



Annual Report 2010

Doro® generates value by developing the best telecom products for the growing proportion of seniors among the world population. In 2010, sales rose by 28.5 percent. Operating profit rose by 76 percent.



doro 

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Doro AB is a public limited liability company headquartered in Lund, Sweden. Denna årsredovisning finns även i svensk version.

All values are expressed in Swedish krona (SEK m or SEK).

Unless otherwise stated, figures in parentheses relate to the 2009 fiscal year.

In the event of any difference between this version and the Swedish original Annual Report, the Swedish shall govern.

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Five arguments for investing in Doro

- Global distribution through world-leading operators.
- Strong sales, with top-selling mobile phones and continuous development of target group adapted products.
- Increased brand recognition.
- Efficient logistics catering for increased demand.
- Cost conscious organization.



Successful concept for growth



Financial overview

	2010	2009	2008
Income/net sales, SEK m	632.8	492.6	362.5
Operating profit/loss, (EBITDA), SEK m	63.1	38.1	-3.6
Operating profit/loss, (EBIT), SEK m	47.0	26.7	-8.2
Profit/loss after financial items, SEK m	46.4	25.0	-10.1
Profit/loss for the period, SEK m	57.1	22.8	-11.5
Operating margin (EBIT), %	7.4	5.4	-2.3
Return on average capital employed, %	80.1	52.0	neg.
Return on average shareholders' equity, %	60.4	46.7	neg.
Equity/assets ratio, %	36.0	29.1	17.6
Cash flow from current activities, SEK m	80.4	64.4	-21.4
Liquid assets (incl. unused credit), SEK m	121.5	51.6	28.3
Number of employees (average), number	61	60	59
Earnings per share after tax, SEK	2.99	1.30	-0.66
Reported shareholders' equity per share, SEK	6.35	3.54	1.73

Please see page 32 for financial definitions.

Significant events by month 2010

March

Doro announces a distribution agreement with 20:20 Mobile to strengthen its presence in Spain. 20:20 Mobile has a strong presence in Spain and will provide retail channels all over the country with Doro's popular mobile phones. Approximately 200 retail stores will be available to Doro's mobile phones. (A)

April

As of April, France's third-largest mobile operator, Bouygues Telecom, will sell Doro's most successful mobile telephone, Doro PhoneEasy® 410gsm. (B)

Doro launches two of its easy-to-use mobile phones, Doro PhoneEasy® 341gsm and Doro PhoneEasy® 410gsm, in cooperation with Latin America's leading mobile operator Claro, with 3.3 million subscribers in Chile. (C)

June

A retail agreement with the leading mobile operator Orange UK. The first Doro handset to be available on the Orange network is the stylish Doro PhoneEasy® 410gsm in matt-black. (D)

August

Significant retail agreement with France's second-largest mobile operator, SFR – Vodafone's French market partner. The company has elected Doro's top-selling mobile, Doro PhoneEasy® 410gsm, to further bolster its product offering specifically for the senior customer. (E)

Two of Doro's most popular models – Doro PhoneEasy® 338gsm and 345gsm – will be sold through the Vodafone's network in Germany. (F)

Extended cooperation with 20:20 Mobile, Europe's leading distributor of mobile phones and accessories, by signing a significant international distribution deal. 20:20 Mobile will be distributing Doro's award-winning range of easy-to-use mobile phones into new key markets. (G)

September

Partnership with the Orange Group through a retail agreement with Orange Switzerland. The company has selected Doro PhoneEasy® 410gsm to further support its product offering to customers looking for an easy-to-use mobile phone. (H)

October

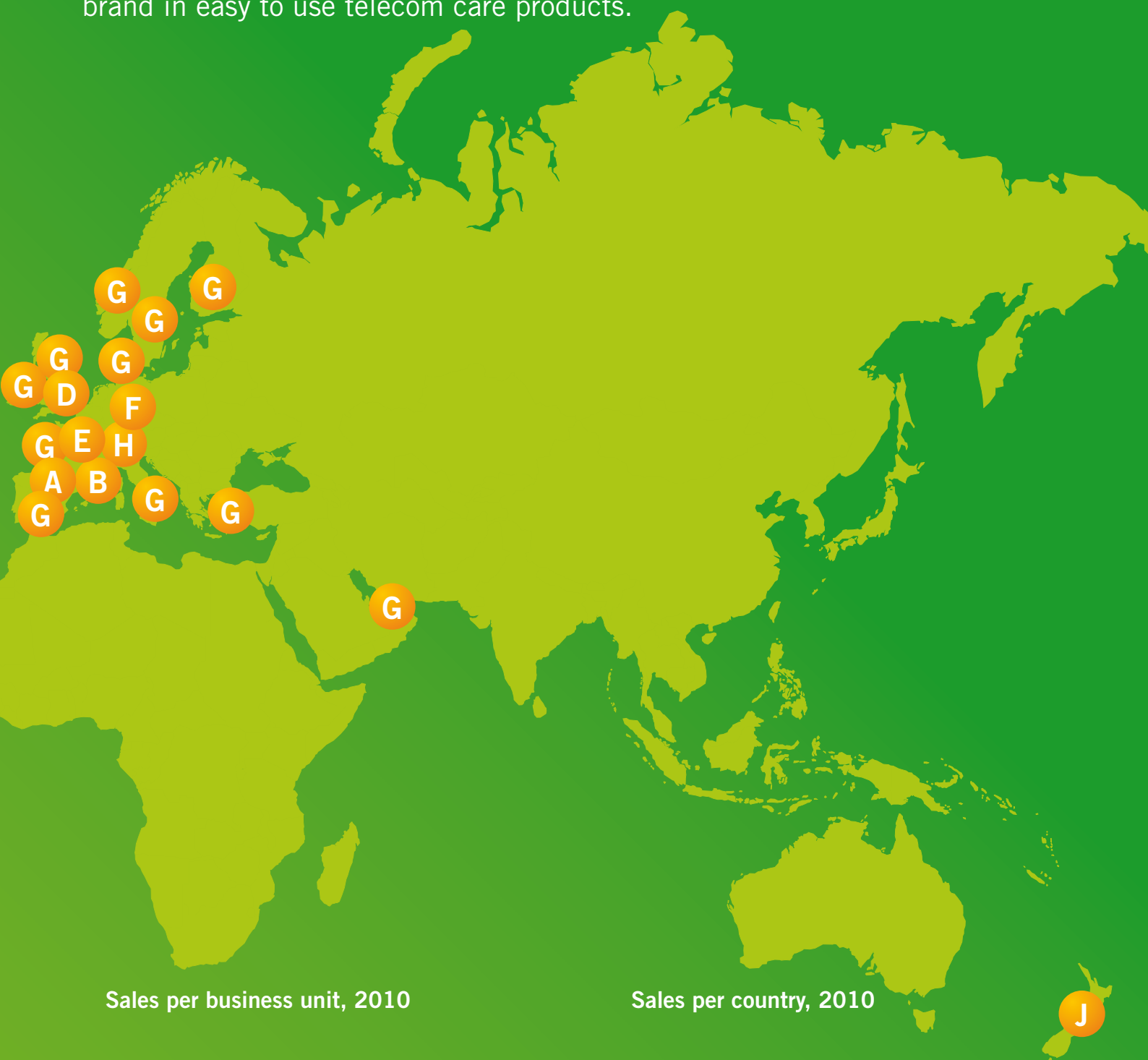
Doro and Canada's leading operator Rogers Communications Inc. announced a partnership agreement. As a result, Doro Phone-Easy® 410gsm will now be available exclusively in Roger Wireless stores across Canada. (I)

December

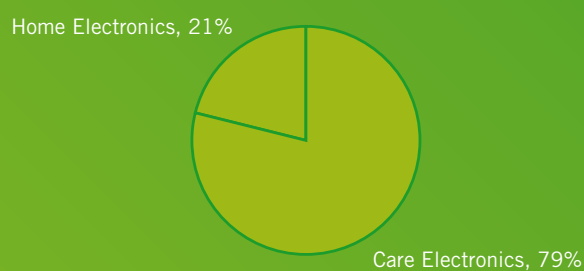
Doro and New Zealand's second-largest operator, TelstraClear, have initiated a partnership. TelstraClear is a wholly owned subsidiary of Australia's leading telecommunications company, Telstra Corporation Limited, which has 400,000 customers. (J)

Global presence through partnerships

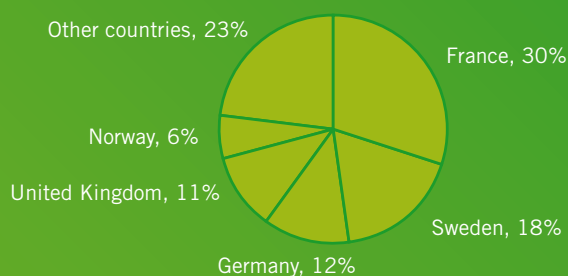
Doro's vision is to be the most trusted global brand in easy to use telecom care products.



Sales per business unit, 2010



Sales per country, 2010



A message from the CEO

Doro has emerged as the global leader in the niche specialized communications devices for seniors.

Our products and our brand are already familiar in certain key European markets. Additional partnerships with key distributors and operators have further extended our presence in those markets. At the same time, we have been highly successful in securing strategic partnerships in new countries, expanding geographically and significantly extending our target market.

Doro today

Entering my fourth year at the head of Doro, I am very satisfied to report impressive progress in terms of growth, product success and financial results in 2010. Our focus on the Care Electronics business unit, which grew by 40 percent compared with 2009 and accounted for 79 percent of total sales in 2010, has opened up profitable new markets and allowed the company to develop into a clear leader in its niche. Strong progress was achieved over the year, more in terms of credible consolidation of previously established trends rather than major individual events. We broadened our international base and reinforced our position in established markets. At the same time, we worked to adjust the focus of the Home Electronics business unit, bringing it back to a more profitable path.

As Care is such a large part of Doro, we will be reporting our operations by geographic segments as of January 1, 2011. Today Doro is an efficient organization in which all invoicing is conducted from the Parent Company in Sweden, with all subsidiaries acting as agents. This new business set-up was implemented in 2010 along with a substantial investment in our IT system. These expenditures will not be repeated in 2011, thus freeing up some resources for investment in new products.

Extended international footprint

Over the year, Doro extended its international presence, securing partnership agreements in new markets including Canada, Chile and New Zealand. At the same time, we increased our market access in existing markets through agreements with additional operators.

In Canada, the distribution agreement we signed with nationwide operator Rogers Wireless was greatly aided by the

efforts we made last year to secure North American market approval. In New Zealand, our agreement is with Telstra Clear, which is owned by Australia's largest operator, Telstra. In Chile, our presence represents an initial foothold in the large Latin American market, where we see considerable potential for growth. In Europe, Doro signed important agreements with key operators: in Germany, Ireland and France, we initiated partnerships with Vodafone and we were able to achieve a breakthrough in the UK through our strong partnership with Orange.

Developing the right products

Our products are not the cheapest but they are best suited to the needs of seniors. Due to their niche character, our products enjoy success in all of our markets. For example, our clamshell mobile phones have sold very well, not for reasons of fashion, as might be the case in other segments, but simply because seniors find they offer the best way to handle a call. This has been demonstrated by consumer test runs via various magazines and consumers associations in several countries, and by sales data for our models from stores where they are sold.

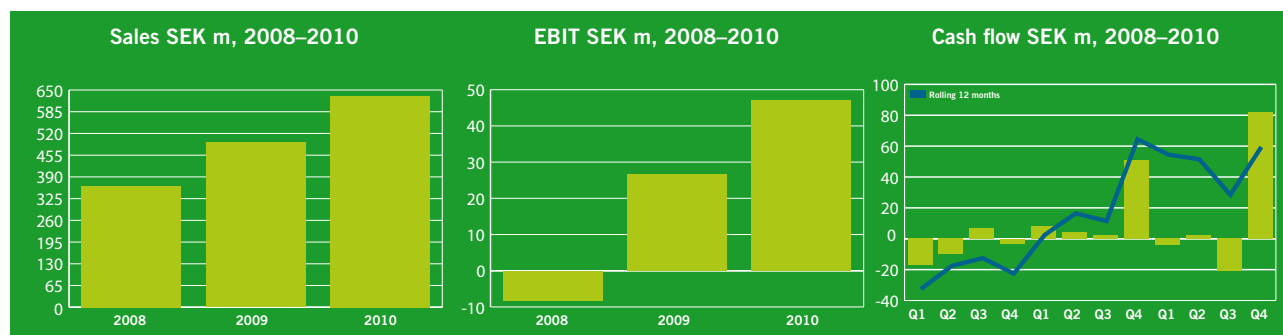
Efficiently protecting our successful designs against copying is crucial. For this reason, we were satisfied with the recent decision by a German court confirming a competitor's infringement of one of our designs and obliging that company to cancel the launch of its copied product.

During 2010, we developed no less than 44 versions of software for our products, customizing them according to various customer (operator) requests. This flexibility is one of our assets in the mobile market. We also launched the Doro PhoneEasy® 332gsm, with a modern design appealing to a broader audience. The model is now available in more colors including chrome.

Brand and marketing

In 2010 we significantly increased investing in the Doro brand, mainly through television advertising campaigns. Over the summer and in the run up to Christmas, we broadcasted television spots in all of the Nordic countries, as well as in France, the UK and Germany.

The Doro brand and products also attracted substantial media attention in all of the countries where we are present.



Value for investors

With its progress over the year and the completion of the turnaround of the organization, Doro achieved earnings per share of SEK 2.99 and a strong operating margin of 7.4 percent for 2010 as a whole. It is with pride that we can state that the Doro share has been a highly attractive investment throughout a period of considerable economic uncertainty. Over 2010, the share price rose from SEK 11.00 to SEK 31.20. At the same time, Doro continues to pursue a strategy of expansion requiring substantial short-term reinvestment but that is designed to generate considerably enhanced returns later on.

Outlook

Doro continues to offer a substantial growth proposition. With a worldwide senior population (aged 65 and up) of 518 million, we see a potential market of 5–6 million units plus replacement sales. In the countries where we already operate, we believe we can reach 15–20 percent of the population aged above 65 in cumulative sales over the next three to five years. With current penetration levels of close to 10 percent in the Nordic region and 1 to 2 percent in the UK, France and Germany, there is considerable room for growth even in our most established markets. Added to this is the potential for growth in our emerging markets and those we have yet to enter, such as Italy, most of Latin America, India, Russia and other parts of Eastern Europe.

To benefit from this potential, we will continue to invest in our product offering but also in the brand and in general awareness of easy-to-use devices.

As we progress, others will inevitably be attracted to the segment and we view such competition as positive since it boosts general awareness of the category and helps the market grow, albeit at the cost of fiercer competition.

During 2011, we will launch 3G products – not because seniors demand 3G functions but because an increasing number of large-scale operators are phasing out their GSM networks or have only built capacity for 3G products. We will also add a camera function, as, in our consumer studies, this ranked fourth among desired features.

Developing mHealth for seniors

In connection with our target group, we have identified a segment where we could add further value to our proposition: mobile health (mHealth). More clearly described as health services delivered via mobile phones, this is a fast-developing area. Most of the applications developed today run on complex and powerful smartphones or dedicated health communication devices. Our intention is to apply the know-how we have amassed in making phones for seniors the development of mobile devices and functions able to mediate such health services. We are mainly focusing on the remote monitoring of medication compliance with our Easy Med Reminder service. This smart function helps remind seniors to take their medication and monitor chronic conditions. Sensors (such as glucometers, scales and pulse meters) collecting bio data will be connected to an easy-to-use mobile phone, which will forward the relevant information to a monitoring center.



Jérôme Arnaud, President and CEO.

Over a three-year horizon our objective is for Doro to generate annual global revenues in the region of SEK 1 billion.

We will focus on our core know-how, making such devices easy-to-use for seniors, while partnering with players in the medical arena to build smart solutions coordinated with a range of medical technology solutions. These efforts will add certain applications and services to our offering, progressively contributing to our growth and margins.

Over a three-year horizon our objective is for Doro to generate annual global revenues in the region of SEK 1 billion, divided more evenly between hardware and services. We hope that our solutions will continue to help seniors lead a safer, easier and more fulfilling everyday life.

Regarding our fixed-line telephony products (formerly Home Electronics), we are now smoothly evolving the range to fill a “comfort” span between the Care segment and the mainstream. The connection between our segments will thus make more sense to consumers – it will all be about ease of use.

Conclusion

In closing, I would like to thank all of our stakeholders whose confidence in Doro has contributed to its enviable progress over the past year – progress that benefits us all.

Lund, March 2011

A handwritten signature in blue ink, which appears to read 'Arnaud', written over a horizontal line.

Jérôme Arnaud

Business concept and strategies

Doro's vision is to be the most trusted global brand in easy-to-use telecom care products.

Our business mission is to help people who face the challenges of ageing to live an easier, safer and more fulfilling everyday life.

We have a clear and simple strategy to achieve long-term growth with sustainable operating margin of a minimum of 10 percent.

Maintaining a clear, goal-oriented focus on the customer, with close relations to the end-user.

To be able to offer our customers the right products, we work systematically and efficiently to acquaint ourselves with and chart the needs of the end-user.

Developing new products based on the needs of the end-user while maintaining focus on efficient production and logistics solutions.

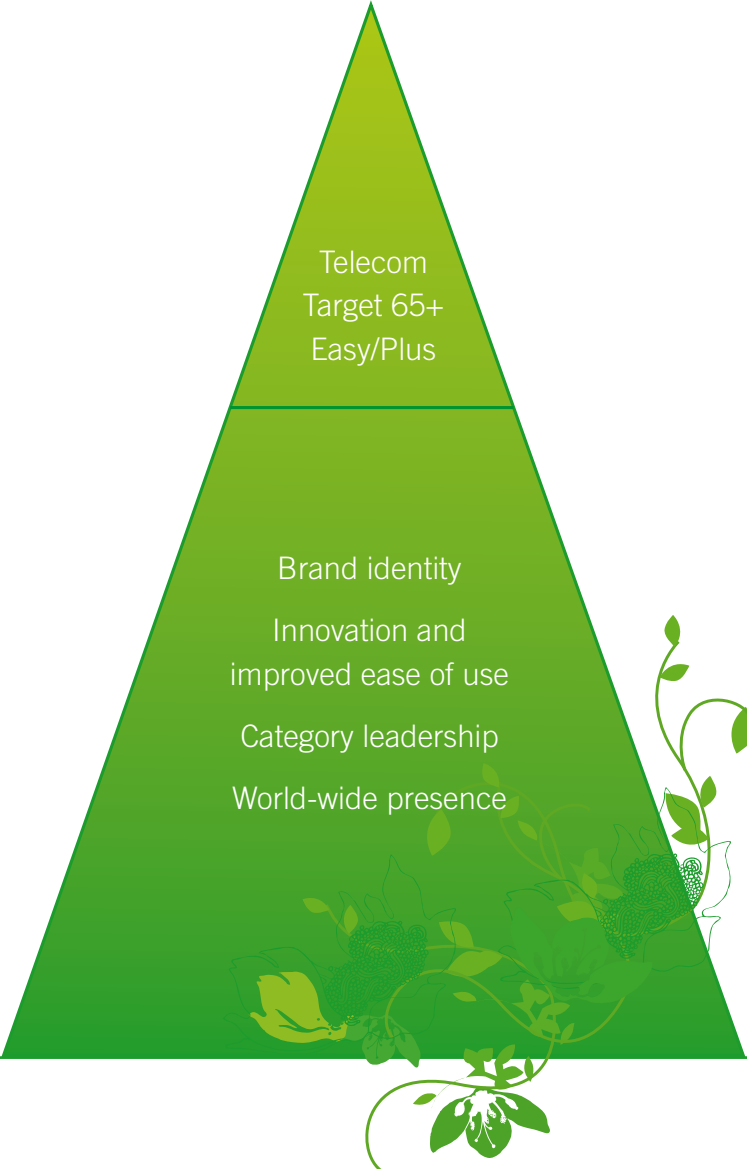
Doro's Care Electronics products are the result of extensive research, an understanding of our end-users and our cooperation with experts in various areas. Doro keeps the end-user in mind from an early stage. Using various methods to compile information on how mobile phones are used, Doro has gained insight and knowledge.

Establishing and strengthening the Doro brand through marketing and developing offering services through various partnerships.

Doro offers both customers and end-users a complete value chain, from a product developed according to the end-user's requirements regarding feel and simplicity, via a competent sales organization to services, support and guarantees.

Broadening our network of retailers and partners both geographically and in terms of categories.

Sales in more than 30 countries on five continents.



Telecom
Target 65+
Easy/Plus

Brand identity
Innovation and
improved ease of use
Category leadership
World-wide presence

Understanding is the key

- Extensive market surveys involving thousands of seniors around Europe provide us with a broad picture of how seniors use their mobile phones and what trends exist.
- Qualitative research methods, focus groups and in-depth studies provide us with a deeper understanding of attitudes.
- Partnership with the Royal National Institute of Blind People (RNIB) and the Royal National Institute for Deaf People (RNID) in the UK and with the Norwegian organization Enklere liv (Simpler Life).

Inclusive Design

Based on its awareness and knowledge of trends and attitudes, Doro partners with specialists in various areas of expertise over many years to develop its easy-to-use products. One example is Ergonomidesign. The concept of inclusive design entails giving everyone equal opportunity to participate in society, regardless of cognitive, physical or socio-cultural considerations.



Technological development

- Doro is a member of the global sector organization GSM Association and the European development organization Mobile Alley.
- In January 2011, Doro also became a member of the Continua Health Alliance, the international organization for the standardization of mHealth products and services – part of the tele-health area.
- Doro's participation continues, together with well-known universities, as an industrial partner in one of the EU's

programs, the Vicon project*, to strengthen the union's competitiveness.

- Doro's design has received numerous awards in recent years. We are careful to protect our designs. The strong protection in the EU is complemented with a similar protection in major markets.
- Doro's mobile phones have been approved by the laboratories from AT&T, GCF, Orange and Vodafone.

Strong brand and partnerships

- During 2010, we strengthened our efforts to clarify and communicate what Doro represents.
- Investments have been made in market communication, partly to support establishment in new markets and partly to enhance brand awareness in the more mature markets.
- Market activities intensified with, among other activities, television and, in certain cases, internet campaigns in Sweden, Norway, Germany, Ireland and Belgium, which contributed to increased sales and strengthened brand awareness.

