pen sales in Q4 and during 2003. Negotiations with another pen manufacturer are likely to be completed in Q3, 2002, in addition to the three that have been announced previously,

The launching of Anoto's consumer services by operators has been delayed in comparison with previous indications. It is estimated that 3-6 operators will be introducing some type of commercial service in 2002. The company has previously announced that 5-10 operators will be operating commercially in 2002. Focus on vertical applications within Business Unit Mobile will be increased. TIM, Milcom, Chiahui and Medimedia have announced their intention to launch enterprise services in quarters 2 and 3 for commercial operation during the year. This is expected to progress at the same pace.

Since major basic development and fundamental consumer services have been completed, staff reductions, primarily in R&D, will be carried out. Staff at the Stockholm office will be reduced from one hundred to twenty-five, at the same time as a number of positions are being offered in Lund. The company's product offering is not affected by the decision. Costs are estimated to amount to SEK 40 million and will be charged in Q3. As from Q4 the monthly cost level is expected to reach around SEK 16 million for *Anoto*, implying cost savings amounting to approx. SEK 100 million per annum.

Anoto is expected to start collaboration in 2002 with a printer manufacturer to further increase the supply of paper and create possibilities for new types of services.

The interest expressed by large and small industrial partners is increasing continuously.

C Technologies

After a weak second quarter a gradual recovery in respect of C-Pen product sales is expected, reaching full effect in the last quarter. The orders to date for ASIC-circuits mentioned above are expected to increase considerably in the third and fourth quarters and are estimated to generate revenues exceeding SEK 50 million and a good margin.

During the second quarter organisational restructuring was carried out on two occasions, estimated to result in future cost reductions, as from Q4, amounting to around SEK 20 million per annum. As from Q4 costs are expected to be approx. SEK 4 million per month.

Given the above, a positive result is forecasted for C Technologies as from Q3 and positive cash flow as from Q4. Sales for C Technologies for the second half of the year are estimated to exceed SEK 110 million with continuously improving margins.

WeSpot

According to the above, the company has secured funds into 2003 through the major shareholders. In parallel activities to secure the company’s long-term capital requirements will be carried out. It is estimated that Anoto Group AB’s share in WeSpot will have decreased below 50% within 1-2 quarters and that the latter will no longer be consolidated, being accounted instead as an associated company within the Anoto Group of companies.

The Group

The Group’s fixed costs as from Q1, 2003 are expected to amount to around SEK 21 million per month and cash flow in Q1 is estimated to fall below SEK -30 million (excluding WeSpot in accordance with the above assessment of reduced future ownership).

The group is expected to achieve positive cash flow during the second half of 2003, contrary to the first half of 2003 as previously stated.

Financing

With the announced new share issue with preferential rights the company estimates that positive cash flow will be achieved without further capital contribution.

Lund, August 22, 2002

Christer Fåhraeus
President

Review Report

Anoto Group AB (publ) **Org.nr. 556532-3929**

We have reviewed this interim report in accordance with the recommendation issued by the Swedish Institute of Authorised Public Accountants.

A review is considerably limited in scope compared with an audit.

Nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements of the Securities and Clearing Operations Act and the Annual Accounts Act.

Malmö, August 22, 2002

Per-Arne Pettersson
Authorised Public Accountant

Summarised Profit & Loss Account ***The Group***

(Amounts in SEK thousands)	**Quarter 2**		**Accumulated**		**Year**
	April - Juni 2002	Apr - Jun 2001	Jan - Juni 2002	Jan - Juni 2001	Jan -Dec 2001
Net sales	29,729	38,738	81,675	82,252	156,204
Costs of goods sold	(20,515)	(37,155)	(57,960)	(80,886)	(141,506)
Gross profit	**9,214**	**1,583**	**23,715**	**1,366**	**14,698**
Sales, administration & R&D	(109,729)	(136,274)	(227,459)	(257,002)	(587,537)
Depreciation of intangible assets	(12,375)	(962)	(23,377)	(2,527)	(10,809)
Depreciation of tangible assets	(4,663)	(3,042)	(8,934)	(5,209)	(12,735)
Operating income	**(117,553)**	**(138,695)**	**(236,055)**	**(263,372)**	**(596,383)**
Income from participation in group companies [1]	-	10,017	-	59,394	68,210
Other financial items	2,146	2,748	3,582	6,003	7,938
Minority share	3,380	28,183	6,776	40,256	80,042
Income (loss) before taxes	**(112,027)**	**(97,747)**	**(225,697)**	**(157,719)**	**(440,193)**
Taxes	(117)	(46)	(118)	(96)	(488)
Income (loss) after taxes [6]	**(112,144)**	**(97,793)**	**(225,815)**	**(157,815)**	**(440,681)**
Key ratios:					
Gross margin	31.0%	4.1%	29.0%	1.7%	9.4%
Operating margin	Neg	Neg	Neg	Neg	Neg
Earnings per share (SEK) [5]	(1.47)	(2.15)	(2.95)	(3.48)	(8.97)
Earnings per share after dilution (SEK) [5]	(1.26)	(2.04)	(2.59)	(3.29)	(8.50)

Balance Sheet (summarised)

(Amounts in SEK thousands)	*The Group*		
	6/30/2002	12/31/2001	6/30/2001
Goodwill	355,878	374,946	-
Other fixed assets	134,032	107,933	63,728
Other current assets	118,610	111,388	78,971
Liquid assets incl. current investments	132,552	368,313	255,770
Total assets	741,072	962,580	398,469
Shareholders' equity	582,263	798,963	293,165
Minority interests	-	2,568	1,661
Interest-bearing liabilities	5,000	5,417	1,250
Other liabilities	153,809	155,632	102,393
Total shareholders' equity and liabilities	741,072	962,580	398,469

Changes in equity	*The Group*		
	1/1/2002 6/30/2002	**1/1/2001 6/30/2001**	**1/1/2001 12/31/2001**
Opening balance according to the adopted balance sheet for the previous year	**798,963**	**503,055**	**503,055**
Effect of change of accounting principle [4]	-	(68,545)	(68,545)
Minority share	-	3,979	3,979
Opening balance adjusted according to the New accounting principle	**798,963**	**438,489**	**438,489**
New share issue	-	-	450,000
Non-cash issue	-	-	347,016
Issue expenses	-	(205)	(12,638)
Redemption of warrants	-	975	975
Subordinated debentures with detachable warrants[6]	7,998	1,732	1,733
Minority share of submitted stockholders' share In subsidiaries	-	(588)	(573)
Minority share of result for the year not recorded in the Profit and loss statement [2]	-	12,684	16,928
Translation difference	1,117	(2,107)	(2,286)
Loss for the year	(225,815)	(157,815)	(440,681)
Closing balance	**582,263**	**293,165**	**798,963**

Cash flow analysis ***The Group***

(Amounts in SEK thousands)	Quarter 2 Apr - June 2002	Apr - June 2001	Accumulated Jan - June 2002	Jan - June 2001	Year Jan - Dec 2001
Operating income before depreciation	(100,515)	(134,691)	(203,744)	(255,636)	(572,839)
Change in warranty provision	(460)	531	142	1,249	(60)
Taxes paid	(117)	(46)	(118)	(96)	(488)
Change in operating funds	39,423	829	(5,402)	10,222	32,775
Cash flow before investments	**(61,669)**	**(133,377)**	**(209,122)**	**(244,261)**	**(540,612)**
Net investments	(20,655)	(15,998)	(39,342)	(29,723)	(83,379)
Operating cash flow before investments	**(82,324)**	**(149,375)**	**(248,464)**	**(273,984)**	**(623,991)**
Financing					
New share issues	-	-	-	-	438,338
New share issues directed at subsidiary minorities	-	12,891	-	101,268	120,751
Other financial items	2,146	2,748	3,582	6,003	7,938
Other items[6]	900	(198)	9,121	1,277	4,071
Liquid assets for the year	**(79,278)**	**(133,934)**	**(235,761)**	**(165,436)**	**(52,893)**
Liquid assets at the beginning of the period *	211,830	389,704	368,313	421,206	421,206
Liquid assets at the end of the period *	**132,552**	**255,770**	**132,552**	**255,770**	**368,313**

*) Liquid assets refer to cash, bank balance and current investments

Key ratios ***The Group***

	Apr - June 2002	Apr - June 2001	Jan - June 2002	Jan - June 2001	Jan - Dec 2001
Cash flow for the year (kSEK)	(79,278)	(133,934)	(235,761)	(165,436)	(52,893)
Cash flow / share (SEK) [5]	(1.04)	(2.95)	(3.08)	(3.65)	(1.08)
Cash flow / share (SEK) after dilution [5]	(0.89)	(2.79)	(2.70)	(3.45)	(1.02)

	6/30/2002	12/31/2001	6/30/2001
Equity/Assets ratio	78.6%	83.0%	73.6%
Number of shares [3]	88,136,840	79,225,551	47,946,020
Equity per share (SEK) [3]	6.61	10.08	6.11

Notes (kSEK)

[1] During the previous year the Group made a profit through a new share issue in the subsidiary Anoto AB directed at Ericsson Mobile Communications AB. This profit amounted to 49 377 after taking the minority share into consideration. The Group made a similar profit the previous year through new share issues directed at minority holders in the subsidiary WeSpot AB. The profit in this case amounted to 18 833 after taking the minority share into consideration.

[2] The minority share in Anoto AB increased from 15% to 30% at the end of March 2001. In order to give a more true and fair view of the profit and loss statement, 15% in the profit and loss statement has been used when eliminating the minority share of the result for the Period Jan 1, 2001 – March, 31 2001. The effect of the remaining 15% became a positive item in the Group's equity. Effective Nov 1, 2001 Anoto AB is fully consolidated. Similarly the increasing minority share in the subsidiary WeSpot AB in the previous year has been taken into consideration.

[3] Incl. Outstanding warrants (June 30, 02: 11 609 939 ; Dec 31, 01: 2 698 650 ; June 30, 01: 2 552 150).

[4] Effective as of Jan 1, 2001 the Swedish Financial Accounting Standards Council's Recommendation RR15 (Intangible assets) is applied. In accordance with the transitional regulations of this principle, a lump sum write-down of a total of 68 545 (corresponding to the residual value according to plan). This lump sum write-down was recorded as an adjustment entry in the equity opening balance on Jan 1, 2001 in accordance with the Swedish Financial Accounting Standards Council's recommendation RR5 (change of accounting principle).

[5] Key ratios regarding earnings and cash flow per share are based on weighted average number of shares and outstanding warrants for the respective periods.

[6] In Q1, 2002 warrant premiums received have been recorded directly against equity, implying a re-classification in relation to Interim Report 1 (Jan-March) in which this item was recorded as other operating income. The item in question amounts to 7 392.