- In cooperation with retailers, Doro has gained a clear position both in the stores and their sales materials, further strengthening its position.
- Doro has established partnerships with organizations including Mondial Assistance in France, Alertacall in the UK, Senior Citizen Home Safety Association in Hong Kong and Touring Medical in Belgium.
- Services are an interesting area of development that complements our product offering well. Consequently, tele-health represents a natural step for Doro, representing an extension of services that Doro already offers.

Strengthened international footprint

- Doro continued to strengthen its network of partners by signing agreements with large, well-known operators and retail chains. During 2010 Doro signed 10 new agreements with operators all around the world (see map on pages 4–5).



Shanghai Expo 2010

Sweden's contribution to the 2010 world's fair was a tribute to the 'Spirit of Innovation' which improves the Swedish urban environments and living standard and demonstrates the importance of communication in today's technological world. The pavilion showcased fifty examples of Swedish ingenuity, including the popular Doro PhoneEasy® 410gsm.

* Virtual User Concept for Inclusive Design of Consumer Products and User Interfaces (VICON) is a project within the EU's seventh framework program, also known as FP7.

Business concept and strategies

Doro generates added value by taking a central role as a product-developing and value-adding organization between manufacturers and retailers.

Doro offers both customers and end-users a complete value chain, from a product developed according to the end-user's requirements regarding feel and simplicity, via a competent sales organization to services, support and guarantees.

The complete chain of offering places high demands on Doro. During the year, Doro has been working to further streamline operations at all steps as the mobile telecommunications market has considerably shorter lead times than the traditional telecom market. Production planning and component supply is the focus. During the year a Group-wide business system and new product database were implemented, which facilitates purchasing and planning.

By standardizing certain components such as adapters and boxes, production as well as logistics has been made more efficient.

New customers entail new requirements. For stocks, this means that some products go through the central warehouse



to the shops, while others are transported directly to the larger customers. Doro is working to optimize their inventory and to quickly be able to distribute the products.

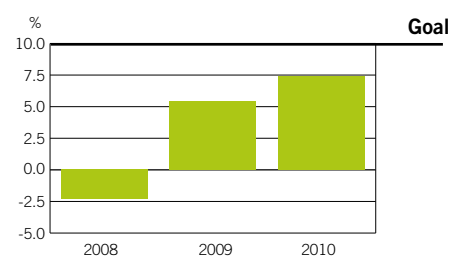
Requirements, expectations, laws and regulations can vary by country. These challenges are met with a dynamic and flexible organization where everyone is involved and responsible for the process as well as a number of different sales organizations who know their regions.

Doro works with stable and knowledgeable partners throughout the process, which simplifies the work at every stage.

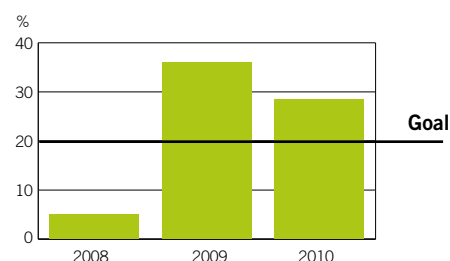
Financial goals

Following recent years turn-around in Doro and the positive development of its business, the Board has reviewed and adopted the company's financial targets.

Long term target of 10 percent for the operating margin.



Annual sales growth target of 20 percent over the coming years.



A maximum debt/equity-ratio of 1.0 (interest bearing debt/equity)

Doro's offering and market

The world looks different than it did in 1974 when Doro was founded, but one thing has not changed: communication between people remains fundamental.

Doro recognizes this principle and chooses therefore to focus on a group of people who have previously been overlooked – seniors and people facing the challenges of ageing who want easy-to-use products with an attractive design. The senior group – people above the age of 65 – is growing rapidly. There are currently about 518 million people above the age of 65 around the world. By 2020, seniors are expected to number about 725 million¹⁾.

The group is also keeping active longer than was the case among earlier generations. But although today's seniors are healthier than their predecessors, their sight, hearing, movement, dexterity and memory does nonetheless deteriorate. Consequently, Doro's products are developed in close cooperation with experts in the relevant fields to ensure that they offer the very best in everything from user-friendliness to sound quality.

Market and development

Today, an average of 60 percent of the world's population have a mobile phone and in the richer countries, there are 109 mobile phones per 100 inhabitants²⁾. This also reflects the trend whereby an increasing number of people are rejecting traditional telephony in favor of IP and mobile telecommunications solutions³⁾.

Global sales of mobile phones continue to increase. During 2010, 31.8 percent more mobile phones were sold than in 2009⁴⁾. Gartner's forecasts indicate volume growth of 10 percent in the global market in 2011. In addition to Nokia, there are a number of other global manufacturers of mobile phones, including Samsung, LG, RIM and Apple.

The overarching trend in mobile telecommunications involves smart phones from manufacturers such as Apple, offering advanced functions and mainly targeting different groups than Doro's phones do. During 2010, smart phones accounted

for 19.0 percent of sales – an increase of 72.1 percent compared with 2009.

The other user-driven trend is for more easily used models and it is in this segment that Doro currently operates. However, the development of smart phones also affects Doro's products in the longer term.

Doro's market

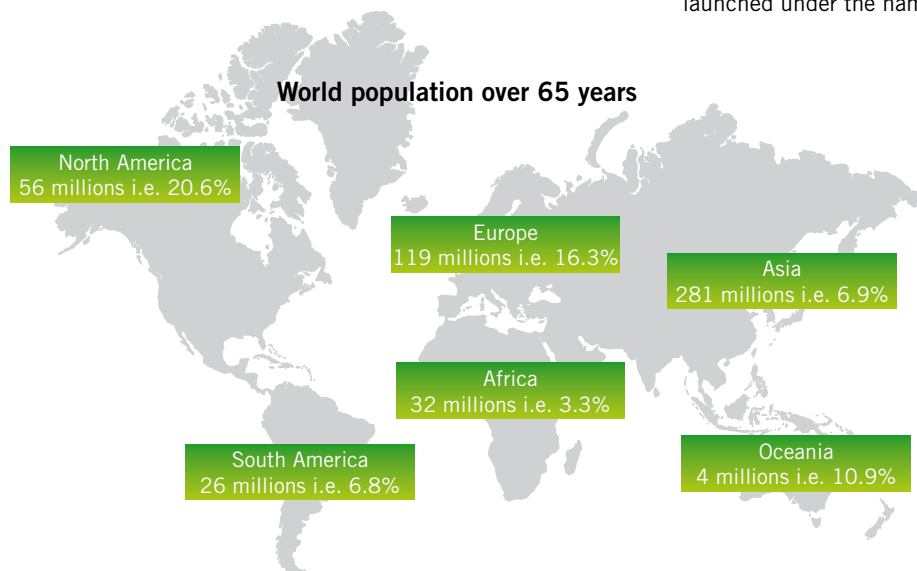
Doro's market is for quality, easy-to-use mobile phones that make everyday life easier for seniors and people with minor functional impairments. Doro operates within a relatively new niche market, although demographic trends and increasing interest in easy-to-use mobile phones show this market to be expanding. Doro holds a strong position in the Care segment in its established markets, such as the Nordic region, and expects to hold about 10 percent of that market within the space of three to five years. In France, the UK and Germany, Doro currently holds about 1 percent of the market.

Competitors include Alcatel, Emporia and ZTE.

Over the year, Doro has continued to increase its geographical presence by extending its partner and retailer network and the Group now has a strong customer portfolio including operators, retailers and larger department store chains. For an account of Doro's geographical expansion, see pages 4–5.

Sales in the Home Electronics segment have declined in recent years, partly as a consequence of Doro's strategy to establish a more focused product range. In addition sales to certain customers is being discontinued. Doro's Home Electronics business unit is now a profitable operation with positive cash flow, having achieved a turnaround from its loss-making position in 2009.

The business unit operates in a market characterized by price pressure and a number of manufacturers offering similar products. Doro enjoys a favorable market position in the Nordic countries, where fixed-line telephony products are sold to private individuals and companies seeking easy-to-use quality products. Home Electronics is also developing a new product range that builds on the expertise and lessons derived in the development of the Care range. The new range will be launched under the name Comfort.



Share of EU's population over 65 years with:

- reduced vision: 82%
- reduced hearing: 29%
- reduced dexterity: 42%
- feelings of insecurity: 40%

Source: Synovate

1) www.census.gov
2) www.prb.org
3) www.itu.int
4) www.gartner.com

Rogers – Doro's partner in Canada



Doro's presence in Canada is developing smoothly – the way having been paved in advance by the company's entrance into the US in 2009. The agreement with Rogers Communications, Canada's largest provider of wireless voice and data communication services, makes Doro's products available to seniors across this vast country.

When Doro entered the US market in 2009 it was required to secure market approval for its products for all of North America, including Canada. Having gained this foothold on the continent meant that a large part of the work had already been done when the company sought to establish a distribution partnership in Canada. In October 2010, Doro signed an agreement with nationwide operator Rogers Communications that makes Doro's mobile phones available to seniors through Rogers' network of retail outlets and webshop.

Raj Doshi, vice president of mobile product management at Rogers took a few minutes of his busy schedule to describe how the cooperation with Doro is developing.

Why is Doro attractive for Rogers?

"Rogers understands the unique needs of our diverse customer base and Doro offers precisely the combination of simplicity and well-selected features that we seek in products specifically targeting the senior segment – a large clear keypad with separated keys, a large easy-to-read color display, emergency SMS alerts and a call list triggered by the special alert button, extra-loud handset volume and hearing-aid compatibility, and Bluetooth capability for use with wireless accessories."

How were the Doro products launched?

"We launched Doro PhoneEasy® 410gsm nationally on October 18 through our own retail network, some 500 dealer locations and our partner retailers Future Shop and Shoppers Drug Mart. We have also made the phones available through our direct marketing channels and online at rogers.com."

How have the phones been received?

"The reaction to the Doro brand and the 410gsm has been extremely positive, most notably as a result of the large buttons and bright large screen. Simplicity was critical and we were able to provide a unique solution for all seniors' needs."



Raj Doshi, vice president of mobile product management.

The Doro PhoneEasy® 410gsm, which we market, is currently the only product of its kind available in Canada.

How have you marketed the phones?

"We paired the Doro phones with a special suite of price plans in a package that we have called 'Rogers Essential Connect for Seniors' – we are the only carrier in Canada with a simple offer of this kind that focuses on specific needs of customers who are 60 plus. We designed it to give seniors the peace of mind that comes with knowing you are reliably connected. An important selling point in this regard is our trusted brand and network. The offer builds on affordable basic payment plans suited to seniors' usage patterns. And, of course, the package is then topped off with an exclusive device that's been designed just for them. Put simply, we make it easy and affordable for seniors to stay connected."

What makes Doro special in the Canadian market?

"The 410gsm, which we market, is currently the only product of its kind available in Canada."

Who is the typical buyer of a Doro phone?

"Rogers customers have different needs when it comes to staying connected and our product lineup is as diverse as our customers are. Our target market specifically for Doro's products is mature customers looking for an easy-to-use phone and an uncomplicated subscription plan."

TelstraClear – Doro's partner in New Zealand



Doro's entrance into the Pacific region got off to a flying start. Not only have the phones flown off the shelves – Doro's partner, TelstraClear, sees new segments worth targeting.

In November 2010, Doro signed a distribution agreement with New Zealand operator TelstraClear, the country's third-largest telecoms company. TelstraClear offers a complete range of fixed line voice, mobile and data services for all business and residential segments. For residential customers, TelstraClear provides complete packages that allow families to gather all of their communication needs with a single supplier.

We spoke with Susannah Redstone, Mobile Product Manager at TelstraClear about the agreement with Doro and how the launch has progressed.

Why is Doro an attractive partner for TelstraClear?

"Doro aligns very well with our strategy of focusing on families and their various communication needs. One of the organizations we work with closely is SeniorNet, an organization that encourages seniors to use technology. For seniors, things like computers and mobile phones can be a little scary and overwhelming, so SeniorNet is very focused on training to break down some of the barriers and make seniors comfortable using technology to keep in touch with friends and family, which is really important for them. Having a simple, easy-to-use mobile from Doro fits very well with SeniorNet's objectives and with our own."

"However, while our focus for the Doro mobile is the senior group, we also experience demand from others with various functional impairments who ask for phones suited to their needs. Small keypads on many new phones are difficult to use even for people who don't have dexterity issues"

"We also see Doro products as being an excellent 'My first phone' for children. We are now seeing kids as young as five or six using mobile phones to communicate with parents and others. With the pre-programmable emergency button, Doro's phones would work very well in this context. Because the market here is also very skewed in favor of pre-paid services, the phones offer an economical alternative where parents can buy a phone at a reasonable price and keep costs down by combining this with pre-paid cards."



Susannah Redstone, Mobile Product Manager.

Doro aligns very well with our strategy of focusing on families and their various communication needs.

What are your strengths as an operator?

"As a triple-play operator offering fixed-line, mobile and broadband services, our customers appreciate being able to bring their family's communications needs together through one supplier. As an MVNO (mobile virtual network operator), we can cooperate with infrastructure operators to provide mobile services that we then tailor to our users' needs. For mobile services, we established a relationship with Vodafone 18 months ago."

How have Doro's phones been received?

"Really well! On the first day we had them in our shops, the Christchurch branch sold five Doro phones. Normally, we expect to sell new models at a rate of about 30–40 over the first month, but we sold over 50 units in the first 10 days, so this is very encouraging. Interestingly, with 70 percent of the New Zealand mobile market being pre-paid, seniors are eager to combine the Doro phones with a prepaid service rather than having them on account, even though they find it difficult to scratch and read the small print on the re-charge cards – generally they get the lad in the shop to do that for them!"

Selection of launches 2011

All products in the new series include these features:

- Extra loud, clear sound.
- Large, easy-to-read text in a display with clear contrast and the option of adjusting the font size.
- Easy to send text messages using the text message key.
- Three quick dial keys for people you call frequently.
- Integrated hearing loop, i.e. works with hearing aids (HAC M3/T4).
- The keys are clearly separate and concave for greater user-friendliness.

Doro PhoneEasy® 610

easy-to-use mobile with text message key

- Integrated hearing loop, i.e. works with hearing aids (HAC M3/T4).
- Alarm key for greater security.
- Available in black, white, red and silver metallic.



Doro PhoneEasy® 615

easy-to-use 3G camera phone

- 3.2 megapixel camera with flash.
- Alarm key for greater security.
- Available in black and red.



Doro PhoneEasy® 680 och 682

easy-to-use mobile with GPS positioning

- GPS positioning.
- Alarm key linked to GPS positioning.
- Reduces background noise to make it even easier to hear.
- Separate alarm key supplied Doro PhoneEasy® 682.
- Available in black.



Focusing on people

Doro's core values are Trust, Care and Ease. They pervade our corporate culture and act as guiding principles in Doro's product development and interaction with employees, customers and end-users.

In a sector undergoing rapid change, Doro must understand the changing needs of different end-users and have the flexibility necessary to be able to deliver the best easy-to-use products. Recruiting, retaining and developing the individuals who bring the right kind of expertise and attitude is therefore crucial. For this reason, Doro attaches considerable importance to the satisfaction and development of its personnel.

Great potential for development

Doro aims to keep paths for decision making short and has the objective that each individual should feel involved in, and responsible for, the development of the company. In Doro's flat organization, responsibilities and authority are delegated, requiring that employees work with a large measure of freedom.

One advantage with Doro's organization is that salespeople, product developers and marketers live close to customers and suppliers – an aspect that is increasing in importance as joint development projects increase in number and are completed quicker. Another advantage is that Doro among its employees have persons from diverse origin, speaking a variety of languages and understanding different cultures.

It is Doro's explicit ambition to give its employees the room and resources to grow, both in their current positions and through opportunities for advancement. With operations in more than 30 countries, Doro has a large number of interfaces with suppliers, retailers and customers. Today, the exchange of experience and competence between the various companies is relatively well developed and the ambition is to formalize training activities, primarily in sales methods and product development.

Trust is about always delivering what we promise.

Care is about being empathetic and attentive to the needs of others.

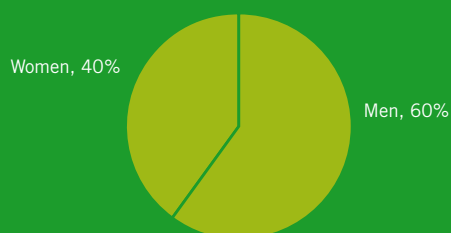
Ease is about doing all we can to make everyday life a little easier.

Strategic human resources issues:

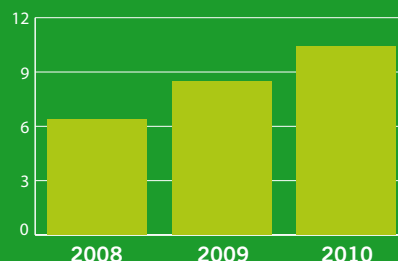
- Identifying, recruiting and developing leaders.
- Continuous competence development for employees.
- Developing leadership on the basis of shared objectives and values.
- Being an attractive employer.



Gender distribution, 2010



Sales per employee, SEK m/person



Environment and quality

Doro shall conduct its operations in a responsible manner. Doro's product development focuses on creating products offering high performance combined with improvements in terms of energy consumption, ergonomics, user-friendliness, recycling and straightforward service.

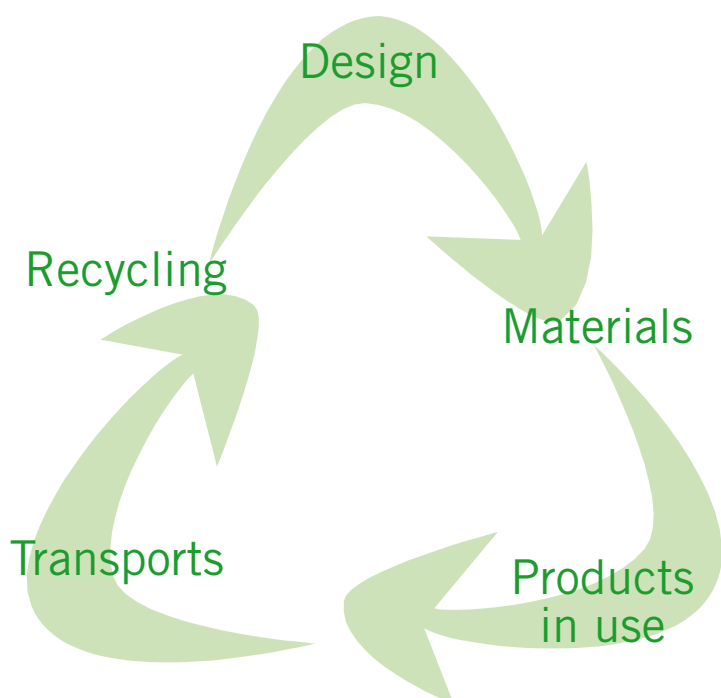
Doro markets and sells products whose use and recycling are covered by directives and legislation in the area of environment. Customers' environmental commitment is growing steadily, continuously changing the requirements made of Doro's suppliers.

Doro's quality and environmental manager is responsible for ensuring that Doro follows applicable legislation and regulations. In addition, there is an individual responsible for environmental issues in each country where Doro operates to ensure that local environmental legislation is followed.

For us, quality and respect for the environment and people are the cornerstones of Doro's success. It is on this foundation that we build the Group's long-term profitability.

Design

The development of mobile telephony in the consumer market has created smaller and more efficient models. Weight has decreased, the number of components and the amount of material have been reduced and batteries have been improved.



Doro has a holistic approach to the products' life cycle.

Materials

Doro seeks to use materials with the least possible impact on the environment. As more environmentally sound materials are developed, we assess whether they can replace those currently used.

Registration of chemicals through REACH¹⁾ concerns importers or manufacturers of chemical substances. As an importer of products reaching their final technical specification and form at plants outside EU and since these products do not emit any chemical substances during normal use, Doro is not required to register or report its use of any chemicals. However, the products shall comply with the information requirements within REACH's SVHC section (Substances of Very High Concern). These requirements do not impose any limits per se but do demand that distributors and users be informed.

A number of EU directives relate to Doro's operations: the more extensive of these include the directive on the restriction on the use of certain hazardous substances, RoHS²⁾, from 2006.

Products in use

Two other directives have a certain bearing on Doro's operations, the first being the energy-related products directive, ErP³⁾. For Doro, this involves safeguarding ecological design, an energy efficient production process and low energy consumption in battery chargers and external power supply units. Mobile telephones are now also covered by the nickel directive, which limits the amount of nickel that may be released during normal contact with skin.

The first part of the ErP directive came into force in April 2010 and the second step will be taken in April 2011. Doro's products meet the requirements.

Transports

In its own operations, Doro seeks to minimize its external impact on the environment through the efficient use of resources at all levels. Product and packaging logistics are optimized through a continuous focus on planning and review of volume requirements regarding packaging and instructions. As far as can be justified by business considerations, Doro uses environmentally certified suppliers and transport companies.

Recycling

Another directive affecting Doro's operations is that dealing with waste of electrical and electronic equipment WEEE⁴⁾ and the directive from 2008 concerning batteries, which entails importers of batteries being required to bear the costs associated with battery waste. As an importer, Doro must also ensure that all battery cells are labeled in accordance with the directive. This was fully implemented in our production well in advance of the introduction of the directive. Doro is also part of the packaging industry's own recycling organization.

1) Registration, Evaluation, Authorization and restrictions of Chemicals.

2) Restriction on the Use of Certain Hazardous Substances.

3) Energy-related Products.

4) Waste of Electric and Electronic Equipment.

Environment and quality

Quality assurance

Doro's products maintain a high level of quality and the Group places great importance on its quality assurance efforts. Consequently, awareness and control pervade our production processes.

Regular checks and well functioning quality assurance efforts with clear internal and external processes are a pre-requisite for being able to enter new product areas.

Staying one step ahead of our competitors requires access to the right technologies, productions resources and logistics. In recent years, Doro has concentrated its production to a limited number of suppliers in China. Decisive in the selection of manufacturers is that they are able to maintain production in accordance with Doro's requirements.

Careful inspection and quality control

Before signing a contract with a new manufacturer, regardless of the product area, Doro conducts a corporate assessment consisting of a careful inspection of both the company and its production facilities. Each production series is then tested at the plant through random sampling by our own personnel prior to transportation to any of Doro's central warehouses in Europe. A further quality check is made when the goods arrive at the warehouse.

In addition, a more detailed review of all suppliers' quality status is carried out each quarter.

This provides both Doro and the supplier with a shared perception regarding the level of quality assurance efforts. Doro also often assists in troubleshooting the actual production process. This provides very good insight into opportunities for the development of new products and for further improvement in the production of existing ones.

All suppliers are assessed in the following areas:

- Forecast level of goods returned by customers.
- Supplier checks/checks on incoming goods.
- Precision of delivery.
- Lead times.
- Results of third-party CSR audits.
- Payment terms.

Corporate social responsibility

Doro requires that suppliers sign a special declaration regarding good corporate social responsibility. This declaration includes a large number of requirements regarding child labor, forced labor, the working environment, remuneration levels, working hours and the right to union membership. As of this year, Doro also works actively to counteract corruption.

Suppliers are also checked by means of regular third-party audits. In the event of a breach of contract, Doro has the right to immediately discontinue all association with the supplier.



Doro cooperates with mobile operators and vendors through GSM World to develop energy-efficient infrastructure and to ensure that their customers use energy-efficient handsets. Examples of these activities include:

- Designing low-energy base station sites.
- Deploying base stations powered by renewable energy.
- Implementing infrastructure optimization and sharing.
- Reducing mobile device lifecycle emissions through design and recycling.

Doro's Eco functionality reduces environmental impact

The green Eco functionality label found on Doro's new cordless telephones represents part of our commitment to enhancing environmental awareness among customers. The objective of these efforts is to reduce the environmental impact of our products. The label helps consumers locate products that follow stringent environmental requirements.

For a cordless phone to be awarded the Eco Functionality label, it must offer lower than average consumption both in use and in standby mode. Energy consumption must also be automatically adjusted between the handset and the base station.



The Doro share

Doro has been listed on the OMX Stockholm since 1993 and is currently included in the Exchange's Small Cap List. At December 31, 2010, the company's market capitalization amounted to SEK 596.2 m (210).

Price trend

Between January 1, 2010 and December 31, 2010, Doro's share price rose from SEK 11.00 to SEK 31.20, an increase of 184 percent.

Over the same period, the OMX Stockholm rose by 23.1 percent. During the year, the highest price paid for Doro shares was SEK 31.20 and the lowest price paid was SEK 11.20. Last price paid at year-end was SEK 31.20 giving a market price of SEK 596.2 m (210.0).

Share capital

At December 31, 2010, the share capital in Doro AB amounted to SEK 19,107,631 divided among 19,107,631 shares, corresponding to a nominal value per share of SEK 1.00. Each share entitles the holder to one voting right and all shares convey equal rights to participation in the assets and earnings of the company. Doro has no debentures or current options program.

Shareholders

At the close of 2010, Doro had 5,900 shareholders, compared with 3,932 shareholders at the end of the preceding year. The proportion of foreign shareholders at year-end amounted to 22.4 percent (17) and institutional ownership was approximately 50 percent (19). At the end of the year, senior executives had a combined holding of 607,836 shares in Doro. At the same time, the members of the Board of Doro

held 1,613,004 shares. At the close of the year, Doro AB held no treasury shares.

Dividend policy

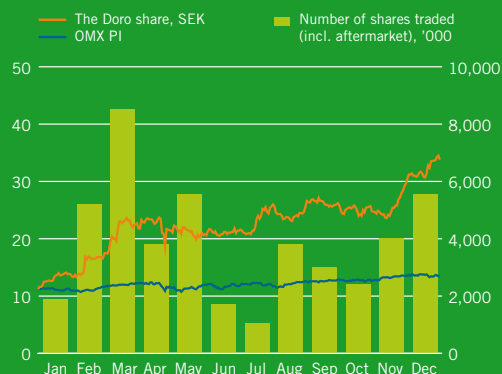
The Board has proposed a dividend of SEK 0.50 per share to be paid in 2011, the first dividend pay-out since 2000. The Company's long-term target is to pay a dividend of approximately one third of the net profit after tax.

Analysts covering Doro:

Redeye, Christian Lee, +46 8 545 013 30.

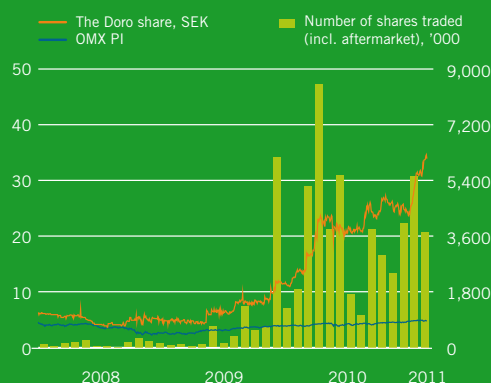
Read more about the share and view the updated share price at www.doro.com and www.redeye.se/aktieguiden/doro (in Swedish only).

Price trend and volume Jan 2010 – Dec 2010



Source: SIX.

Price trend and volume Jan 2008 – Jan 2011



Share capital trend

In recent years, the share capital of the Parent Company has changed as shown below:

Year	Transaction	Change of share capital	Issue price, SEK ¹⁾	Increase of share capital, SEK m	Amount paid, SEK m
1998	Directed issue	2,740,260	18.48	2.7	50.6
1998	New issue 1:7	1,212,894	27.00	1.2	32.7
2001	Directed issue	11,764,705	8.50	11.8	100.0
2005	New issue	7,141	1.00	0.0	0.0
2005	Reverse split, 5:1	-17,180,000	0.00	0.0	0.0
2006	New issue, 3:1	12,885,000	6.00	64.4	71.2
2006	Offset share issue	227,631	7.66	1.1	1.5
2009	Directed issue	1,700,000	9.50	1.7	16.2

1) Issue prices not recalculated for new issues and reverse split.

Share data

	2010	2009	2008	2007	2006
Number of share at year-end, thousands ¹⁾	19,108	19,108	17,408	17,408	17,408
Market price at year-end, SEK	31.20	11.00	5.00	5.80	5.00
Par value, SEK	1.00	1.00	1.00	1.00	5.00
EPS after tax, SEK	2.99	1.30	-0.66	0.43	-7.59
Cashflow per share, SEK	4.21	3.66	-1.24	-1.22	-0.57
Reported shareholders' equity per share, SEK	6.35	3.54	1.73	2.27	1.81
Dividend, SEK	0.50*	0.00	0.00	0.00	0.00
P/E ratio ²⁾	10.4	8.5	N/A	13.5	N/A
Dividend yield, % ³⁾	1.6	N/A	N/A	N/A	N/A

1) The average number of shares ('000) in 2006 was 10,815. The average number of shares ('000) in 2009 was 17,573.

2) The P/E ratio is calculated as the market price on the closing date divided by the EPS after tax.

3) The dividend yield is calculated by dividing the dividend by the market price in the closing date.

* The Board of Directors' proposal to the AGM.

Major shareholdings as at December 31, 2010

Ten largest shareholders	No. of shares	Shares and votes, %
Avanza Pension	1,930,431	10.1
Originat AB	1,930,000	10.1
Nordea Small Cap Fund	960,289	5.0
Kastensson Holding AB	956,000	5.0
Didner & Gerge Funds	744,961	3.9
Nordnet Pensionsförsäkring AB	653,064	3.4
Catella Trygghetsfond, Catella Fondförvaltning	515,000	2.7
Jérôme Arnaud	472,004	2.5
Danske Bank International S.A.	422,172	2.2
ABN Amro Bank NV	402,137	2.1
Subtotal	8,986,058	47.0

Source: Euroclear Sweden AB and Doro AB.

Ownership structure as at December 31, 2010

Holding, number of shares	No. of shareholders	As % of all shareholders	No. of shares held	As % of all shares
1 – 500	3,780	64.1	596,022	3.1
501 – 1,000	988	16.7	861,531	4.5
1,001 – 5,000	870	14.8	2,158,681	11.3
5,001 – 10,000	126	2.1	981,401	5.1
10,001 – 15,000	24	0.4	297,689	1.6
15,001 – 20,000	26	0.4	488,838	2.6
Over 20,000 –	86	1.5	13,723,469	71.8
Total	5,900	100.0	19,107,631	100.0

The number of shareholders has increased from 3 932 to 5 900. Of the total shares held, about 22.4 percent (17) are held by foreign shareholders and about 50 percent (19) by institutional holders. Euroclear Sweden AB.

Directors' report

Doro AB is a publicly owned limited company (hereafter also referred to as Doro). The company's registered office is in Lund, Sweden, under the corporate registration number 556161-9429. The address of the head office is Magistratsvägen 10, Lund, SE-226 43, Sweden. Doro has subsidiaries in France, Hong Kong, Norway, the US and the UK. The structure of the Group is outlined in Note 9.

Business activities

Doro is a Swedish company specializing in the development, marketing and sales of telecom products specially adapted to the growing worldwide population of seniors. With over 35 years of experience in telecommunications, and sales in more than 30 countries on five continents, Doro is the world's leading brand for easy-to-use mobile phones. The company created the category Telecom in Care Electronics and in recent years the products have received several highly distinguished international design awards.

Doro's product range is divided into two business units: Care Electronics (easy-to-use mobile phones and other specialist products for senior citizens); Home Electronics (cordless digital telephones, corded telephones, telephone answering machines, baby monitors, headsets).

Global conditions

Doro operates mainly in the rapidly changing telecommunication market for seniors in Europe, the US, South America and Asia while limiting the activities of its Home Electronics business unit to certain countries in Europe.

Production mainly takes place in China. The company protects its products by owning the tools, protecting some designs and through active participation in the design, development and quality assurance processes.

Large purchase volumes make Doro an attractive customer for manufacturing subcontractors and enable the company to secure competitive costs per unit.

Past year in summary:

- Net sales rose 28 percent, despite a tough market;
- Positive current cash flow of SEK 80 m, mainly due to positive result and more efficient use of working capital;
- Home Electronics reported profit for all quarters 2010;
- The Care Electronics business unit continued to reap new successes with its easy-to-use products;
- Declining sales for Home Electronics, following difficult market conditions;
- Doro signed a two year financing agreement totaling SEK 170 m with a new bank;
- Doro launched the Doro PhoneEasy® 332gsm;
- Doro partners with University of Bremen to develop an avatar facilitating the design of easy-to-use products;
- Distribution agreements with Bouygues Telecom and SFR in France, Claro in Chile, Orange UK, Vodafone in Germany, Rogers in Canada and TelstraClear in New Zealand. Distribution agreement with 20:20 Mobile extended to cover additional markets.

Earnings

Doro recorded net sales of SEK 633 m (493) in 2010, an increase of 28 percent compared to last year. Volumes increased by 1 percent.

The sales of Doro's main products, GSM, DECT and corded phones, increased by 9 percent in volume compared to last year and represented 82 percent of total volume (76). Sales prices for DECT telephones have continued to fall and the market is subject to a general price pressure.

The profit before tax and financial items amounted to SEK 47 m (27). The Group's profit after tax for the year was SEK 57 m (23). A recalculation has been carried out for the Group's deferred tax assets, resulting in a tax income of SEK 13 m (1.6).

Treasury policy

A treasury policy was approved by the Board in December 2008 and was reviewed in December 2010. The purpose of this treasury policy is to clarify responsibilities and outline general rules and guidelines in connection with specific treasury-related areas within Doro AB, in order to support the operations, reduce financial risks and utilize capital and cash flow efficiently.

Forecast net flows per quarter based on normal business volumes and current price lists (usually valid 3–6 months) are hedged 100 percent. The main net currency flows for Doro today are EUR (inflow) and USD (outflow).

Consequently, a key hedge position in Doro's ongoing business will be forward fixed contracts to buy USD with EUR.

People

The overall objectives of the Group concerning staff issues are to recruit, train and retain skilled, committed staff. Annual career assessment talks are an important part of this work. The Group Management team was reorganized in 2008 and still consists of five individuals. Kjell Reidar Mydske, Vice President Sales and Marketing, left the company in October for new challenges and he was replaced by Hans Söderberg.

The average number of employees was 61 (60).

Organizational structure

Doro has implemented an efficiency plan in recent years to achieve a lower cost level with improved efficiency and increased distribution capacity.

Part of this focus involved the liquidation of Doro Danmark A/S and Doro Tele OY in Finland in 2008 and the liquidation of Doro Atlantel Sp. z o.o and Audioline GmbH in Switzerland in 2009. Doro AB assumed ownership of the inventories in France and the UK as of December 31, 2009.

The two merger processes; between Doro Finans and Doro AB and between Doro Nordic and Doro AB were finalized during spring 2009.

As of January 1, 2010 Doro implemented a new transfer pricing model and a new legal setup. The changes in the set up mean that Doro AB, the Parent Company, is the principal in the Group. Doro AB has the central function in the business setup with the main functions and the main risks. As a consequence, Doro AB as of January 1, 2010, acquired the

Business units

Doro's product range is divided between two business units. Care Electronics (easy-to-use mobile phones and other special products for the senior target group), with 79 percent (61) of the Group's sales, and Home Electronics (cordless digital phones, corded phones, answering machines, baby monitors, headsets), which is responsible for the remaining 21 percent (39).

Care Electronics

The business unit increased sales with 67 percent in 2010 to SEK 500 m (300), while volumes rose by 49 percent. The increase in sales was primarily an effect of increased market share in functionally designed GSM products.

Two groups of products within Care Electronics are marketed: Plus – products specially adapted to meet specific needs among people with more extensive demands.

Easy – simplified products adapted for use by people with some form of disability and who want a simple, easy-to-use phone or other communication equipment.

This grouping also forms the basis of our distribution strategy with a division between major consumer electronics chains & operators as well as specialized distributors and retailers focusing on people with special needs. Care Electronics' products are sold through consumer electronics retailers, telecom operators, telecom specialist retailers and care specialist channels.

Competitors include Geemarc and Emporia.

Home Electronics

A continued price decline brought sales down by 31 percent to SEK 133 m (193) and volumes declined by 30 percent compared with the preceding year.

Most of the Home Electronics range consists of home telephones (cordless and corded).

Doro's Home Electronics range is available through several sales channels, including major retailers as Galec, MediaMarkt, Expert and Dixons, certain telecom operators such as Orange and Telenor.

Competitors include several major manufacturers of home electronics such as Philips and Gigaset.

For professional users, the product's ergonomic qualities are important and play a major role in purchasing decisions. Doro has extensive experience in the development of telephone equipment to be used for many hours each day and on which users make extensive demands, for example with regard to sound adjustment.

Products in this segment are mainly sold through office supply stores, telecom specialists and operators.

There are a number of global and regional competitors in this segment, including Alcatel and Panasonic.

Regions

Effective from January 1, 2011, Doro has reorganized its markets into Nordic, EMEA (Europe, Middle East and Africa), UK, USCAN (US and Canada), CALA (Central and Latin America) and AP (Asia Pacific). Other regions below consist of USCAN, CALA and AP.

SEK m	Nordic	EMEA	UK	Other Regions
Sales	204.4	301.2	76.2	51.0
Percent of total sales	32.3	47.6	12.0	8.1
Two largest customers	20:20 Mobile, Elkjöp	Orange France, IVS	Orange UK, 20:20 Ireland	Consumer Cellular, Rogers Wireless
Main competitors	Emporia, ZTE	Emporia, ZTE	Geemarc, Emporia	Jitteburg, Sendo

customer registers from Doro SAS in France and Doro UK Ltd.

The new model constitutes a more straightforward transfer pricing setup with as few intra-group transactions as possible. The subsidiaries in France, Hong Kong, Norway, the UK and the US are, under the new setup, acting as agents. This means they only facilitate the sales that Doro AB makes to external customers in the different markets. For their sales agency services, the subsidiaries receive a commission based on the sales that Doro AB makes to the external customers in their specific markets.

The Board

The Board of Doro AB consists of Bo Kastensson (Chairman of the Board), Peter Blom, Karin Moberg, Jonas Mårtensson, and CEO Jérôme Arnaud.

Board's proposal for remuneration guidelines

The Board's proposal for guidelines for remuneration to senior executives for 2011 primarily entails that salaries and other remuneration terms for management must be in line with

market norms. In addition to a basic salary, management can also receive flexible remuneration, which should have a pre-determined ceiling and be based on results in relation to profit targets (and, in certain cases, other key figures).

The maximum cost of bonus payments for Group Management should not exceed SEK 5 m including payroll overheads.

The total cost for fixed and flexible remuneration should be decided annually at a sum that includes the company's entire remuneration costs, which allow for senior executives to allocate parts of their fixed and flexible salaries to other benefits, such as pensions. Pension plans for management should mainly be defined contribution plans.

Upon dismissal by the company, senior executives may be eligible for redundancy payments, which should have a pre-determined ceiling. If the employee resigns his/her position, no redundancy payment will be paid. The Board has the right to deviate from the guidelines if there is considered to be just cause.

This proposal is in accordance with the resolution of the 2010 AGM.

Directors' report

Product development and development costs

Doro carries out product development and design projects together with different external partners. Most of the costs are usually absorbed by the manufacturing partner. In many cases, these costs are part of Doro's acquisition values for products. Doro contracts design companies from various countries and these costs are either fixed or variable. Doro also sometimes buys technology from external companies.

Doro invests in molding tools and design protection to protect the design of products. These are activated until such time as the first product is ready for delivery. The Group's development costs for 2010 were SEK 16 m (10), mainly due to the broadening of the GSM portfolio.

At the end of 2010, Doro had no patents registered but Doro does have the right to use patents regulated by agreements.

Doro has registered the brands Doro, Care Electronics, Doro Phoneeasy, Ergonomic Sound, Airborne, Audioline and Atlantel. A number of product names, patterns and figures are also protected.

Sales per product area

Doro operates in the following product areas: GSM telephones, cordless telephones and corded telephones (including telephone answering machines, caller-ID products) and other consumer-related electronics products. GSM telephones are the largest product area, accounting for 68 percent (48) of total sales followed by DECT telephones with 13 percent (24) and corded telephones with more than 11 percent (18) of total sales.

Investments

Investments are made in design, molding tools, certification processes, control equipment, inventory, computers and software systems. Investments amounted to SEK 21 m (17). See Accounting principles.

Legal processes

During 2010 Doro was involved in three disputes. A detailed account is given in Note 22.

The environment

Doro has no business activities that require environmental licenses. Doro does not own any production units. Comprehensive cooperation takes place with a number of factories where production services are purchased.

During plant inspections, environmental demands are set. An increasing number of factories are working with different environmental programs and intend to apply for ISO 14000 certificates.

Quality

Regular, quarterly, follow-ups of suppliers' quality take place with the help of the Doro score card. This focuses on the suppliers' plant processes and stipulates escalation points in terms of reported quality shortfalls and how these are to be remedied.

For all potential new suppliers an on-site assessment is conducted including an initial evaluation linked to Doro's

"Code of Supplier Conduct". Product quality is also checked continually by assessing individual batches.

Regulations

Doro's Quality and Regulatory Manager validates the company's products to ensure that they meet the prevailing legal requirements in the relevant markets and correspond to technical specifications and environmental regulations.

Ethics

Doro requires that suppliers sign a special declaration regarding good corporate social responsibility. This declaration includes a large number of requirements regarding child labor, forced labor, the working environment, remuneration levels, working hours and the right to union membership.

As of 2008, Doro is conducting third party audits to ascertain compliance with its policies. In the event of a breach of contract, Doro has the right to immediately discontinue all association with the supplier.

Regular inspections in this regard are also conducted at all plants.

Cash flow, investments and financial position

The cash flow from current activities was positive in the amount of SEK 80 m (64). The positive result, combined with a strong focus on working capital, are the main explanations. Investments for the year amounted to SEK 21 m (17), of which SEK 18 m (11) in intangible assets and SEK 3 m (6) in tangible assets.

In order to comply with IFRS, the current hedge contracts have been valued among net financial items. The impact for the full-year is negative by SEK 0.2 m.

At year-end, 2010, Doro was net debt free, with net cash of SEK 89.5 m, to be compared with a net cash of SEK 31.6 m at year-end 2009. The company has unused check facilities of SEK 32.0 m (36.4).

The equity/asset ratio improved to 36.0 percent (29.1) at the end of the period.

In November 2009 Doro carried out a directed share issue. This was based on shareholder's authorization following the Annual General Meeting on March 26, 2009. The directed share issue comprised a total of 1,700,000 shares, directed to a limited group of institutional and other major investors. With this Doro raised SEK 16,150,000, before issuing costs. As a result of the directed share issue the company's share capital increased by SEK 1,700,000 to a total of SEK 19,107,631, entailing a dilution effect for the existing shareholders of 8.9 percent, post issue.

Dividend and financial targets

Following recent years turn-around in Doro and the positive development of its business, the Board has reviewed the company's financial targets, adopted in connection with the share issue in 2006.

The Board has decided to set a long term target of 10 percent for the operating margin.

The Board has furthermore adopted an annual sales growth target of 20 percent over the coming years.

The Board has proposed a dividend of SEK 0.50 per share to be paid in 2011, the first dividend pay-out since 2000. The Company's long-term target is to pay a dividend of approximately one third of the net profit after tax.

Finally, the Board has set a maximum debt/equity-ratio of 1.0 (interest bearing debt/equity). At present, Doro holds a net cash position, and, thus a strong financial base and readiness to finance growth through investments, either organic or via acquisitions.

Financial overview

The Group issues regular financial reports providing regular quarterly data for the following:

- income statement,
- statement of comprehensive income,
- statement of financial position,
- statement of cash flow,
- statement of changes in equity,
- quarterly summary, and
- five-year summary.

Quarterly reports

The Board has determined the following publication dates for quarterly reports in 2011:

January–March 2011	May 6
January–June 2011	August 17
January–September 2011	November 9
Year-end report 2011	February 2012

The quarterly reports will be published on www.doro.com

Parent Company

In addition to Group Management and finance staff, the Parent Company, Doro AB, provides service functions for the rest of the Group.

Marketing and product development are coordinated by the Parent Company, as well as product and quality department which monitors design and tooling issues, as well as quality assurance for deliveries. Purchasing and logistics is also coordinated by the Parent Company responsible for material flows within the Group.

Doro AB reported sales of SEK 627 m (247). The profit after financial items was SEK 35 m (20).

Doro AB is responsible for the majority of the subsidiaries' financing. At year-end Doro AB was net debt free, with a net cash of SEK 73 m compared with a net debt of 21 at the end of 2009. Shareholders' equity was SEK 115 m (67).

Swedish Code of Corporate Governance

From July 1, 2008, Doro is covered by the Swedish Code of Corporate Governance.

Formal Audit and Remuneration Committees were formed in 2008.

Schedule of the Board

At the beginning of the year, the Board of Doro AB consisted of five members elected by the AGM on March 25, 2010. CEO Jérôme Arnaud was included as an ordinary Board member on October 24, 2007.

The CFO Annette Borén is co-opted to the Board as its secretary. Other company executives take part in Board meetings in a reporting capacity.

The Board held 9 (11) meetings during the 2010 financial year and the items on the agenda are set out below. Three of the meeting were telephone-conferences(*). Attendance was very good.

February	Review with auditors and full year review
March	Restructuring and business development
May	Quarterly report and new credit agreements
June	Marketing Strategy and business development (*)
August	Quarterly report and review with auditors
September	Strategy and business development (*)
October	Business development (*)
November	Quarterly report and review with auditors
December	Budget for 2011

Information is sent out about one week before each meeting. Each month, the previous month's results are sent out along with comments.

The Board continually addresses subjects such as the business situation, the budget, periodical accounts and cost efficiency.

Nominations

Nominations to the Board are coordinated by a Nomination Committee comprising of Tedde Jeansson (Originat AB), Arne Bernroth (Nordea Bank) and Bo Kastensson (Chairman Doro AB).

Auditing

The scope and focus of auditing are planned and decided by the Audit Committee consisting of Bo Kastensson, Peter Blom, Karin Moberg and Jonas Mårtensson.

The scope and focus of the audit are presented by the company's auditor. A review is carried out based on the quarterly report from September 30 and the result of this is reported at the audit meeting with the Audit Committee.

At the February and November Board meetings, the company's auditors present the results of their audit of the Group's internal systems and the annual accounts to the entire Board.

Remuneration

Doro's Remuneration Committee consists of Bo Kastensson and Peter Blom.

Salaries and bonus schemes for managers were discussed and proposed at various meetings.

The Board as a whole bears responsibility for remuneration issues and other employment terms for senior executives and three of the heads of subsidiaries. The Chairman of the Board approves principles for remuneration to the management

Directors' report

reporting to the CEO. Employment terms for eight people are dealt with.

Risks

Doro's risks and uncertainty factors are mainly related to supplier interruptions, customer relations and exchange rate fluctuations. Doro's financial risk management can be seen in Note 23. Other risks are explained below.

Price risks

Doro is primarily active in telecommunications and is affected by the general price reductions and cost trend in the consumer electronics industry. This means that sales prices could fall faster than the manufacturing prices.

Doro works proactively with forecasting tools and stock monitoring programs. The company cooperates with suppliers, enabling good flexibility based on forecasts converted into purchase orders.

Altered demands from the authorities or technological advances can mean that products in stock will have a significantly lower sales value than expected.

Loan financing

Continuous access to loan financing from banks is more difficult. This is due to the general bank crisis that started at the end of 2008.

Cash flow risks

Doro's cash flow from operating activities is usually negative during the first six months of the year and positive in the final quarter. Credit volumes are adjustable to be able to meet these fluctuations.

Sensitivity analysis

Doro is affected by different factors and the following effects arise following a 1 percent change in different variables (SEK m):

	2010	2009
Price change	+/- 3	+/- 3
Volume change	+/- 3	+/- 2
USD rate	+/- 2	+/- 2
Interest rate change	+/- 0	+/- 0

The analysis is made in a static environment. In reality, a drop in the USD rate can, for example, lead to lower prices for customers while an increase can be offset by a slight delay. Due to the increased volatility in the currency markets in 2008, Doro's Board approved a more active treasury policy in December 2008. The purpose of the policy is to reduce short-term risk exposure for Doro from having income and costs in different currencies. Net currency flows are hedged with currency forward contracts. The hedge policy is expected to partly offset the sensitivity described in the table above. The treasury policy has reduced the risk in Doro's pricelist remarkably.

Competition risks

Doro is active in competitive markets. The division into different market segments is a means of meeting the competition. Furthermore, Doro continuously runs programs to develop consumer insight, to be first in developing differentiating factors and to increase productivity. The development of the brand and its familiarity among seniors also represents an asset that differentiates Doro from its competitors.

Credit risks

In recent years Doro has experienced very low credit losses, due to the fact that the main customer group is large businesses groups with regular trade. In 2010 Doro had confirmed bad debt loss of SEK 0.3 m (0.2), with no impact on the Income Statement. In 2008 and 2007 Doro had no confirmed losses. The largest single customer accounts for 15 percent of the Group's sales. Doro operates without credit insurance in most countries.

Complaint risks

Complaint risks concern costs for correcting faults that arise in the products supplied by Doro. Guarantees usually cover 12–24 months. Different allocation requirements are made for the outstanding guarantees. Comprehensive quality assurance has improved quality in recent years.

Insurance risks

Doro has a coordinated insurance portfolio. A general policy has been established in consultation with external experts regarding the components of the portfolio, the amounts involved and the distribution of risk between the Parent Company and subsidiaries.

Political risks

Political risk is seen as the risk when authorities in different countries create difficulties for business. All manufacturing is carried out in Asia (this also applies to virtually all competitors). All sales are carried out in stable countries.

Environmental risks

This risk may be considered to correspond to the cost that may incur in reducing its environmental impact. Doro has no manufacturing units of its own. Doro actively complies with new environmental directives. So far Doro has not had any problems meeting different forms of fees for recycling electrical waste, packaging and used batteries.

Legal disputes

This risk is seen as the cost that may be incurred by Doro for running various legal processes and any costs incurred in relation to third parties. In 2010, Doro was involved in three disputes. Extra legal advice has been sought as a preventative measure, resulting in no new disputes. The fixed telephony industry has so far had few patent disputes. As long as different patent claims are made to all players they will often cancel each other out.

Additional disclosure in accordance with Chapter 6, Section 2a of the Annual Accounts Act

The 2010 Annual General Meeting resolved to authorize the Board to make a decision to issue a total of at most 1,900,000 shares, entailing an increase in share capital of at most SEK 1,900,000, corresponding to a dilution of approximately 10 percent of the company's share capital and total voting rights. The authorization applies until the 2011 Annual General Meeting.

The total number of shares in Doro AB (publ) is 19,107,631. The single largest owner since 2006 has been Originat AB with 10 percent of capital and votes on December 31, 2010. No other shareholder's holding amounted to more than 10 percent at the end of the year.

The transferability of shares is not limited by legislative regulations or Doro's Articles of Association. The Company is unaware of any agreements between shareholders that could entail any limitations to the right to transfer shares.

Neither Doro AB nor its subsidiaries are party to any material agreement taking effect, being amended or ceasing to apply in the event that control of the Company or Group companies changes due to a public takeover bid.

Annual General Meeting

The AGM will be held at 3 p.m. on March 23, 2011 at the Scandic Star hotel, Glimmervägen 5, Lund, Sweden.

Share capital

At the end of 2010 Doro had 19,107,631 shares, representing 1 vote per share. The par value per share is SEK 1.00.

Proposed dividend

The Board has proposed to the AGM that a dividend of SEK 0.50 per share to be paid in 2011, the first dividend to be paid since 2000. The Company's long-term target is to pay a dividend of approximately one third of net profit after tax. Additionally, the Board has set a maximum debt/equity ratio of 1.0 (interest-bearing debt/equity).

At present, Doro holds a net cash position and therefore has a strong financial base and readiness to finance growth through investments, either organically or via acquisitions.

Proposed treatment of accumulated profit

The Board and the CEO propose that the accumulated profit in the Parent Company of SEK 40,161,382,04 disposes a dividend (SEK 0.50 per share) of SEK 9, 553,815.50 to the shareholders and SEK 30, 607, 566.54 to be carried forward as retained earnings.

Expected future developments

Based on the fact that Doro has now established a leading position in the expanding senior mobile sector, sales and operating profit (EBIT) are expected to continue to grow in 2011.

Events after the end of the financial year

Mobile Health (mHealth) is expected to be a major growth segment in coming years. After the end of the financial year Doro signed strategic partnership agreements with two companies in health care to be able to offer the first two mobile services to be linked to Doro devices.

Corporate governance

Doro AB is incorporated under the laws of Sweden with a public listing on the Nasdaq OMX Stockholm. The governance of Doro is based on Swedish legislation and regulations primarily the Swedish Companies Act, but also the rules of Nasdaq OMX Stockholm, the Swedish Code of Corporate Governance (the Code) and other relevant rules. In addition, governance follows the Articles of Association, internal instructions and policies and recommendations issued by relevant organizations. This corporate governance report has been prepared by the Board of Directors of Doro AB in accordance with the Swedish Annual Accounts Act and the Code. It does form part of the formal Annual Report and it has been reviewed by the company's auditors.

Shareholders

Doro had 5,900 shareholders according to the 2010 year-end shareholders register published by Euroclear Sweden AB. Foreign investors held about 22 percent of the shares. The number of shares in Doro AB at year-end 2010 amounted to 19,107,631 shares. Doro's market capitalization as of December 31, 2010, was SEK 596 m.

The single largest owner since 2006 has been Originat AB with 10 percent of capital and votes on December 31, 2010. There were no other shareholders representing at least one tenth of the number of votes in the company.

Swedish Code of Corporate Governance

The Code is applicable to all companies which are listed on the Nasdaq OMX Nordic Exchange, Stockholm. The aim is to improve corporate governance in listed companies and foster trust in companies both among the general public and in the capital market. The Code is based on the "comply or explain" principle, which means that it is possible to deviate from the Code provided that an account is given of the chosen alternative solution and the reasons for the deviation. The Code is available on the website www.bolagsstyrning.se.

Annual General Meeting

The Annual General Meeting is the company's highest decision-making institution. The Annual General Meeting appoints the Board and Chairman of the Board for Doro AB. It also appoints the auditors of the company. The Annual General Meeting also decides how profits or losses are to be appropriated. Other issues that arise are issues that are mandatory items under the Swedish Companies Act. The Annual General Meeting shall be held within six months of the close of the financial year. Shareholders who are registered in the company's share register, and who notify the company of their participation, are entitled to participate in the Annual General Meeting.

Nominating procedure

The Annual General Meeting decides on the members of the company's Nomination Committee. The Nomination Committee's task is to submit proposals for Board members and auditors and their fees as well as fees for work on the Board committees to the next Annual General Meeting, at which the Board and auditors are due to be elected. The Nomination Committee also proposes the chair of the AGM.

The Nomination Committee consisting of Tedde Jeansson (Originat AB), Arne Bernroth (Nordea Bank) and Bo Kastensson (Chairman) were elected at the Annual General Meeting held on March 25, 2010. Tedde Jeansson is the Chairman of the Nomination Committee.

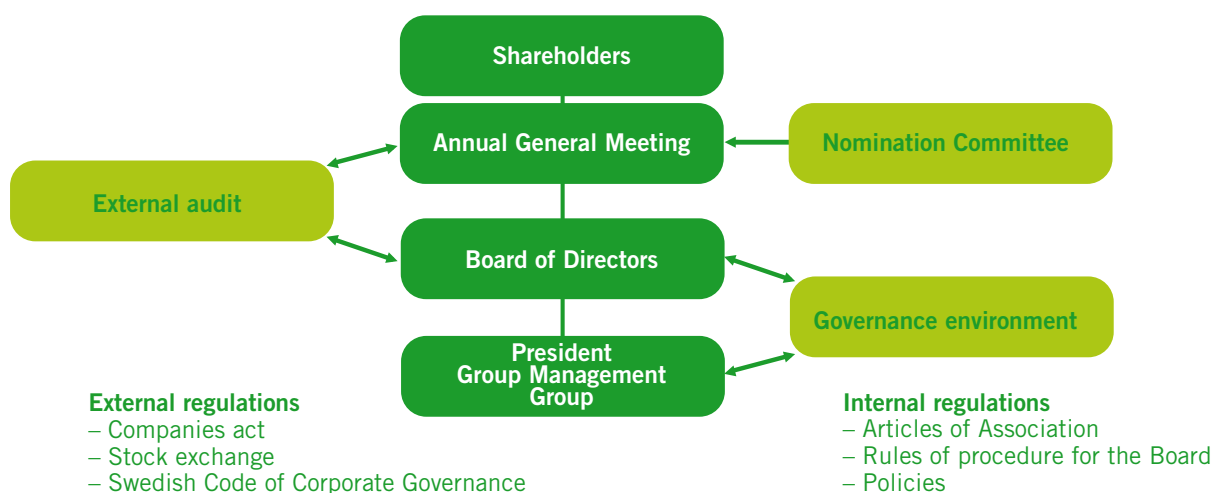
Board of Directors

The Board of Directors of Doro AB consists of the CEO and four other members elected by the Annual General Meeting. A more detailed presentation of each member is given on page 27.

Board meetings

The Board held nine meetings in 2010, two times at Doro's premises in Lund, Sweden, one time at Doro's premises in

Governance culture



Board of Directors and Auditors

**Bo Kastensson**

Born: 1951.
Qualifications: Bachelor of Arts, Lund University.

Chairman of the Board since 2007, elected to the board 2006. Chairman of Caretech AB, Ikivo AB and Axema Access Control AB. Member of the board of Pricer AB.

Holdings: 956,000 shares (through companies), 0 options. Independent board member.

**Peter Blom**

Born: 1961.
Qualifications: IFL Executive Education, School of Economics, Stockholm.

Member of the Board since 2008. Founder and CEO of B&G Sälj- och Marknadsutveckling AB.

Holdings: 0 shares, 0 options. Independent board member.

**Karin Moberg**

Born: 1963.
Qualifications: B. Sc. Economics.

Member of the Board since 2009. Founder and Managing Director of FriendsOfAdam. Member of the board of Caretech AB, AP 7, SBAB, Qbrick AB, Intoi AB.

Holdings: 20,000 shares, 0 options. Independent board member.

**Jonas Mårtensson**

Born: 1963.
Qualifications: B. Sc. Economics, Stockholm School of Economics.

Member of the Board since 2007. Partner of Altied AB. Chairman of Ownpower Projects Europe AB, Transticket AB and member of the board of PAN Vision AB and Intoi AB.

Holdings: 165,000 shares (through companies), 0 options. Not independent board member related to owners.

**Jérôme Arnaud**

Born: 1963.
Qualifications: Master of Science, École Centrale de Paris.

President and CEO, elected to the Board in 2007. Previously at Matra Nortel Communications.

Holdings: 472,004 shares, 0 options. Not independent board member related to the company.

Auditor: Ingvar Ganestam.

Authorized accountant, Ernst & Young AB, Malmö. Doro's auditor since 2007. Born: 1949. Extensive experience of auditing listed companies including Tetra Pak AB, Hexpol AB and the Bergendahl Group. Holdings: 0 shares, 0 options.

The shareholding data reported above includes shares owned through companies and related parties and reflects holdings as per December 31, 2010.

Corporate governance

Paris, France, one meeting was held at GSMA fair in Barcelona, Spain, one meeting was held in Stockholm, Sweden and one meeting was held in Bara, Sweden and three telephone meetings. The primary objective of the trip to Paris was to give the Board members the opportunity to visit Doro SAS in Paris, which represents half of the sales in the Doro Group. Each Board meeting was governed by an approved agenda. Supporting documentation for the agenda items as well as a list of outstanding issues from previous meetings was distributed to the Board Members prior to each meeting. Meetings of the Remuneration and Audit Committees have been reported to the Board and the corresponding minutes have been distributed. Annette Borén, Vice President, CFO and Board Secretary, has been present at all meetings.

Rules of Procedure for the Board

The Rules of Procedure for the Board apply for the work to be carried out by the Board of Doro AB. The rules of procedure are based on the Articles of Association, the Swedish Companies Act and the Code. The Board's field of work covers the entire Doro Group. The field of work also includes Doro's relations to shareholders, the general public, authorities and other organizations and interested parties. The Board is responsible to the Annual General Meeting in accordance with the fiduciary duties and the duties of care, which are placed on the Board by the rules of procedure and by applicable laws and regulations. The Board is responsible for the implementation of the resolutions of the Annual General Meeting and the business objectives set out in the Articles of Association. The Board has the authorities granted by the Articles of Association and the Swedish Companies Act.

Distribution of work between Board and CEO

The Board appoints the Chief Executive Officer (CEO) of the company. The distribution of work between the Board and CEO is indicated in the Board's rules of procedure and the CEO instructions. These state that the Board is responsible for the governance, supervision, organization, strategies, internal control and policies of the company.

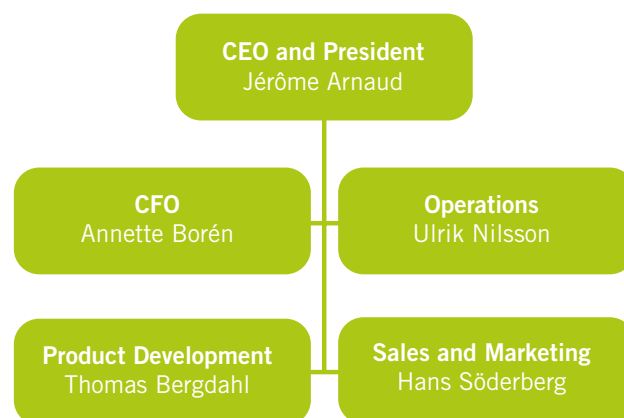
In addition, the Board decides on major investments and matters of principle relating to the governance of subsidiaries, as well as election of Board members in subsidiaries and the CEO. The Board also establishes the quality of the financial reporting. The CEO in turn is responsible for ensuring that the company is administered in accordance with Board's guidelines and instructions. In addition, the CEO is responsible for budgeting and planning the company's operations so that specified goals are attained.

The CEO ensures that the control environment is good and that the Group's risk-taking at any time is compatible with the Board's guidelines. Any deviations have to be reported to the Board. The Board also receives regular information from the CEO every month through a monthly report.

Remuneration Committee

The fees paid to the Board are decided each year at the Annual General Meeting. Proposals for fees are discussed beforehand by the Nomination Committee. On the other hand,

Doro's corporate organization



the Board decides on the remuneration of the CEO. A special Remuneration Committee, appointed by the Board consists of Bo Kastensson and Peter Blom.

The Remuneration Committee held its first meeting on February 17, 2010 to decide on 2010 principles. Both members were present at the meeting. A second meeting was held on November 8, 2010 to discuss 2011 principles, both members were also present at this meeting. The meetings were minuted and reported at the next Board meeting. The Remuneration Committee fulfils the guidelines regarding independence in the Code.

The Chairman of the Board submits proposals for guidelines relating to salary and bonuses for other senior management, including the managing directors of the subsidiaries.

Remuneration

Fees paid to the Board during the financial year totaled SEK 600,000, in accordance with a decision of the Annual General Meeting. Of the Board's total fee, SEK 300,000 was paid to the Chairman of the Board.

The company's CEO received salary totaling SEK 2,308 k during the equivalent period. Bonus was paid for 2010 at the amount of SEK 1,186 k. Salary received by the other four members of senior management totaled SEK 4,179 k. Bonuses for these four members were paid for 2010 at the amount of SEK 1,168 k. Three of these members of senior management, as well as the CEO, receive the additional benefit of a car. Annual General Meeting held on March 25, 2010 decided on guidelines for senior management pertaining to the year 2010.

Under the contract of employment with the CEO, the mutual termination notice period is 12 months. In the event of termination by the company, 12 months salary is payable. Applicable salary, bonus and benefits are payable during the period of notice.

Two other members of senior management also has equivalent agreements relating to periods of notice. The members of

the Board do not receive any pension benefits for their Board engagements. The retirement age for the CEO and for other senior management is 65. The CEO has a pension arrangement for which SEK 228 k was paid during the year 2010.

Governance of subsidiaries

The five wholly-owned active subsidiaries Doro Norway, Doro France, Doro UK, Doro Hong Kong and Doro Inc are governed by their own boards in the country concerned, principally consisting of representatives of Doro AB in Sweden. The CEO of Doro is the Chairman in each subsidiary, except in Doro SAS France where Bo Kastensson is the Chairman. These subsidiaries report to the Board of Doro AB in Sweden at every meeting. This report also includes the results of operations and financial position of the company concerned.

Inspection and Auditing

The Board of Directors has ultimate responsibility for ensuring that the company has a satisfactory system for internal control and for preparing reliable financial statements. It is the responsibility of the Board of Directors and the management to monitor and identify the business risks and to guide the company to tackle the most significant risks. In summary, the Board of Directors is responsible for the management of the company. The auditors inspect how the company is managed by the Board of Directors and the CEO, as well as the quality of the company's financial statements.

The registered auditing firm of Ernst & Young AB was elected as auditor at the 2007 Annual General Meeting with a mandate period of four years. Ingvar Ganestam is the chief auditor. Fees for audit engagements in the Group in the last three years totaled SEK 1,000 k, SEK 1,200 k and SEK 900 k respectively.

Audit Committee

In 2010, the Audit Committee consisted of Board members Bo Kastensson, Karin Moberg, Jonas Mårtensson och Peter Blom. One meeting was held on February 17, 2010, one meeting was held on August 19, 2010 and one meeting was held on November 8, 2010. The meetings were minuted in the same minutes as for the Board meeting held at the same time. All members were present at the meetings, which were also attended by the auditors Ingvar Ganestam and Göran Neckmar, except the meeting held on August 19, 2010 when Peter Blom was absent.

The Audit Committee fulfils the guidelines regarding independence in the Swedish Companies Act. The committee's primary task is to support the Board in fulfilling its responsibilities in the areas of audit and internal control, accounting and financial reporting. Work in 2010 focused on follow-up of the 2009 audit and the hard close audit carried out as of September 30, 2010. In addition, the third quarter interim report (for the period up to and including September 2010) was reviewed by the committee and certain risk areas were monitored.

Internal control

An important part of the control environment is that the organizational structure, the decision hierarchy and the authority to act are clearly defined and communicated in guiding documents. Please refer to page 30 for the Board's report on internal control.

The CFO shall conduct one internal audit for each legal entity every second year. The group-controller is responsible for escalating formal issues to CFO. Considering the limited size of the finance department, the company has decided to not retain an internal auditor.

Board member	Presence at Board meetings	Presence at Audit committee	Remuneration	Member of Board since	Position related to the Company	Positions related to Owners
Bo Kastensson, Chairman	8 / 9	3 / 3	300,000	2007	Independent	Independent
Peter Blom	9 / 9	2 / 3	100,000	2008	Independent	Independent
Karin Moberg	9 / 9	3 / 3	100,000	2009	Independent	Independent
Jonas Mårtensson	9 / 9	3 / 3	100,000	2007	Independent	Dependent
Jérôme Arnaud	9 / 9	–	–	2007	Dependent	Independent

Internal control

The Board's report on internal control for the financial year 2010

According to Swedish Law for corporate governance, the Board must ensure that the Company has good internal control and remains informed about and evaluate the functioning of the Company's system for internal control. In addition, the Board shall produce a report showing how internal control regarding the financial statements is organized and, if there is no internal audit, evaluate the need for such a function and justify their position.

Control environment

Control environment with the aim of creating and maintaining a working control environment, the Board has established a number of fundamental documents that are important for financial statements. These specifically include the Board's approved agenda, instructions for the President and the committees. The primary responsibility for enforcing the Board's instructions regarding the control environment in the daily routines resides with the President. He reports regularly to the Board as part of established routines. Furthermore, there will be reports from the Company's auditors.

The internal control system also builds on a management system that is based on the Company's organization and methods of running the business, with clearly defined roles, areas of responsibility and delegated authorities. The controlling documents also play an important role in the control structure e.g. policies and guidelines.

Risk Assessment

The Group carries out an ongoing risk assessment for identifying material risks regarding the financial statements. With regards to the financial statements, the main risk is considered to comprise material misstatements in the accounts e.g. regarding book keeping and the valuation of assets, liabilities, income and expenses or other discrepancies.

Fraud and losses through embezzlement are a further risk. Risk management is built into each process and different methods are used for evaluating and limiting risks and for ensuring that the risks that Doro is exposed to are managed in accordance with determined policies, instructions and established follow-up routines. The purpose of this is to minimize possible risks and promote correct accounting, reporting and the release of information.

Control Activities

These are intended for managing the risks that the Board and the management consider to be significant for the business, the internal control and the financial statements. The control structure partially consists of clear roles within the organization which facilitate effective distribution of responsibilities for specific control activities with the aim of discovering and, preventing the risk of errors in the reports in time. Such control activities can be clear decision making and decision processes for major decisions such as larger investment, divestments, agreements, analytical follow-ups etc.

An important task for Doro's staff is also to implement,

further develop and enforce the Group's control routines and to implement the internal control for dealing with critical business matters. Those responsible for the process at different levels are responsible for implementing the necessary controls regarding the financial statements. In the annual accounts and reporting processes there are controls pertaining to valuation, accounting principles and estimates. The continual analysis made of the financial statements, together with the analysis made at Group level is very important for ensuring that the financial statements do not contain any material misstatements. The Group's controller plays an important role in the internal control process, having the responsibility for the financial statements from each unit being correct, complete and on time.

Information and communication

Doro works together with the IR Company RHR/CC that aims to promote completeness and correctness in financial reports released to the stock market. Through regular updates and messages, the employees concerned are made aware of, and have access to, information about changes to accounting principles and reporting requirements or other released information. The organization has access to policies and guidelines. The Board receives financial reports monthly. The external information and communication is notably governed by the Communication Policy, which describes Doro's general principles for the release of information.

Follow up

Doro's adherence to the adopted policies and guidelines is followed-up by the Board and the Executive management. The Company's financial situation is discussed at each Board meeting. The Board's Remuneration and Audit Committees play important roles with regards to for example, remuneration, financial statements and internal control.

Before publication of Interim Reports and Annual Reports, the Board reviews the financial statements. Doro's management conducts a monthly follow-up of results with analyses of deviation from budget, forecast and previous years. All monthly accounts are discussed within the Management Team.

The external auditors' tasks include an annual review of the internal control in Group subsidiaries. The Board meets with the auditors two times each year, partly to go through the internal controls and partly, in specific cases, to give the auditors additional tasks to undertake specifically targeted internal controls. Against this overall background, the Board does not consider it necessary to establish a special internal audit.

Lund, March 2, 2011
The Board of Doro AB

Please find additional information on www.doro.com:

- Articles of Association
- Information from previous Annual General Meetings (notification, minutes etc.)
- Annual Report
- Presentations

Group management



Jérôme Arnaud

Born: 1963.
Qualifications: Master of Science, École Centrale de Paris.

President and CEO Doro AB, Director Care Electronics and Managing Director of Doro SAS, France. Previously at Matra Nortel Communications, working with business development. Employed: 2000. In current position since 2007.

Holdings: 472,004 shares, 0 options.



Thomas Bergdahl

Born: 1964.
Qualifications: Master of Science in Industrial Engineering and Management, Institute of Technology Linköping.

Vice President Product Development. Previously with Anoto as Director of manufacturing. Employed: 2002. In current position since 2007.

Holdings: 75,000 shares, 0 options.



Annette Borén

Born: 1969.
Qualifications: Bachelor of Business Administration, Lund University.

Vice President and CFO. Previously Group Controller at Länsförsäkringar Skåne. Employed: 2008. In current position since 2008.

Holdings: 30,000 shares, 0 options.



Ulrik Nilsson

Born: 1971.
Qualifications: Telecom technician.

Vice President Operations. Previously: Supply manager. Employed: 1991. In current position since 2007.

Holdings: 25,632 shares, 0 options.



Hans Söderberg

Born: 1963.
Qualifications: Master of Science in Industrial Engineering and Management at Linköping Institute of Technology.

Vice President Sales and Marketing. Qualifications: Previous experience as CEO of Q-MATIC Corporation in the USA and Q-MATIC Ltd in Canada. Employed: 2010. In current position since 2010.

Holdings: 5,200 shares, 0 options.

The shareholding data reported above includes shares owned through companies and related parties and reflects holdings as per December 31, 2010.

Financial information

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Parent company

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Financial definitions

Average return on capital employed

Operating profit/loss divided by the quarterly average capital employed excluding cash and bank balances.

Average return on shareholders' equity

Profit/loss after financial items and tax dividend by average share-holders' equity.

Capital turnover rate

Net sales for the year divided by the average balance sheet total.

Capital employed

Total assets minus non interest-bearing liabilities.

Cash flow

Cash flow from current activities.

Cash flow per share

Cash flow from current activities divided by the average number of shares.

Earnings per share after tax

Profit/loss after financial items minus final tax divided by the average number of shares.

Earnings per share before tax

Profit/loss after financial items divided by the average number of shares.

Equity/assets ratio

Shareholders' equity as a percentage of the balance sheet total.

Interest cover ratio

Profit/loss after net financial items plus interest expenses divided by financial expenses.

Investments

Net investments excluding acquisitions.

Liquid funds

Cash balances plus approved unutilized bank credit and short-term investments.

Net debt/equity ratio

Net interest-bearing liabilities minus cash balances as a percentage of shareholders' equity.

Net margin

Profit/loss after financial items as a percentage of the year's sales.

Number of employees

Average number of employees.

Operating margin, EBITDA

Profit/loss before depreciation as a percentage of the year's income.

Operating margin, EBIT

Operating profit/loss (after depreciation) as a percentage of the year's sales.

Reported equity per share

Shareholders' equity divided with the total number of shares at year-end.

Consolidated income statement / Statement of comprehensive income the Group

SEK m	Note	2010	2009
Revenue			
Sale of goods	2,3	626.5	488.4
Other revenue	2	6.3	4.2
		632.8	492.6
Operating costs			
Merchandise	19	-380.3	-315.0
Other external costs	4,16	-129.7	-82.6
Personnel costs	5	-59.7	-56.9
Depreciation and impairment of property, plant and equipment	8	-5.8	-4.4
Depreciation and impairment of intangible assets	7	-10.3	-7.0
Operating profit/loss	2	47.0	26.7
Profit/loss from financial items			
Interest income and similar profit/loss items	6	0.1	1.5
Interest costs and similar profit/loss items	6	-0.7	-3.2
Profit/loss after financial items		46.4	25.0
Tax on profit/loss for the year	17	10.7	-2.2
PROFIT/LOSS FOR THE YEAR		57.1	22.8
Attributable to:			
Parent company's shareholders		57.1	22.8
Key figures			
Average number of shares (thousands)	11	19,108	17,573
Earnings per share before tax*		2.43	1.42
Earnings per share after tax*		2.99	1.30

*No dilution effect.

Statement of comprehensive income the Group

SEK m	2010	2009
PROFIT/LOSS FOR THE YEAR	57.1	22.8
Translation differences	-3.4	-1.1
Total result	53.7	21.7

(Related to Parent Company's shareholders.)

Financial information

Balance sheet the Group

Assets, SEK m	Note	2010	2009
ASSETS			
NON-CURRENT ASSETS			
Equipment and tools	8	4.5	7.6
Capitalized expenditure for development work	7	16.7	9.6
Goodwill	7	8.8	8.8
Long term deposits		0.3	0.1
Deferred tax asset	17	30.5	15.8
		60.8	41.9
CURRENT ASSETS			
Inventories	19	55.0	35.6
Prepayments to supplier		1.0	1.3
Accounts receivable – trade	23	111.6*	103.3*
Other current receivables		17.4	8.4
Prepaid expenses and accrued income	10	1.8	1.4
Cash and bank balances		89.5	40.4
		276.3	190.4
TOTAL ASSETS		337.1	232.3
Shareholders' equity and liabilities, SEK m	Note	2010	2009
SHAREHOLDERS' EQUITY			
Share capital 19,107,631 shares, quota value SEK 1	11	19.1	19.1
Other allocated capital		100.4	100.4
Reserves		0.1	3.5
Profit/loss brought forward		-55.4	-78.2
Profit/loss for the year		57.1	22.8
Total shareholders' equity		121.3	67.6
LONG TERM LIABILITIES			
Deferred tax asset	17	0.0	0.3
Provisions for guarantees	20	24.4	17.7
Provisions for pension	21	0.7	0.7
Other provisions	22	1.4	2.7
Total long term liabilities		26.5	21.4
CURRENT LIABILITIES			
Interest-bearing liabilities			
Bank overdraft facilities	12	0.0	0.4
Liabilities to credit institutions		0.0	8.4
Total interest-bearing liabilities		0.0	8.8
Non interest-bearing liabilities			
Accounts payable – trade		86.0	70.1
Prepayments		0.1	2.0
Other liabilities		5.7	5.1
Current tax liability		0.3	3.4
Accrued expenses and prepaid income	13	97.2*	53.9*
Total non interest-bearing liabilities		189.3	134.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		337.1	232.3
Pledged assets	14	205.6	232.7
Contingent liabilities	15	–	–

* Effective from 2010, the Group has amended the principle applied in the classification of customer bonuses with the effect that these are now recognized as a current liability rather than as deductions from accounts receivable-trade. The balance sheet for 2009 has been adjusted accordingly. Key figures affected by the reclassification have also been adjusted.

Shareholders' equity the Group

Changes in shareholders' equity 2010, SEK m	Share capital	Other allocated capital	Reserves ¹⁾	Losses brought forward	Total shareholders' equity
Shareholders' equity December 31, 2008	17.4	86.2	4.6	-78.2	30.0
Loss for the year				22.8	22.8
Other profits			-1.1		-1.1
Total result			-1.1	22.8	21.7
New share Issue	1.7	14.5			16.2
Cost of Share Issue		-0.3			-0.3
Total transactions with shareholders	1.7	14.2	0.0	0.0	15.9
Shareholders' equity December 31, 2009	19.1	100.4	3.5	-55.4	67.6
Total result for the year				57.1	57.1
Other profits			-3.4		-3.4
Total result			-3.4	57.1	53.7
Shareholders' equity December 31, 2010	19.1	100.4	0.1	1.7	121.3

1) Specification of reserves.

	2010	2009
Accumulated exchange rate differences, January 1	3.5	4.6
Exchange rate differences for the year	-3.4	-1.1
Accumulated exchange rate differences, December 31	0.1	3.5

Cash flow statement the Group

SEK m	2010	2009
Profit/loss after financial items	46.4	24.9
Adjusted for items not in cash flow		
Change in allocations	6.0	5.8
Depreciation and write downs	16.1	11.4
Adjustment for other non-cash items	0.2	0.0
Total adjustment for non-cash items	22.3	17.2
Taxes paid	-7.4	0.0
Cash flow from current activities before changes in working capital	61.3	42.1
Change in working capital		
Change in stocks	-19.4	23.2
Change in receivables	-26.7	-32.3
Change in non-interest-bearing liabilities	65.2	31.4
Cash flow from current activities	80.4	64.4
INVESTMENT ACTIVITIES		
Acquisition of intangible fixed assets	-17.6	-11.2
Acquisition of tangible fixed assets	-3.0	-6.3
Cash flow from current activities	-20.6	-17.5
FINANCING ACTIVITIES		
New share issue	0.0	15.9
Change in non interest-bearing liabilities	-8.8	-34.5
Cash flow from financing activities	-8.8	-18.6
Cash flow for the year	51.0	28.3
Liquid assets at start of year ¹⁾	40.4	12.6
Exchange rate difference in liquid assets	-1.9	-0.5
Liquid assets at end of year¹⁾	89.5	40.4

1) Liquid assets consists of cash and bank balances.

Financial information

Income statement Parent Company

SEK m	Note	2010	2009
Operating income			
Net sales	2,3	622.4	242.7
Other revenue	2	5.0	4.2
		627.4	246.9
Operating costs			
Merchandise	19	-379.3	-136.2
Other external costs	4,16	-160.0	-59.0
Personnel costs	5	-28.9	-29.1
Depreciation and impairment of property, plant and equipment	8	-5.5	-4.2
Depreciation and impairment of intangible assets	7	-17.6	-9.4
Operating profit/loss	2	36.1	9.0
Profit/loss from financial items			
Profit/loss from shares in Group companies	18	0.0	12.8
Interest income and similar profit/loss items	6	0.1	0.4
Interest costs and similar profit/loss items	6	-1.0	-2.1
Profit/loss after financial items		35.2	20.1
Tax on profit/loss for the year	17	12.9	1.6
PROFIT/LOSS FOR THE YEAR		48.1	21.7

Statement of comprehensive income

SEK m	2010	2009
PROFIT/LOSS FOR THE YEAR	48.1	21.7
Total result	48.1	21.7

Balance sheet Parent Company

Assets, SEK m	Note	2010	2009
FIXED ASSETS			
Intangible assets			
Capitalized expenditure for development work	7	16.7	9.6
Goodwill	7	3.8	5.7
Customer register	7	7.1	0.0
Brands	7	7.2	10.7
Tangible assets			
Equipment and tools	8	3.3	6.0
Financial assets			
Participations in Group companies	9	21.5	21.5
Deferred income tax recoverable	17	28.7	15.8
Total fixed assets		88.3	69.3
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale	19	55.6	34.9
Advanced payment to suppliers		1.0	1.3
Current receivables			
Accounts receivable – trade	23	111.8*	47.8*
Receivables from Group companies		0.6	30.8
Other current receivables		13.2	7.2
Prepaid expenses and accrued income	10	1.3	1.0
Cash and bank balances		88.1	12.2
Total current assets		271.6	135.2
TOTAL ASSETS		359.9	204.5

*Effective from 2010, the Group has amended the principle applied in the classification of customer bonuses with the effect that these are now recognized as a current liability rather than as deductions from accounts receivable-trade. The balance sheet for 2009 has been adjusted accordingly. Key figures affected by the reclassification have also been adjusted.

Financial information

Balance sheet Parent Company

Shareholders' equity and liabilities, SEK m	Note	2010	2009
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital 19,107,631 shares, quota value SEK 1	11	19.1	19.1
Revaluation reserve		0.5	0.5
Other allocated capital		55.5	55.5
Non-restricted equity			
Share premium reserve		14.2	14.2
Profit/loss brought forward		-22.2	-43.9
Profit/loss for the year		48.1	21.7
Total shareholders' equity		115.2	67.1
Provisions			
Provisions for guarantees	20	24.4	5.9
Other provisions	22	0.0	1.0
Total provisions		24.4	6.9
CURRENT LIABILITIES			
Interest-bearing liabilities			
Liabilities to credit institutions	12	0.0	8.4
Liabilities to Group companies		15.0	24.6
Total interest-bearing liabilities		15.0	33.0
Non interest-bearing liabilities			
Accounts payable – trade		83.4	30.3
Prepayments		0.1	2.0
Liabilities to Group companies		35.3	29.3
Other liabilities		5.1	1.2
Accrued expenses and prepaid income	13	81.4*	34.7*
Total non interest-bearing liabilities		205.3	97.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		359.9	204.5
Pledged assets	14	191.5	215.8
Contingent liabilities	15	–	–

*Effective from 2010, the Group has amended the principle applied in the classification of customer bonuses with the effect that these are now recognized as a current liability rather than as deductions from accounts receivable-trade. The balance sheet for 2009 has been adjusted accordingly. Key figures affected by the reclassification have also been adjusted.

Changes in shareholders' equity Parent Company

Changes in shareholders' equity 2010, SEK m	Share capital	Revaluation reserve	Statutory reserve	Share premium reserve	Losses brought forward	Total share-holders' equity
Shareholders' equity December 31, 2008	17.4	4.6	55.5		-48.0	29.5
Profit for the year					21.7	21.7
New Share Issue	1.7			14.5		16.2
Cost of Share Issue				-0.3		-0.3
Merger differences		-4.1			4.1	0.0
Total changes in shareholders' equity not reported in the income statement	1.7	-4.1		14.2	4.1	15.9
Shareholders' equity December 31, 2009	19.1	0.5	55.5	14.2	-22.2	67.1
Total result					48.1	48.1
Shareholders' equity December 31, 2010	19.1	0.5	55.5	14.2	25.9	115.2

Cash flow statement Parent Company

SEK m	Note	2010	2009
Profit/loss after financial items		35.2	20.2
Adjusted for items not in cash flow			
Changes in allocations		17.5	0.8
Depreciation and write downs		23.1	13.5
Liquidation profit subsidiary		0.0	-12.8
Other items not in cash flow		0.1	-0.4
Cash flow from current activities before changes in working capital		75.9	21.3
Change in working capital			
Change in stocks		-20.7	-18.8
Change in receivables		-39.8	-39.9
Change in non-interest-bearing liabilities		107.8	58.2
Cash flow from current activities		123.2	20.8
INVESTMENT ACTIVITIES			
Acquisition of intangible fixed assets		-26.5	-10.6
Acquisition of tangible fixed assets		-2.8	-6.3
Cash flow from current activities		-29.3	-16.9
FINANCING ACTIVITIES			
New Share Issue		0.0	15.9
Change in non interest-bearing liabilities		-18.0	-10.3
Cash flow from financing activities		-18.0	5.6
Cash flow for the year		75.9	9.5
Liquid assets at start of year ¹⁾		12.2	2.7
Liquid assets at end of year ¹⁾		88.1	12.2

1) Liquid assets consists of cash and bank balances.

Notes and accounting principles

Note 1 – Accounting principles

The Annual Report and Consolidated Accounts were approved for publication by the Board and CEO on March 2, 2011 and will be presented to the AGM on March 23, 2011 for approval.

The Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS/IAS) as issued by the International Accounting Standards Board (IASB) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU.

Furthermore, the Consolidated Accounts have been drawn up in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1.3 (Supplementary Accounting Regulations for Groups).

The Annual Report of the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and applying the Swedish Financial Reporting Board's recommendation RFR 2.3 (Accounting for Legal Entities). Statements applicable to listed companies issued by the Swedish Financial Accounting Standard's Emerging Issues Task Force and the Swedish Financial Reporting Board have also been applied.

Changed accounting principles and disclosures

The accounting principles applied agree with those used in the previous year's report, with the exceptions detailed below.

Newly introduced and amended IASB standards and IFRIC statements

During the year, the Group introduced the following new and amended IASB standards that came into effect on January 1, 2010. Only those new and amended standards considered relevant to the Group have been commented on. The IFRIC statements coming into effect during the financial year are not considered relevant to the Group.

The key effects of these changes are detailed below.

- IFRS 2, Share-based payment – Amendment. Intra-Group cash-settled share-based payments (approved by the EU on March 23, 2010 and applied to financial years commencing January 1, 2010, or later)
- IFRS 3R, Business combinations and IAS 27, Consolidated and separate financial statements (approved by the EU on June 3, 2009 and applied to financial years commencing July 1, 2009 or later)
- IAS 39, Financial instruments: Recognition and measurement – Amendment Items qualified for hedge accounting (approved by the EU on September 15, 2009 and applied for financial years commencing July 1, 2009 or later)

The application of these standards and interpretations has had no effect on the Group's financial results or position.

IFRS 2, Share-based payment – Amendment. Intra-Group cash-settled share-based payments (approved by the EU on March 23, 2010)

IFRS 2 has not previously addressed how an enterprise should report goods and services received in instances where another operation within the Group settles the undertaking that such receipt entails. The amendment addresses this issue as well as specifying the scope of application of the standard and what is considered a share-based payment. The amendment also entails the previous interpretations IFRIC 8 and IFRIC 11 being worked into the standard. The amendments to IFRS 2 do not affect the Group.

IFRS 3R, Business combinations and IAS 27, Consolidated and separate financial statements (approved by the EU on June 3, 2009)

IFRS 3R introduces a number of changes in the reporting of business combinations that will affect the scale of reported goodwill, the earnings reported for the period in which the combination is implemented and future reported earnings.

IAS 27R requires changes in the proportion of ownership in a subsidiary where the majority shareholder retains decisive influence to be reported as equity transactions. This means these transactions no longer give rise to goodwill or to any gains or losses. IAS 27R also alters the accounting of losses incurred by part-owned subsidiaries and the reporting of when decisive influence over a subsidiary ceases.

The application of IFRS 3R and IAS 27R has not affected reporting for 2010 since no business combinations or transactions with minority owners have taken place.

The changes to IFRS 3R and IAS 27R will affect the reporting of future

acquisitions, divestments and transactions with owners who do not have a decisive influence.

IAS 39, Financial instruments: Recognition and measurement – Amendment Items qualified for hedge accounting (approved by the EU on September 15, 2009)

This amendment addresses the identification of a unilateral risk in a hedged item and the identification of inflation as a hedged risk in a specific situation. It is made clear that a company may identify a portion of actual changes in the value or cash flow associated with a financial instrument as a hedged item. The amendment does not affect the Group.

Improvements to IFRS standards (approved by the EU on 23 March 2010)

In April 2009, the IASB issued its second collection of additions to the current standards with the principal purpose of removing inconsistencies and clarifying formulations. Separate transitional rules exist for each addition, although these are generally to be applied as of January 1, 2010.

The improvements have had no effect on the Group.

Issued amendments to accounting standards yet to take effect

Presented below are the new standards and interpretations to be applied effective as of the 2011 calendar year or later and that are to be commented on in the 2010 Annual Report. Only those new and amended standards considered relevant to the Group have been commented on. The Group has not applied these standards or interpretations preemptively.

IFRS 9, Financial Instruments: Recognition and Measurement (yet to be approved by the EU and currently lacking a schedule for approval.)

This standard represents part of a complete re-working of the current standard IAS 39. The standard entails a reduction in the number of valuation categories for financial assets with the principal categories being assets reported at cost (accrued cost) and those reported at fair value in the income statement. There is an opportunity to report certain investments in equity instruments at fair value in the balance sheet with changes in value reported directly in other comprehensive income with no transfer to earnings for the period on divestment. In addition, new rules have been introduced regarding how changes in internal credit spreads are to be presented where liabilities are recognized at fair value.

The standard will later be complemented with rules regarding impairment, hedge accounting and derecognition from the balance sheet. IFRS 9 will probably be applied to financial years commencing January 1, 2013 or later.

While awaiting completion of all parts of the standard, the Group has not assessed its possible effects.

IAS 24, Related party disclosures – Amendment (approved by the EU on July 19, 2010)

The amended standard shall be applied for financial years commencing January 1, 2011 or later. The amendment clarifies the definition of related parties to facilitate the identification of such relations and to eliminate inconsistencies in application. The revised standard also permits a certain exception with regard to disclosures about related government authorities, government-owned companies or equivalent local, national or international public bodies. Early application is permitted either for the exception for related government authorities or for the entire standard.

The Group is not affected by these changes.

IFRS 7, Financial instruments: Disclosures – Amendment. (Expected to be approved by the EU during the second quarter of 2011)

The addendum was issued on October 7, 2010 by the IASB as an addition to IFRS 7, Financial instruments: Disclosures. The addendum will entail further quantitative and qualitative disclosures being made in connection with the derecognition of financial instruments from the balance sheet. If a transfer of assets does not result in complete derecognition, this shall be disclosed. Likewise, if the company retains a commitment in the derecognized asset, it shall also disclose this.

This change is not expected to have any effect on the consolidated financial accounts.

Improvements to IFRS (published May 2010)

In May 2010, the IASB issued its third collection of additions to the current standards, primarily with the purpose of removing inconsistencies and clarifying formulations. Separate transitional rules exist for each addition, although these are generally to be applied as of January 1, 2011.

The improvements are expected to have no effect on the Group.

Basis for the preparation of the accounts

Assets, allocations and liabilities are based on historical cost unless otherwise stated below.

All amounts, unless otherwise stated, are in millions of Swedish kronor (SEK m).

GROUP

Consolidated Accounts

Principles

The Group's Consolidated Accounts include the Parent Company Doro AB, and those companies in which the Parent Company, directly or indirectly, owns more than half the voting rights. This means that Doro AB has a decisive influence over Group companies and that Doro AB has the right to set strategies for the Group companies with the aim of making gains.

At the end of the financial year there were 5 (5) operating companies in the Group.

Acquired companies are included in the Consolidated Accounts from the date of acquisition. Sold companies are included up to and including their sale date.

The Consolidated Accounts are drawn up in line with the acquisition method, which means that the acquisition value of the shares in Group companies is divided among identifiable assets and liabilities at their fair value on the date of acquisition. If the terms for provisions for the restructuring scheme are met, provisions are then made in the acquisition analysis. Provisions for deferred tax on acquired untaxed reserves are made in conjunction with the acquisition.

Unutilized loss carryforwards obtained in conjunction with the acquisition are converted into deferred tax assets in the Consolidated Accounts if the assessed earning capability means that it can be expected that the assets can be utilized. Furthermore, deferred tax is calculated on the difference between the actual values of assets and liabilities and the fiscal residual value. For cases where the acquisition value of shares in Group companies exceeds the acquired shareholders' assets and liabilities, calculated as above, the difference is accounted for as goodwill, which is tested at least once a year for impairment.

For corporate acquisitions, the purchase price can be earnings-dependent. The calculation is based on future profits and therefore the total purchase price can vary. Each year, an assessment is made and, if necessary, the expected purchase price is adjusted. Goodwill is tested for impairment.

Intra-Group balances and internal profits have been eliminated in the Consolidated Accounts. When eliminating internal transactions, the fiscal effect is also calculated on the basis of rates of taxation applicable in each country.

Exchange rates

Translation of foreign activities

The relationship of an overseas activity to the Parent Company is crucial for its classification and thereby the translation method. Doro applies the current method in the translation of foreign Group companies' balance sheets and income statements; consequently, all assets and liabilities of Group companies are translated at the closing day rate, while all items in the income statements are translated at the average rate for the financial year.

The exchange rate differences arising in this context are partly an effect of the differences between the income statements' average rates and the closing day rates, and partly of the fact that net assets are translated at a different rate at the end of the year than at the beginning of the year. Exchange rate differences are booked directly to the statement of comprehensive income.

Exchange rates

The following exchange rates have been used in consolidating the accounts:

Effects of changing exchange rates

Receivables and liabilities in foreign currencies are valued at the closing day

Currency	Average rate		Closing day rate	
	2010	2009	2010	2009
EUR	9.56	10.64	8.99	10.31
HKD	0.93	0.99	0.87	0.93
NOK	1.19	1.21	1.15	1.24
GBP	11.12	11.84	10.48	11.43
USD	7.20	7.65	6.77	7.18

rates and unrealized exchange rate profits and losses are included in the results.

Hedging of future flows

Flows for January to April 2011 were hedged in two arrangements in August and November 2010 in accordance with the treasury policy (approved by the Board in December 2008).

In Doro's accounts for 2010, these forward contracts were recognized at their market value. For additional details, see Note 23.

Revenue recognition

Doro only has one type of revenue: Product sales. Revenue from product sales is included in the accounts principally when all risks and rights connected with ownership have been transferred to the buyer, which usually occurs in connection with delivery.

Remuneration to staff

Remuneration to staff is reported as paid salaries plus accrued bonus payments. Complete allocation is made for various commitments such as unclaimed holiday entitlement and payroll overheads.

Pensions

The predominant share of Doro's personnel pension commitments consists of various defined-contribution pension plans.

A defined-contribution pension plan is a pension plan according to which the Group pays fixed fees to a separate legal entity. The Group has no legal or informal obligation to pay further fees if this legal entity lacks sufficient funds to pay all employee remunerations associated with the employees' service during current or previous periods.

For defined-contribution pension plans, the Group pays fees to publicly or privately managed pension insurance plans on an obligatory, contractual or voluntary basis. The Group has no further payment commitments once these fees have been paid. The fees are reported as personnel costs when they become due for payment. Prepaid fees are reported as an asset to the extent that the Group may benefit from cash repayment or deductions in future payments.

In addition, a limited number of employees in the Group's French subsidiary have defined-benefit pension plans. A defined-benefit pension plan is one that is not a defined-contribution plan. Characteristic of defined-benefit pension plans is that they specify the amount of the pension benefit to be received by an employee following retirement. This is normally based one or more factors such as age, period of service and salary.

All commitments for which provisions are made are assessed by an actuary to determine the amount of the provision. The liability recognized in the balance sheet with regard to defined-benefit pension plans represents the current value of the defined-benefit commitment at the close of the reporting period. Since the recognized liability with regard to defined-benefit pension plans represents an insignificant amount, the assumptions on which the actuarial calculations are based are not presented in the annual report.

Research and development

Product development is carried out in cooperation with different manufacturing partners and most of the costs are borne by them. Doro works in an environment with rapid technological development. Product development costs include those for product adaptations, design, model approval, etc.

Expenses relating to the development phase are capitalized as an intangible fixed asset if it is likely, with a high degree of reliability, that they will result in future financial benefits for the Group.

This means that strict criteria must be met before a development project will result in intangible fixed assets being capitalized. This criteria includes the option of ending a project, proof that a project is technically feasible and that the market exists, as well as the intention and opportunity to use or sell the intangible fixed asset exists. There must also be the opportunity to reliably measure costs during the development phase.

When capitalization has occurred, the intangible fixed asset is depreciated over its expected lifespan. Depreciation plans of one to two years start from the time each respective product is introduced on the market.

External partners' manufacturing tools are, however, owned by Doro and their cost is capitalized and depreciated according to plan if the lifespan of the product is expected to exceed one year.

Doro has no research costs.

Notes and accounting principles

Tangible and intangible fixed assets

Tangible and intangible fixed assets, mainly consisting of goodwill, machinery and equipment, are reported at their acquisition value with deductions for the accumulated depreciation according to plan, except goodwill, which is not depreciated in the Group.

Financial instruments

Financial instruments recognized as assets in the balance sheet include accounts receivable, other receivables, forward currency contracts and bank balances. Included among shareholders' equity and liabilities are overdraft facilities, liabilities to credit institutes, accounts payable and other current liabilities. Effective from the fourth quarter of 2008, the Group uses financial derivatives to hedge itself against exchange rate fluctuations. These instruments are solely forward contracts. Hedge accounting is not applied.

With the exception of forward currency contracts, financial instruments are initially reported at cost – equivalent to the fair value of the instrument plus transaction expenses. Instruments are then reported subject to how they have been classified in accordance with the following. Forward currency contracts are reported in the balance sheet as per the contract date and are recognized at fair value, both initially and in connection with subsequent reassessments. Changes in value are reported in the income statement.

A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms. Trade receivables are recognized in the balance sheet when invoiced. Liabilities are recognized once the counterparty has completed its task and there is a contractual obligation to pay, even though an invoice may not yet have been received. Trade payables are recognized when invoices are received.

A financial asset or part thereof is derecognized when the contractual rights are realized, mature or are no longer under the company's control. This also applies for parts of a financial asset. A financial liability or part thereof is derecognized when contractual obligations are met or otherwise extinguished. The same applies for part of a financial liability.

The acquisition or sale of financial assets is reported on the transaction date, which is the date on which the Company pledges to acquire or sell the asset.

Financial assets and liability are offset against one another and the net amount recognized in the balance sheet only when the company has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies its financial assets as follows:

- financial assets recognized at fair value in the income statement,
- changes in loans and accounts receivable, and
- financial assets available for sale.

The classification depends on the purpose for which the financial asset has been acquired. Management determines the classification of financial assets on the first occasion on which they are reported.

Financial assets recognized at fair value in the income statement are financial assets held for trade. A financial asset is classified in this category if it is principally acquired with the intention of being sold in the near future. Derivatives are classified as being held for trade unless identified as hedges. Assets in this category are classified as current assets.

Loans and receivables are non-derivative financial assets with determined or determinable payments that are not quoted in an active market. They are included among current assets, with the exception of items maturing more than 12 months after the close of the reporting period, which are classified as non-current assets. The Group's loan receivables and accounts receivable consist of accounts receivable and other receivables in the balance sheet. Accounts receivable are reported net with deductions for doubtful receivables. Deductions for doubtful accounts receivable are based on a model whereby deductions increase with the extent to which maturity has been exceeded. In addition, individual accounts receivable are assessed with regard to expected customer losses. Other receivables are reported net with deductions for doubtful receivables based on individual assessments of the losses expected on those receivables.

Financial assets available for sale are those that are not derivatives and that can be identified as being available for sale or that are not included in any of the other categories.

Other financial liabilities are measured at amortized cost.

Impairment

At least at every year-end closing, an assessment is made as to whether there is any indication impairment of the reported values of the Group's assets. When there is an indication that an asset has declined in value, its recyclable value is established. The recyclable value is the higher value of an asset's net sale value and its utilization value. When establishing the utilization value, a current value is assessed for the estimated future payments that the asset is expected to generate during its utilization.

When establishing the current value an interest calculation is used before tax that reflects the actual market interest and the risk that is linked with the asset. If the recyclable value falls below the booked value then a write-down of assets to the recyclable value is made. Reversals are recognized out if there is no longer good cause to recognize impairment. Impairment and reversals of impairment are recognized in the income statement.

At least once a year, an assessment of forecast future earnings and cash flow trends is made with regard to goodwill. Where necessary, impairment of goodwill is recognized. Current goodwill relates to France and amounts to SEK 8.8 million. Since positive cash flows are expected for this region, there are no indications that it would be necessary to recognize any impairment.

Depreciation of tangible assets

Linear depreciation according to plan is based on the acquisition values of the assets and their estimated economic lifespan:

Tools (for manufacturing products)	
(if the product's lifespan is > 1 year)	2 years
Computers, cars, furniture etc.	2–5 years

Leasing

Leases are classified in the Consolidated Accounts as either financial or operating leases. Financial leasing exists where the financial risk and benefits associated with the ownership in all essential matters are transferred to the lessee. In other cases, leasing is considered operational. Being insubstantial, financial leasing agreements for company cars, copying machines, computer equipment and the like are reported as operational leasing.

Doro has no financial leasing agreements. Property rents are included in operational leasing. No significant lease agreements were entered during 2010.

Inventory

Inventories are valued at lower of cost (in accordance with the first-in, first out principle – FIFO) and the net sale value (in accordance with the lowest value principle). Cost is calculated for each delivery.

Technological development is rapid and prices fall regularly. Impairment of inventories is recognized according to a model whereby older inventory is subject to greater impairment. Different product families have different periods of depreciation. Net sales values are defined as the sales price minus sales costs. Depreciation of net sale value includes impairment due to technological and commercial obsolescence is recognized in each respective Group company.

Impairment increases according to a scale, with products being depreciated to 50 percent after 6–12 months and then fully depreciated after 18 months depending on the product family. In addition, individual impairment tests may be carried out.

Guarantees and repairs

Provisions are made for the cost of repairing goods that can be returned within the guarantee period (normally one year from the sale to the end-user).

A statistics program has been developed that provides forecasts based on the time that products are sold and returned, the proportion requiring repairs, scrapping, compensation through the exchange of the product or a credit as well as costs for checks, repairs (including parts) and transport. When deviations occur (mainly in numbers of products being returned) requirements for guarantee provisions are carried out.

Provisions

Provisions are defined as liabilities that are uncertain with reference to amount or time of settlement. A provision is reported when there is an undertaking as a result of an event that has occurred, it is probable that a flow of resources will be required in order to regulate the undertaking and that a reliable estimation of the amount can be made. Pensions, guarantee commitments and disputes are recorded as provisions in the balance sheet.

Tax

All tax expected to be paid on the recorded results is recognized in the income statement. This tax has been estimated according to each country's tax regulations and is accounted for under the item taxes.

The Group's total tax in the income statement consists partly of current tax on taxable profits for the period and partly of deferred tax. The deferred tax mainly consists of a change to deferred tax assets regarding taxable loss carryforwards and other Group tax deductions.

Tax legislation in certain countries allows for allocation to special reserves and funds. Companies can thus, within certain limits, dispose and retain reported operating profits without being taxed immediately. The untaxed reserves are subject to tax only when they are dissolved for reasons other than covering losses.

The Group uses the balance sheet method when calculating deferred income taxes recoverable and liabilities. The balance sheet method means that calculation is made from the tax rate on the closing day applied to the temporary differences between an asset or liability's accountable or taxable value and taxable loss carryforward. Deferred tax assets are included in the balance sheet only to the extent of value that can probably be utilized within the near future. An individual assessment is made of the situation for companies in each country.

Cash flow statement

Cash flow statements are drawn up using the indirect method, which means the operating profit/loss after financial items is adjusted for transactions that did not entail payments in and out during the period and for income and expenses relating to the cash flow of investment activities.

Cash and equivalents

Cash and equivalents comprise cash and bank balances and current interest-bearing investments.

Segment reporting (IFRS 8)

Doro's reporting is based on the two business units operated by Doro, Care Electronics and Home Electronics, upon which the segment reporting is based. Doro has extended its reporting and will monitor its operations by market during 2011: the Nordic region, EMEA (Europe, Middle East and Africa), the UK, the US and Canada, CALA (Central- and Latin America) and AP (Asia/Pacific). In its segment accounting, Doro has followed this division.

Classification

The balance sheet items that appear as current assets and current liabilities are expected to be recovered or paid within a twelve-month period. All other balance sheet items are recovered or repaid later.

Critical accounting issues and of estimation uncertainties

In order to prepare Doro's financial reports, the Board and Management and the Board make various judgments and estimates that can significantly affect the amounts recognized. These areas are:

Assessment of goodwill

When goodwill is tested for impairment, assumptions are made regarding the future development of revenue and cash flow for the lowest possible cash generating unit. This is further described in Note 7.

Deferred tax related to loss carryforwards

When evaluating deferred tax assets an assessment is made of the future taxable surplus of each company and thereby of the opportunities to exercise the carryforwards. The size of the loss carryforwards is detailed in Note 17.

Credit risks in accounts receivable

Individual assessments are carried out when evaluating the credit risks in accounts receivable. The assessment is based on historical payment behavior and other information. Doro has historically had very low credit losses, but is active in follow-ups. Refer to Note 23 for further information.

Evaluation of inventory

Evaluation of inventory is based on a model of the turnover of the inventory. In addition, comparisons are made by individual assessments based on historic sale statistics and sales forecast with the product volumes in inventory and production by suppliers.

Information concerning comparisons

Effective from 2010, the Group has amended the principle applied in the classification of customer bonuses with the effect that these are now recognized as a current liability rather than as deductions from accounts receivable-trade. The balance sheets for December 31, 2009 and December 31, 2010 have been adjusted accordingly. Key figures affected by the reclassification have also been adjusted.

PARENT COMPANY

Hedging of net investments in foreign subsidiaries

Previously, Doro's policy was for the Parent Company to raise external loans in exposed currency. Exchange rate differences for these loans, after deductions for the relating tax effect, were reported in the Consolidated Accounts directly under shareholders' equity to the extent that they corresponded to translation differences in the foreign subsidiary. No hedging of net investments in foreign subsidiaries has been carried out since 2008.

Impairment and reversal of impairment of participation in Group companies Participations in Group companies are valued at cost. If the recyclable value (see paragraph above entitled "Impairment") should prove to be lower, impairment is recognized. Impairment of the value of participations in subsidiaries can be reversed when there is no longer a reason for impairment.

Group and shareholder contributions

Group contributions that are paid and received are accounted for directly under equity as a reduction or increase of non-restricted equity. The tax effect is considered for the Group contribution. Shareholders contributions paid are recorded by the payee as an increase in the "Participations in Group companies" item, after which an assessment is made as to whether it is necessary to recognize impairment of the participation. Received shareholders' contributions are recorded by the receiver directly against non-restricted shareholders' equity.

Notes and accounting principles

Note 2 Results per segment and income type

Income divided into type of income	Group		Parent Company	
	2010	2009	2010	2009
Product sales	626.5	488.4	622.4	242.7
Other revenue	6.3	4.2	5.0	4.2
Total	632.8	492.6	627.4	246.9

The main part of other revenue 2010 consist of insurance compensation regarding water damaged products in the US amounting to SEK 3.7 m and EU funding concerning a partnership with University of Bremen to develop an avatar facilitating design of easy-to-use consumer products amounting to SEK 1.3 m. In the Group there is also a currency gain amounting to SEK 1.1 m and rental income amounting to SEK 0.2 m. Doro has had an ongoing dispute with a supplier, which funds of SEK 31 m were set aside in the accounts for 1999 and 2000. In 2009 was the dispute solved with settlement and Doro received SEK 4.2 m in second quarter of 2009.

Results per segment (According to IFRS 8)

In 2010 Doro internally followed up the operation within the two business units: Care Electronics and Home Electronics. Because of the decrease in the business unit Home Electronics Doro has since 2011 chosen to follow up the operation based on the regions that Doro have.

Results per business units	2010			2009		
	Home	Care	Total	Home	Care	Total
Net sales	132.7	500.1	632.8	192.7	299.9	492.6
Operating expenses	-114.3	-455.4	-569.7	-204.5	-250.0	-454.5
Operating profit before depreciations	18.4	44.7	63.1	-11.8	49.9	38.1
Depreciations	-2.9	-13.2	-16.1	-4.1	-7.3	-11.4
Operating profit	15.5	31.5	47.0	-15.9	42.6	26.7

There has been no transactions between the segments within Doro during 2009 and 2010. Doro can not report assets and liabilities per segment because follow-up is only made by the income statement. Doro has a single customer which generates 15 percent of the revenue. Of the revenue amounting to SEK 92.9 m, SEK 84.6 m concerns Care Electronics and SEK 8.3 m Home Electronics.

Revenue per country

	2010	2009
France	188.1	171.0
Sweden	114.2	95.6
Germany	72.7	39.5
United Kingdom	67.5	46.5
Norway	40.3	38.0
Other countries	143.7	97.8
Total	626.5	488.4

Tangible Fixed Assets

The Group's main part of the material assets are located in Sweden.

	2010			2009		
	Acquisition value	Closing depreciations	Closing value	Acquisition value	Closing depreciations	Closing value
Sweden	16.1	-12.8	3.3	13.3	-7.3	6.0
France	2.4	-1.3	1.1	2.7	-1.2	1.5
Hong Kong	0.7	-0.6	0.1	0.8	-0.7	0.1
Other countries	0.4	-0.4	0.0	0.4	-0.4	0.0
Total	19.6	-15.1	4.5	17.2	-9.6	7.6

Not 3 Intra-Group transactions

Of the Parent Company's invoicing, SEK 0 m (45) relates to subsidiaries. Invoicing from subsidiaries to the Parent Company amounted to SEK 52.2 m (40). Invoicing between subsidiaries amounted to SEK 0 m (5).

Not 4 Rental and leasing agreements

Costs for operational rental and leasing charges during the year amounts to SEK 3.7 m (3.5) for the Group and SEK 1.8 m (1.6) for the Parent company. Agreed future rental and leasing costs fall due for payment as shown below.

Rental and leasing agreements	The Group		Parent Company	
	2010	2009	2010	2009
Within 1 year	3.3	2.9	1.8	1.3
Within 2 to 5 years	7.2	6.6	3.4	2.0
Later than 5 years	0.0	0.0	0.0	0.0
Total	10.5	9.5	5.2	3.3

Not 5 Employees

Average number of employees

Number	2010	Of whom men	2009	Of whom men
Parent Company	28	18	26	19
Norway	4	4	4	4
United Kingdom	6	4	6	4
France	17	7	18	8
Hong Kong	6	5	6	5
Total	61	38	60	40

Staff absence and health risks

Staff absence as a percentage of ordinary work time in Sweden.

Age	2010		2009	
	Total absence	Of which over 60 days	Total absence	Of which over 60 days
Up to 29	0.7	0.0	0.4	0.0
30–49	1.3	0.0	1.7	0.0
Over 50	0.0	0.0	0.3	0.0
Men	0.5	0.0	0.2	0.0
Women	1.6	0.0	3.8	0.0
All employees	1.0	0.0	1.0	0.0

Health risks

No serious work-related injuries have occurred during 2010 and 2009 at any Doro site, which have led to an absence of over 60 days.

Notes and accounting principles

Salaries and remuneration

Salaries, remuneration, social charges and pension cost have appeared with the following amounts:

	The Group		Parent Company	
	2010	2009	2010	2009
Salaries and other remuneration	41.7	39.3	18.6	18.5
	41.7	39.3	18.6	18.5
Payroll overheads excluding pension costs	11.2	11.2	5.9	6.5
	11.2	11.2	5.9	6.5
Pension costs	4.3	3.5	3.1	2.1
<i>of which premium-based</i>	4.3	3.5	3.1	2.1
	4.3	3.5	3.1	2.1

Pension costs for the managing directors of the subsidiaries amounted to SEK 0.2 m (0.3).

Gender of senior managers

	2010 total	Women %	2009 total	Women %
Board	5	20	5	20
Group Management	5	20	5	20
<i>whereof situated in:</i>				
Parent Company	4	25	3	33
Norway	0	0	1	0
France	1	0	1	0

Salaries and remuneration including board fee breakdown between board managers, CEO and other employees

	2010		2009	
	Board and CEO	Other employees	Board and CEO	Other employees
Sweden	2.6	16.0	1.8	17.4
Norway	0.0	4.0	0.0	3.8
United Kingdom	0.0	4.1	0.0	3.2
France	1.5	10.4	1.5	9.7
Hong Kong	0.0	3.1	0.0	2.8
Total	4.1	37.6	3.3	36.9

Management remuneration (SEK k)

The Board 2010	Fees	Pension	Other remuneration	Total
Chairman of the Board	300	0	0	300
Other Board members	300	0	0	300
Total	600	0	0	600

* Fees to other Board members amounted to SEK 100 k (100) each.

Senior Executives 2010	Salary	Bonus	Pension	Other remuneration	Total
Jérôme Arnaud (CEO)	2,308	1,186	228*	69	3,791
Other senior executives	4,179	1,168	1,006	162	6,515
Total	6,487	2,354	1,234	231	10,306

*) Concerns Doro SAS.

The Board 2009	Fees	Pension	Other remuneration	Total
Chairman of the Board	300	0	0	300
Other Board members	300	0	0	300
Total	600	0	0	600

* Fees to other Board members amounted to SEK 100 T (100) each.

Senior Executives 2009	Salary	Bonus	Pension	Other remuneration	Total
Jérôme Arnaud (CEO)	2,132	513	248*	76	2,969
Other senior executives	3,921	1,133	712	149	5,915
Total	6,053	1,646	960	225	8,884

*) Concerns Doro SAS.

Pension schemes for senior executives are all premium-based with premiums of SEK 1.2 m (1.0) paid.

Principles

Fees are paid to the Chairman and other Board members in accordance with decisions made by the AGM. Remuneration to the CEO and other senior executives comprises a basic salary, variable remuneration, other benefits (primarily a company car) and pension premiums. The balance between basic salary and variable remuneration should be in proportion to the executive's responsibilities and authorities. There are 4 (4) other members of the management team. Average number of senior executives in the management team in 2010: 5 (5).

Comments to the table

The annual salary to the CEO, Jérôme Arnaud, consists of a fixed salary of SEK 2,308 k (2,132).

Bonus

The maximum bonus is 50 percent of the fixed salary. This refers to earned bonus. The bonus is linked to profits and sales growth. The bonus is normally paid out during the year after it is earned. The maximum cost of the bonus to senior executives must not exceed SEK 5.0 m SEK (5.0). In 2011 will bonus be paid out of SEK 2.4 m (1.6) for 2010 results.

Pensions

The retirement age for the management and CEO of the Group is 65 and pensions are usually paid in accordance with the general pension plan plus full remuneration for the entire amount of salaries according to the ITP/ITPK plans. All pension benefits are irrevocable, i.e. not dependent on continued employment. The period of notice for senior executives is in line with LAS (the Employment Protection Act), or a maximum of 12 months. No agreements have been signed concerning pension commitments or the equivalent, more than is mentioned in the periods of notice mentioned above, whether for board members or senior executives.

Notice

If notice is served by the company or by the CEO himself, the period of notice is one year. The CEO has the right to salary over 12 months during the period of notice. No severance pay will be paid if notice is given by CEO. Other senior executives have agreement of salary during notice between 3 and 9 months.

Nominations and decision-making processes

These procedures are explained in the Directors' Report.

Share-related compensation

No member of the board or senior executive receives any compensation relating to shares (options, convertible debentures or similar) issued by Doro or the main owner.

Options

There are no remaining options to be issued to senior executives.

Notes and accounting principles

Note 6 Interest and similar items

Income	The Group		Parent Company	
	2010	2009	2010	2009
Interest income, external	0.1	0.5	0.0	0.1
Interest income, internal	–	–	0.1	0.2
Other	0.0	1.0	0.0	0.1
Total	0.1	1.5	0.1	0.4
Expenses				
Interest expenses, external	–0.5	–2.1	–0.5	–2.0
Interest expenses, internal	–	–	–0.3	–0.1
Exchange rate losses	–0.2	0.0	–0.2	0.0
Other	0.0	–1.1	0.0	0.0
Total	–0.7	–3.2	–1.0	–2.1
Financial net	–0.6	–1.7	–0.9	–1.7

Interest expense concerns interest paid for bank loans and overdraft facilities. At the time for the annual closing there are no outstanding loans and the overdraft facilities is unused. Exchange rate gains and losses concerns the difference in value between the time for the booking and the payment of the liabilities and receivables in foreign currencies.

Note 7 Intangible fixed assets

Group/Goodwill	2010	2009
France	8.8	8.8
Total	8.8	8.8
Parent company / Goodwill		
	2010	2009
Acquisition value brought forward	19.1	19.1
Acquisitions during the year	0.0	0.0
Closing accumulated acquisition value	19.1	19.1
Write-downs brought forward	–13.4	–11.4
Write-downs for the year	–1.9	–2.0
Closing depreciation/write-downs	–15.3	–13.4
Closing residual value according to plan	3.8	5.7
Parent company / Customer register		
	2010	2009
Acquisition value brought forward	0.0	0.0
Acquisitions during the year	8.9	0.0
Closing accumulated acquisition value	8.9	0.0
Write-downs brought forward	0.0	0.0
Write-downs for the year	–1.8	0.0
Closing depreciation/write-downs	–1.8	0.0
Closing residual value according to plan	7.1	0.0

An examination of the need for a write-down takes place annually and when indications of a need for a write-down appear. Recoverable amounts for cash-generating units are set based on calculated beneficial values. An impairment test has been carried out at the lowest level, where separable cash flow has been identified. A cash flow forecast for three years is the basis for the impairment test, with an estimated growth of 4 percent (4) per year. The cash flows have been net present value calculated with a WACC of 12 (8.8) percent before tax. The calculation did not result in any need for writing down the asset. A change of the discount rate by 5 percent does not change the value of the testing. No acquisitions were carried out in 2010 or 2009 and no sums have been paid as an additional purchase price on group level. The parent company have during the year acquired customer registers from the subsidiaries Doro UK and Doro SAS. For the Parent Company the originally goodwill was acquired internally from Doro Nordic AB and originates from internal sales of business in 2002. This goodwill is depreciated according to plan and fully depreciated in 2012. Goodwill and the customer register in Parent Company is eliminated at group level.

Brands

The Parent Company acquired from Doro Finans AB the internal brands Doro and Audioline in 2007. These brands are depreciated yearly with SEK 3.6 m and will be fully depreciated according to plan in 2012. As the brands are acquired internally they are eliminated at Group level.

The Group / Brands	2010	2009
Acquisition value brought forward	35.8	35.8
Acquisitions during the year	0.0	0.0
Closing accumulated acquisition value	35.8	35.8
Depreciation according to plan brought forward	–25.1	–21.5
Depreciation according to plan for the year	–3.5	–3.6
Closing depreciation according to plan	–28.6	–25.1
Closing residual value according to plan	7.2	10.7

The Group's capitalized expenditure for development work / IT	2010	2009
Acquisition value brought forward	9.6	0.2
Acquisitions during the year	15.0	9.4
Sales/Disposals	–0.1	0.0
Reclassifications	–0.1	0.0
Closing accumulated acquisition value	24.4	9.6
Depreciation according to plan brought forward	–3.2	0.0
Depreciation according to plan for the year	–10.4	–3.2
Sales/Disposals	0.1	0.0
Reclassifications	0.0	0.0
Closing depreciation according to plan	–13.5	–3.2
Closing residual value according to plan	10.9	6.4

Ongoing capitalized expenditure for development work / IT	2010	2009
Opening balance	3.2	1.4
Balanced during the year	–3.1	–0.1
New expenditure	5.7	1.9
Cost accounted	0.0	0.0
Closing balance	5.8	3.2
Total closing residual value	16.7	9.6

A depreciation plan of two years starts from the date of market introduction of each product.

Note 8 Tangible fixed assets

	The Group		Parent Company	
	2010	2009	2010	2009
Equipment and tools				
Acquisition value brought forward	16.7	8.8	12.8	4.9
Acquisitions during the year	2.8	8.0	2.6	8.0
Sales/Disposals	0.0	-0.1	0.0	-0.1
Reclassifications	-0.1	0.0	0.0	0.0
Exchange rate difference	-0.5	0.0	-	-
Closing acquisition value	18.9	16.7	15.4	12.8
Depreciation according to plan brought forward	-9.6	-5.2	-7.3	-3.1
Depreciation according to plan for the year	-5.8	-4.4	-5.5	-4.2
Sales/Disposals	0.0	0.0	0.0	0.0
Exchange rate difference	0.3	0.0	-	-
Closing depreciation according to plan	-15.1	-9.6	-12.8	-7.3
Closing residual value according to plan	3.8	7.1	2.6	5.5
Ongoing expenditure for Equipment and tools				
Opening balance	0.5	2.2	0.5	2.2
Balanced during the year	-0.5	-1.7	-0.5	-1.7
Prepayments	0.7	0.0	0.7	0.0
Closing balance	0.7	0.5	0.7	0.5
Total Tangible Fixed assets	4.5	7.6	3.3	6.0

Note 9 Participation in Group companies

Subsidiary	No of. shares	%		Nominal value	Book value 2010	Shareholders' equity ¹⁾ 2010	Book value 2009
Doro A/S, Norway	3,000	100	NOK	SEK 1.5 m	0.6	1.5	0.6
Doro UK Ltd	3,013,400	100	GBP	SEK 3.0 m	4.2	7.4	4.2
Doro SAS	30,000	100	EUR	SEK 4.5 m	11.6	21.8	11.6
Doro Hong Kong Ltd	4,500	100	HKD	SEK 4.5 m	5.1	4.7	5.1
Doro Inc	5,000	100	USD	SEK 0.0 m	0.0	0.2	0.0
					21.5	35.6	21.5

1) Shareholders' equity (net assets) refers to Group book value per subsidiary, shareholders' equity according to the subsidiary's balance sheet.

	2010	2009
Opening balance	21.5	57.3
Shareholders' contribution	0.0	0.1
Merger of Group company	0.0	-36.4
Write-downs for the year	0.0	-2.1
Write-backs for the year	0.0	2.6
Closing balance	21.5	21.5

Notes and accounting principles

Subsidiary – Company reg. no	Registered office
Doro A/S – 934210719	Fredrikstad, Norway
Doro UK Ltd – 1180330 ²⁾	Chalfont St Peter, United Kingdom
Gima. Ltd – 1627693	Chalfont St Peter, United Kingdom
Doro SAS – 309 662 195	Versailles, France
Doro Hong Kong Ltd – 08194263-000-12-98-6	Kowloon, Hong Kong
Doro Inc. – 4706937 810 0 090679976	New York, USA

2) There are a sub-group within the Group, where Doro UK is the Parent Company to Gima Electronics Ltd. Electronics Ltd. Gima Ltd is a dormant company which will be closed down during 2011.

Note 10 Prepaid expenses and accrued income

	The Group		Parent Company	
	2010	2009	2010	2009
Prepaid rent	0.4	0.6	0.3	0.3
Other prepaid expenses	1.4	0.8	1.0	0.7
Total	1.8	1.4	1.3	1.0

Note 11 Share capital and dividends

	No. of shares	Voting rights	Class
A shares	19,107,631	1 vote per share	Normal

Share capital

19,107,631 shares at a quota value of SEK 1.00 per share = SEK 19,107,631.

Dividends

The Board of Directors proposes that dividend of SEK 0.50 will be distributed to the shareholders for the 2010 fiscal year.

Convertibles or options

There are no outstanding convertibles or options.

Note 12 Overdraft facilities

	The Group		Parent Company	
	2010	2009	2010	2009
Approved credit	32.0	36.8	30	36.2
Utilized credit	0.0	0.4	0.0	0.0

Note 13 Accrued expenses and prepaid income

	The Group		Parent Company	
	2010	2009	2010	2009
Holiday pay liability	3.5	3.7	2.2	1.8
Payroll overheads	2.5	1.8	1.1	0.9
Stock accounts interim	12.7	6.2	12.7	6.2
Other staff liabilities	8.0	7.9	7.3	7.2
Accrued royalty	30.3	8.5	30.3	8.5
Accrued customer bonus	19.8	17.7	16.9	4.1
Other accrued expenses	20.4	8.1	10.9	6.0
Total	97.2	53.9	81.4	34.7

Note 14 Pledged assets to credit institutions

	The Group		Parent Company	
	2010	2009	2010	2009
Chattel mortgages	170.0	170.0	170.0	170.0
Trade debtors and stock ¹⁾	0.0	24.3	0.0	24.3
Shares in Group companies ²⁾	35.6	38.4	21.5	21.5
Total	205.6	232.7	191.5	215.8

1) As Doro disclosed the factoring agreement with Nordea during the year, the balance at year end was zero and none of the trade receivables were pledged.

2) Instead of book value of shares the Group reports the value of the Group's net assets in the consolidated accounts. By net assets (shareholders' equity), the Group refers to the consolidated book value by subsidiary, i.e. shareholders' equity according to the subsidiaries' balance sheet total including consolidated residual value of the subsidiary.

Note 15 Contingent liabilities

Doro has no contingent liabilities.

Note 17 Taxes

	The Group		Parent Company	
Taxes on profit/loss for the year	2010	2009	2010	2009
Current tax	-4.3	-3.5	0.0	0.0
Deferred tax	15.0	1.3	12.9	1.6
Total tax on profit/loss for the year	10.7	-2.2	12.9	1.6

Connection between the tax expense for the year and the reported earnings before tax:

	The Group		Parent Company	
Taxes	2010	2009	2010	2009
Reported profit/loss before tax	46.4	24.9	35.2	20.2
Tax at current rate 26.3%	-12.2	-6.6	-9.3	-5.3
Tax effect on non-deductible expenses:				
Write-down of participations in Group companies	0.0	0.0	0.0	0.1
Other non-deductible expenses	-0.4	-0.2	0.0	0.0
Tax effect from temporary differences	-4.3	-2.0	-4.3	-1.7
Non-taxable income:				
Dividend from Group companies	0.0	0.0	0.0	3.2
Group adjustment for deferred tax not taken into account	1.3	1.1	0.0	0.0
Use of losses carry forward	13.8	4.7	13.6	3.6
Change in value of deferred tax on losses carry forward	12.9	1.6	12.9	1.6
Change in value of temporary differences	0.5	0.0	0.0	0.0
Adjustment for tax rates in foreign Group company	-0.9	-0.7	0.0	0.0
Reported tax	10.7	-2.2	12.9	1.6

Temporary differences arise in those cases where accounted values of assets or liabilities and their tax value are different. Temporary differences, unutilized losses carry forward and other future tax deductions have led to deferred tax liabilities and tax assets for the following:

Note 16 Auditors

The 2007 AGM elected Ingvar Ganestam (Ernst & Young AB) to be the Parent Company, Doro AB's auditor. Ernst & Young will carry out auditing at all large units for the period 2007–2010.

	The Group		Parent Company	
Fees and costs	2010	2009	2010	2009
Auditing assignments	1.0	1.2	0.7	0.9
Auditing outside the assignment	–	–	–	–
Tax assignments	1.4	0.8	1.4	0.8
Other advisory services by auditors	–	–	–	–
Total	2.4	2.1	2.1	1.6

Auditing assignments refer to the auditing of the Annual Report, the accounts and the administration by the Board of Directors and the CEO. Auditing assignments also include what the company's auditors are required to perform, advise on, or other contributions resulting from observations made during this auditing work or while carrying out these assignments.

Notes and accounting principles

Deferred tax asset	The Group		Parent Company	
	2010	2009	2010	2009
Unutilized losses carry forward	28.7	15.8	28.7	15.8
Temporary difference depending on Group eliminations	1.9	0.0	0.0	0.0
Total reported deferred tax asset	30.6	15.8	28.7	15.8

Deferred tax liabilities	The Group		Parent Company	
	2010	2009	2010	2009
Deferred tax on temporary differences	0.0	-0.3	0.0	0.0
Total reported deferred tax liabilities	0.0	-0.3	0.0	0.0

Deferred tax assets are shown for unutilized losses carried forward and temporary differences in the balance sheet, when they are calculated to be used in the near future. A single calculation is made for each company with respect to past earnings trends, future plans and the option of using losses carried forward.

Of the consolidated losses carried forward, SEK 226 m (284) can be used without a time limit being imposed. None of the consolidated losses are restricted in time. The substantial remaining losses are in Sweden and the United Kingdom.

Losses carry forward fall due as follows:

Without limit	226
Total	226

Non-accounted deferred tax assets in the balance sheet concerning unutilized taxable losses carry forward amount to:

	The Group		Parent Company	
	2010	2009	2010	2009
	33	60	14	39

Note 18 Profit/loss from participations in Group companies

	Parent Company	
	2010	2009
Dividends	0.0	12.3
Write-down of shares	0.0	-2.1
Write-back of shares	0.0	2.6
Total	0.0	12.8

Note 19 Finished goods and goods for resale

The Group	2010	2009
Opening gross stock	42.7	71.6
Change in gross stock	17.8	-28.9
Closing gross stock	60.5	42.7
Opening write-downs of stock	-7.1	-12.9
Change in write-downs of stock	1.6	5.8
Closing write-downs of stock*	-5.5	-7.1
Net stock in balance sheet	55.0	35.6

Parent company	2010	2009
Opening gross stock	39.0	17.9
Change in gross stock	21.5	21.1
Closing gross stock	60.5	39.0
Opening write-downs of stock	-4.1	-1.8
Change in write-downs of stock	-0.8	-2.3
Closing write-downs of stock*	-4.9	-4.1
Net stock in balance sheet	55.6	34.9

* Acquisition value for the inventory reserve of SEK 4.9 m is based on inventory book value of SEK 13 m.

In the Group is another provision for the products Business Electronics amounting to SEK 0.6 m.

Note 20 Allocations for guarantees

Doro's products are subjected to extensive quality testing. Guarantees are given to end-users that extend for a maximum of one year after the date of purchase. Customers may be compensated in various forms through repairs, exchanging for similar products, credits or other measures. Doro has created a statistics model to estimate future compensation requirements based on predicted returned products over time, means of compensation and expenses for various compensation forms. Guarantee times have risen due to the regulations for guarantees now being two years on some markets.

	The Group		Parent Company	
	2010	2009	2010	2009
Opening balance	17.7	11.1	5.9	4.1
Amount released	-21.0	-8.6	-20.2	0.0
New allocations	27.7	15.2	27.7	1.8
Transferred reserve from subsidiaries	0.0	0.0	11.0	0.0
Closing balance	24.4	17.7	24.4	5.9

Note 21 Pension allocations

The Group	2010	2009
Opening balance	0.7	0.2
Amount released	0.0	-0.1
New allocations	0.0	0.6
Closing balance	0.7	0.7

Note 22 Other allocations

Other allocations concerns three ongoing disputes in Doro SAS. One with a former employee and two regarding unpaid receivables.

Other allocations	The Group		Parent Company	
	2010	2009	2010	2009
Opening balance	2.7	3.2	1.0	1.1
Amount released	-0.7	-1.3	-0.4	-0.9
New allocations	0.0	0.8	0.0	0.8
Unutilized amount cancelled	-0.6	0.0	-0.6	0.0
Closing balance	1.4	2.7	0.0	1.0

Disputes

Doro has outsourced its production to external suppliers in Asia. Disputes could arise with suppliers because they do not deliver products that have the agreed quality, functionality or delivery time. Historically Doro has had few of these disputes.

Doro has a commercial dispute with a former distributor concerning stocks. The value of the stock is SEK 2.7 m, which has been completely written down. Doro await the final decision from the court of Madrid. No further costs are expected. Doro's principle is to report reserves for estimated risks and legal costs until the case has been settled in a higher court. A German court issued a ruling preventing a German manufacturer from selling a model similar in design to Doro's phones.

Another dispute about a quality issue was ongoing during 2010 with a supplier in France. The dispute was settled and closed during the year.

Note 23 Risk management and financial instruments

FINANCIAL RISK MANAGEMENT

The Board of Directors has established various frameworks in Doro's financial policy and outlined which risks may be taken. Risk management aims to identify, quantify and reduce or eliminate risks. Doro's financial policy establishes frameworks for how different types of financial risks are managed and defines the risk exposure with which the business may be run. The main objective is to achieve a low risk profile.

Doro AB (the Parent Company) has overall responsibility for the Group's financial issues. Through centralization and coordination, significant benefits of scale can be achieved regarding the terms obtained for financial transactions and financing. At present there is only one cash pool in Sweden, which is used by the parent company for several foreign currencies. The parent company also holds local accounts in the countries where the Group maintains sales units, providing a simplified environment for Doro's customers.

CREDIT RISK

The Group only experiences credit risks in accounts receivable, which are dealt with via the respective company. The value of these receivables before tax and before write-downs for doubtful accounts receivable amounts to SEK 116.0 m (108.0).

In recent years Doro has experienced very low credit losses (less than 0.5 percent of sales) due to the fact that the main customer group is large businesses with regular trade. The largest single customer accounts for less than 11.0 percent (8.0) of the Group's sales. Doro operates in most countries without credit. Doro had a semi-annual factoring agreement with Nordea for its Swedish customers to safeguard the payment of accounts receivable. This was closed during 2010.

Age analysis of accounts receivable	The Group	
	2010	2009
Not yet due	93.6	91.5
Due for payment < 60 days	18.2	14.6
Due for payment > 60 days	4.2	1.9
Total accounts receivable	116.0	108.0
Expected customer losses	-4.4	-4.7
Accounts receivable in report	111.6	103.3

Doubtful accounts receivable, change	The Group	
	2010	2009
Opening balance	-4.7	-3.7
Expected customer losses	-0.7	-1.0
Confirmed customer losses	0.3	-0.2
Amount cancelled	0.7	0.2
Translation differences	0.0	0.0
Closing balance	-4.4	-4.7

Other receivables

Other receivables are not yet due.

Notes and accounting principles

LIQUIDITY RISK

The Group is in debt of SEK 0.0 m (8.4) that fall due for payment within 12 months. The fluctuation in comparison to last year is explained by the fact that Doro does not use factoring anymore. In addition, the Group had an semi-annual credit contract with Nordea that was closed/shifted during 2010 to Handelsbanken (two year credit contract). Utilized bank overdraft facilities stood at SEK 0.0 m (0.4).

The bank overdraft limit is SEK 32.0 m. Volumes of bank overdrafts and letters of credit are adapted to Doro's seasonal fluctuations in product flow and their need for financing. Doro has ongoing dialogues with the bank. Covenants for sales and EBIT are stated in the credit contract. Sales and EBIT must not deviate more than a certain percentage. The risk of insufficient credit is considered small. The Group's liquidity consists of cash at bank of SEK 89.5 m (40.4).

Surplus liquidity is partly put into financial instruments but also allocated to the business.

MARKET RISKS

Doro is primarily active with telephony and is affected by many market risks. The risks that can affect Doro's business appear in the comments below.

CURRENCIES

Foreign currency management is concentrated to the finance department at Doro AB which buys and sells currencies within the framework for established risk limits.

The main currency risk in Doro relates to that Doro has income and costs in different currencies. Products are primarily contracted and paid in USD and sales are mainly made in EUR, GBP and the Nordic currencies. Until August 2008, no currency hedging was undertaken by Doro but as the USD started a rapid appreciation the Board decided to hedge 50 percent of the remaining USD outflow in 2008 with a fixed EUR/USD forward contract. As from December 2008, the Board approved a structured treasury policy with the purpose to reduce short term risk exposure from having income and costs in different currencies (see more information on the treasury policy in the Director's Report on pages 20–25). As of spring 2009 forecasted flows are quarterly hedged to 100 percent.

Transaction exposure

This arises when income from sales and costs for purchases are in different currencies. Doro has large exposure because a lot of products are purchased in USD and income from most sales is in local currencies. The exception is sales to markets where Doro does not have its own subsidiaries, where both the income and costs are mainly in USD, and to some major European customers.

Transaction exposure by currency and year

(Gross and after forward contracts)

Currency	Gross 2010	After forward contracts 2010	Gross 2009	After forward contracts 2009
SEK	-73	-53	-17	-17
DKK	15	6	17	4
NOK	28	16	28	8
EUR	287	64	230	44
GBP	67	40	37	17
USD	-226	35	-222	10

Conversion exposure of foreign assets.

At year-end the value of foreign net assets was SEK 36 m (30) of which SEK 0 m (0) was hedged in the form of loans in the same currency.

Value of foreign assets	2010	2009
USD	0	0
NOK	2	1
EUR	22	17
GBP	7	6
HKD	5	5
Total	36	30

The conversion of foreign subsidiaries' income statements is affected by the exchange rate. These conversion differences are inconsiderable.

Interest and currency exposure

Doro has concentrated a large part of its loans and a change in interest rates has an insignificant effect on results. All loans are short-term and have variable interest rates. The reason for this is the large variations in borrowing requirements and the fact that variable interest rates produce lower annual costs in the long run. Combined, earnings and reduced working capital mean that Doro had no net debt for the 2009 and 2010 financial year.

Net debt/currency at December 31	2010	2009
SEK	-34	3
EUR	-6	-26
GBP	-24	-5
DKK	-2	0
NOK	-8	0
CAD	-7	0
USD	-8	-4
Total	-89	-32

A sensitivity analysis can be found in the Directors' Report.

Financial instruments

The Group	2010		2009		Classification
	Reported	Actual	Reported	Actual	
Accounts receivable	111.6	111.6	103.3	103.3	Accounts receivable and loans receivable
Other receivables	17.2	17.2	8.1	8.1	Accounts receivable and loans receivable
Currency options/forwards	0.2	0.2	0.4	0.4	Financial asset at fair value
Cash at bank	89.5	89.5	40.4	40.4	Saleable assets
Assets	218.5	218.5	152.2	152.2	
Bank overdraft facilities	0.0	0.0	0.4	0.4	Other financial liabilities
Liabilities to credit institutions	0.0	0.0	8.4	8.4	Other financial liabilities
Accounts payable	86.0	86.0	70.1	70.1	Other financial liabilities
Other liabilities	6.0	6.0	8.5	8.5	Other financial liabilities
Liabilities	92.0	92.0	87.4	87.4	

Parent company	2010		2009		Classification
	Reported	Actual	Reported	Actual	
Accounts receivable	111.8	111.8	47.8	47.8	Accounts receivable and loans receivable
Accounts receivable at Group Companies	0.6	0.6	30.8	30.8	Accounts receivable and loans receivable
Other receivables	13.0	13.0	6.8	6.8	Accounts receivable and loans receivable
Currency options/forwards	0.2	0.2	0.4	0.4	Financial asset at fair value
Cash at bank	88.1	88.1	12.2	12.2	Saleable assets
Assets	213.7	213.7	98.0	98.0	
Bank overdraft facilities	0.0	0.0	0.0	0.0	Other financial liabilities
Liabilities to credit institutions	0.0	0.0	8.4	8.4	Other financial liabilities
Accounts payable	83.4	83.4	30.3	30.3	Other financial liabilities
Liabilities to Group companies	35.3	35.3	53.9	53.9	Other financial liabilities
Other liabilities	5.1	5.1	1.2	1.2	Other financial liabilities
Liabilities	123.8	123.8	93.8	93.8	

Effective from 2010, the Group has amended the principle applied in the classification of customer bonuses with the effect that these are now recognized as a current liability rather than as deductions from accounts receivable-trade. The balance sheet for 2009 has been adjusted accordingly. Key figures affected by the reclassification have also been adjusted.

Classification of financial instruments are mentioned in the accounting principles, page 42.

Because Doro only has financial instruments in the form of receivables, cash at bank, operational-related liabilities and currency flow related options and forward contracts, the effects of any profits/losses are limited to interest and currency exposure. The effects on profits/losses are reported in Note 6.

Notes and accounting principles

The undersigned hereby pledge that the consolidated accounts and the annual report have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and according to good accounting practices and give a true picture of the Group's and company's position and earnings, and that the consolidated directors' report and directors' report give a true overview of developments in the Group's and company's business, position and earnings and describes significant risks and uncertainty factors faced by Group companies.

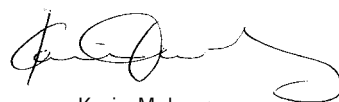
Lund, March 2, 2011



Bo Kastensson
Chairman of the Board




Peter Blom
Board member



Karin Moberg
Board member

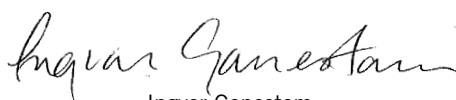


Jonas Mårtensson
Board member



Jérôme Arnaud
CEO

My auditor's report was submitted on March 2, 2011



Ingvar Ganestam
Authorized Public Accountant

Auditor's Report

*To the annual meeting of the shareholders of Doro AB (publ)
Corporate identity number 556161-9429*

I have audited the annual accounts, the consolidated accounts, except the corporate governance statement on pages 26-31, the accounting records and the administration of the board of directors and the managing director of Doro AB (publ) for the year 2010. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 20-57. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. My responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. I also examined whether any board member 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. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with the international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. My opinions do not cover the corporate governance statement on pages 26-31. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

I recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company 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.

Auditor's Report on The Corporate Governance Statement

It is the board of directors and the managing director who is responsible for the corporate governance statement on pages 26-31 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for my opinion that the corporate governance statement has been prepared and is consistent with the other parts of the annual accounts and the consolidated accounts, I have read the corporate governance statement and assessed its statutory content based on my knowledge of the company.

A corporate governance statement has been prepared and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Malmö, March 2, 2011

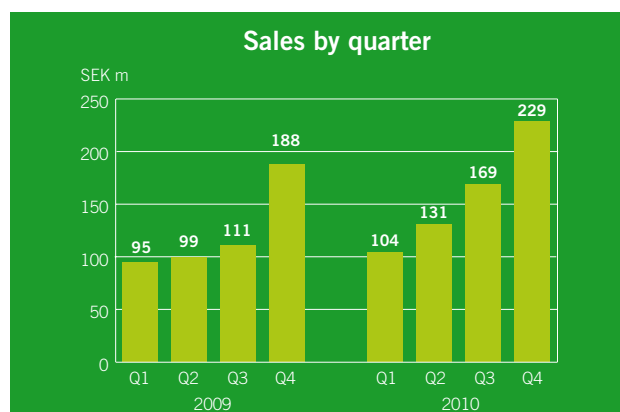


Ingvar Ganestam
Authorized Public Accountant

Quarterly summary

SEK m	2010				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Quarterly profit trend								
Income/Net sales	104	131	169	229	95	99	111	188
Operating costs	-94	-124	-151	-201	-90	-100	-102	-163
Operating profit/loss before depreciation	10	7	18	28	5	-1	9	25
Planned depreciation and write-downs	-5	-4	-5	-2	-1	-2	-2	-6
Operating profit/loss after depreciation	5	3	13	26	4	-3	7	19
Net financial items	0	5	-13	7	-4	-1	-1	4
Profit/loss after financial items	5	8	0	33	0	-4	6	23
Taxes	0	-1	11	1	0	0	0	-2
Net profit/loss	5	7	11	34	0	-4	6	21
Quarterly balance sheet for the Group								
Intangible assets	18	21	22	25	16	16	19	18
Tangible assets	6	5	4	4	7	9	9	8
Financial assets	16	16	30	31	14	14	15	16
Inventories	52	60	85	55	61	62	60	36
Current receivables	90*	109*	149*	132*	61*	68*	77*	114*
Cash and bank balances	30	27	5	90	10	6	9	40
Total assets	212	238	295	337	169	175	189	232
Shareholders' equity	72	79	89	121	31	26	30	68
Interest-bearing liabilities	6	7	11	0	33	33	40	9
Non interest-bearing liabilities	134*	152*	195*	216*	105*	116*	119*	155*
Total shareholders' equity and liabilities	212	238	295	337	169	175	189	232
Quarterly cash flow								
Operating profit/loss after financial items	5	8	0	33	0	-5	7	23
Depreciation according to plan	5	4	5	2	1	2	2	6
Other non cash flow items	-1	-4	12	-7	0	0	0	0
Taxes	0	-1	-5	-1	0	0	0	0
Change in working capital	-13	-4	-33	76	6	7	-7	22
Cash flow from current activities	-4	3	-21	103	7	4	2	51
Investments	-3	-6	-5	-7	-1	-7	-5	-4
Cash flow from investment activities	-3	-6	-5	-7	-1	-7	-5	-4
Share issue	0	0	0	0	0	0	0	16
Change in interest-bearing liabilities	-3	1	4	-11	-10	0	7	-31
Cash flow from financial activities	-3	1	4	-11	-10	0	7	-15
Translation differences and other	-1	-1	0	0	1	0	-2	1
Liquid assets (change in liquid funds)	-11	-3	-22	85	-3	-3	2	32

*Effective from 2010, the Group has amended the principle applied in the classification of customer bonuses with the effect that these are now recognized as a current liability rather than as deductions from accounts receivable-trade. The balance sheet for 2009 has been adjusted accordingly. Key figures affected by the reclassification have also been adjusted.



Five-year summary

SEK m	2010	2009	2008	2007	2006
Income statement					
Income	632.8	492.6	362.5	346.3	433.2
Operating profit/loss before depreciation and write-downs, EBITDA	63.1	38.1	-3.6	9.9	-57.3
Operating profit/loss after depreciation and write-downs, EBIT	47.0	26.7	-8.2	9.2	-76.9
Net financial items	-0.6	-1.7	-1.9	-1.1	-4.8
Profit/loss after financial items	46.4	25.0	-10.1	8.1	-81.7
Balance sheet					
Fixed assets	60.8	41.9	34.1	30.0	27.2
Current assets	186.8	150.0	123.4	123.1	154.5
Cash and bank balances	89.5	40.4	12.6	8.3	30.5
Shareholders' equity	121.3	67.6	30.0	39.5	31.6
Interest-bearing liabilities	0.0	8.8	43.3	8.1	4.5
Non interest-bearing liabilities and provisions	215.8	155.9	96.7	113.8	145.6
Balance sheet total	337.1	232.3	170.1	161.4	181.7
KEY FIGURES (Definitions on page 32)					
Return ratios					
Average return on capital employed, %	80.1	52.0	neg	27.1	neg
Average return on shareholders' equity, %	60.4	46.7	neg	21.1	neg
Margins					
Operating margin. EBITDA, %	10.0	7.7	-1.0	2.9	-13.2
Operating margin. EBIT, %	7.4	5.4	-2.3	2.7	-17.8
Net margin, %	7.3	5.1	-2.8	2.2	-18.9
Capital turnover					
Capital turnover rate (multiple)	2.2	2.4	2.2	2.0	1.9
Financial data					
Debt/equity ratio, %	N/A	N/A	1.0	N/A	N/A
Interest cover ratio, multiple	N/A	8.9	N/A	8.9	N/A
Equity/assets ratio, %	36.0	29.1	17.6	24.5	17.4
Cash flow from current activities	80.4	64.4	-21.4	-30.2	-5.4
Number of employees	61.0	60.0	59.0	61.0	87.0
Liquid assets (incl. unused credit)	121.5	51.6	28.3	60.2	68.0
Investments	20.6	17.5	10.2	5.1	4.0

Products in focus 2010

Doro PhoneEasy® 410gsm

easy mobile phone

Easy to use mobile in clamshell model, which is the easiest way to answer and terminate a call. Features include vibrating ringer, Bluetooth®, FM-radio, one-touch emergency dialling and SMS messages, and superior HAC capability.



Doro PhoneEasy® 100w

DECT cordless phone

Easy to use cordless phone featuring large, backlit display and big buttons with special font for high readability. Audio boost function provides loud and clear sound, and the handset slides securely into the extra stable base.



Doro PhoneEasy® 332gsm

easy mobile phone

GSM mobile phone with large keypad, intuitive menus and enlarged text for easy dialling and messaging. Other features include charging cradle, amplified sound and dedicated keys for easier keylock, text messaging and emergency functions.



Doro PhoneEasy® 311c

user friendly telephone

Doro PhoneEasy® 311c is a big button telephone ideal for the visually impaired. Incoming calls can be seen and heard with a flashing light indicator. PhoneEasy 311c has 3 speed dials and 10 two touch memory buttons to ensure you reach your contacts easily.



Best in test

- Doro PhoneEasy® 341gsm gets the highest score (10/10) in a easy mobile phone test in the Sunday Mirror in August 2010. Doro HandlePlus 334gsm scores 9/10 in the same test.
- Doro PhoneEasy® 410gsm is ranked the best phone for seniors by the independent German testing institute Stiftung Warentest.
- Doro PhoneEasy® 410gsm is the winner in a test of senior mobile phones in March in Dagens Nyheter, one of the largest newspapers in Sweden.
- Doro PhoneEasy® 410gsm is elected "Best Buy – Senior GSM's" in the Netherlands by the National Consumers Association in May 2010.
- Doro PhoneEasy® 410gsm is best in a Finnish test made by the national consumer magazine Kuluttaja in August 2010. Doro PhoneEasy® 338gsm is ranked number three.
- Doro PhoneEasy® 410gsm is the winner in a senior mobile test in the largest evening paper in Finland, Iltalehti, in May 2010.
- Doro PhoneEasy® 410gsm is best in test by the consumer council Taenk Denmark.



PRIX D'EXCELLENCE

Doro received Prix d'Excellence PME, on November 29, 2010, for their success on the French market and for Doro's innovation in design and ergonomics. The prize is awarded by the Swedish Chamber of Commerce in France.

Service on the website

Please visit our new website developed during 2010. The consumer websites are adapted to twenty countries, and the corporate website with investor's and media information is available in Swedish and English.

Our website is just like our products, easy-to-use, and we publish information which makes life easier for our customers and customers to be.



Some examples of what you find on our website:

Support – with manuals and Faq.

News and articles – be inspired by other Doro users or have a look in our knowledge bank.

Corporate and press – watch the latest interim report on webcast or read the latest press release.

Pressreleases 2010

December 1	Doro launches its first mobile phone for seniors in New Zealand.
November 19	SMS school for seniors will contribute to new SMS records this Christmas.
November 16	Doro's French VAT receivable now recovered.
November 12	Doro sees continued strong demand in the Nordic region for phones for seniors.
November 2	Third quarter interim report 2010.
October 28	Doro launches its first mobile for Canada's active seniors.
September 21	Doro's easy-to-use mobile phone enhances offering from Swiss mobile operator Orange.
August 19	Second quarter interim report 2010.
August 10	Leading French mobile operator SFR chooses top-selling Doro model for key senior offering.
August 4	Doro's popular easy-to-use mobiles to be distributed through Vodafone.
August 3	Doro and 20:20 Mobile sign international distribution deal.
June 22	Doro's easy-to-use mobiles available through Orange UK.
May 18	Clearsighted mobile phone makes it easy to send SMS.
April 29	First quarter interim report 2010.
April 22	Doro receives honourable mention "Designer's Nobel prize".
April 15	Doro launches its easy-to-use mobile phones in Latin America in cooperation with Claro.
March 25	Communiqué from the 2010 Annual General Meeting of Doro AB.
March 22	Doro easy-to-use phones now available at Club Bouygues Telecom stores in France.
March 16	The Nomination Committee's proposal regarding number of directors of the board of directors, composition of the board of directors and chairman of the board of directors of Doro AB (publ).
March 16	Doro announces a distribution agreement with 20:20 Mobile to strengthen its presence in Spain.
March 11	Doro publishes the Annual Report 2009 on the corporate website.
February 19	The 2010 Annual General Meeting of Doro AB.
February 16	Seniors use mobile phones to a greater extent.
February 8	Fourth quarter and year-end results for 2009.
February 1	Doro partners with university to develop avatar facilitating design of easy-to-use consumer products.
January 5	Doro senior technology designs continue to storm across the U.S. in 2010.



Information to shareholders

Annual General Meeting 2011

Time and place

The Annual General Meeting of Doro AB will be held on Thursday, March 23, 2011, at 3 pm, at the Scandic Star Hotel, Glimmervägen 5 in Lund, Sweden. A summary of the notice to attend has been published in the Swedish daily press. The notice and other information released prior to the Annual General Meeting is available on www.doro.com.

Right to participate in the AGM

To participate in the AGM shareholders must be registered in the share register kept at the Swedish Securities Register Centre, Euroclear Sweden AB, by March 17, 2011 at the latest and notified Doro their intention to participate.

In order to be entitled to participate in the annual general meeting, shareholders whose shares are nominee-registered through a bank or a security investment institute must ensure that the nominee temporarily registers the shares in the shareholder's own name in the share register maintained by Euroclear Sweden AB. Shareholders wishing such re-registration must give their nominee notice thereof in ample time.

Notification

Notification for participation in the AGM should be filed by Doro no later than March 17, 2011, by email sales@doro.com, by phone +46 46 280 50 00 or by mail to Doro AB, Magistratsvägen 10, SE-226 43 Lund, Sweden.

Please state your full name, personal identification/company registration number, shareholding, address and phone number (daytime).

Dividend

The Board of Directors proposes the Annual General Meeting to distribute a dividend for the year 2010 (0.50 SEK).

Financial information 2011

Annual General Meeting	March 23
Interim Report January–March	May 6
Interim Report January–June	August 17
Interim Report January–September	November 9
Year-end report	February 2012

Financial reports and other news from Doro is published on the corporate website, www.doro.com, in Swedish and English.

Shareholder contact

Jérôme Arnaud, President and CEO	+46 46 280 50 05
Annette Borén, CFO	+46 46 280 50 62

With simplicity in mind

Doro is a Swedish company that focuses on developing, marketing and selling telecom products targeted particularly at seniors – a growing group of people worldwide. With over 35 years of experience in telecom and sales in more than 30 countries on five continents, Doro is today the world-leading brand in simple, easy-to-use mobile phones. Doro created the Care Electronics segment and has in recent years received several international design awards. The company generated sales of SEK 633 m in 2010. Doro's shares are quoted on the OMX Nasdaq Stockholm exchange, Nordic list, Small companies.

Read more about Doro at www.doro.com



DORO AB

Magistratsvägen 10
SE-226 43 Lund
SWEDEN

Phone +46 46 280 50 00
Fax +46 46 280 50 01

DORO Hong Kong Ltd.

Unit 222, No. 1 Science Park W. Avenue
Hong Kong Science Park
Shatin, New Territories
HONG KONG

Phone +852 2730 2777
Fax +852 2730 2433

DORO UK Ltd.

First Floor, Bridge House,
Chiltern Hill, Chalfont St Peter
Bucks SL9 9UE
UNITED KINGDOM

Phone +44 1753 883 080
Fax +44 1753 883 081

DORO SAS

BP 446
78055 Saint Quentin en Yvelines Cdx
FRANCE

Phone +33 1 30 07 17 00
Fax +33 1 30 07 17 85

DORO A/S

Krårøysveien 2
NO-1671 Krårøys
NORWAY

Phone +47 69 35 86 00
Fax +47 69 35 86 69

DORO Inc

c/o Duane Morris LLP
1540 Broadway
New York, NY 10036
USA

Phone +1 212 692 1067
Fax +1 212 208 2514