



Annual report 2012



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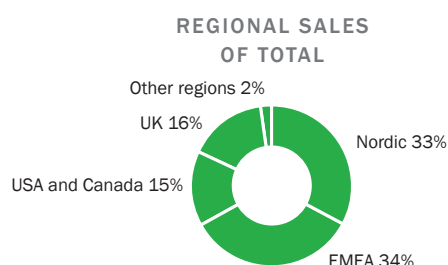
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Doro stands for easy to use
telecom products for seniors.
Today there are about 550 million
seniors across the world, in
2020 the number is expected
to be more than 700 million.

Leading telecom solutions for seniors

Doro is the market leader in telecom solutions for seniors. With over 38 years of experience in the telecom industry, the company focuses on developing, marketing and selling mobile phones, software and TeleCare and mHealth solutions specially adapted to the growing population of seniors globally – the silver economy.

Doro's broad range of user-friendly mobile phones is unique and the company's exceptional know-how has been recognised in several international design awards. The products are sold in more than 40 countries on five continents through an extensive network of partners. The company has had average annual growth of 20 percent the last five years, based on a changed strategy focusing on seniors as the main target group.



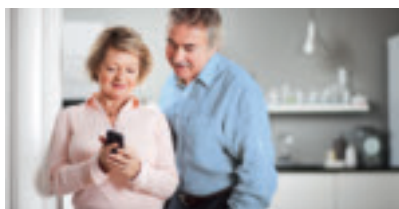
DORO'S PRODUCTS

Doro sells phones with large buttons, clear sound, easy-to-read displays and, in particular, a number of functions that facilitate the user's everyday life. Read more on page 15. Through Doro's new business unit Care, Doro provides solutions within mHealth and telecare including products such as wristband alarms, GSM ports and adapted mobile phones. Read more on page 19.



DORO'S GLOBAL PRESENCE

To reach the world's seniors, Doro has built up an international distribution network. This consists of leading operators, specialists and retailers who have natural contact channels to end-users. During the year, Doro's network expanded through several partnerships. Read more on pages 14 and 18.



DORO'S MARKET

Doro operates in one of the world's largest markets – telecom, in which it focuses on and is the leading player in the senior segment. There are currently about 550 million people over the age of 65 around the world. By 2020, seniors are expected to number more than 700 million. Read more on pages 13 and 17.



CONSTANT INNOVATION

Doro offers seniors telecom products and services designed to meet their needs. With an in-depth knowledge of the target group Doro applies its own resources for product development. During 2012 the company launched for example a smartphone – Doro PhoneEasy®740, first of its kind adopted for seniors – with the newly developed straightforward user interface Doro Experience®, making it easy for users to connect with friends and relatives.

Mission

Doro's mission is to help people meeting the challenges of aging to live a simpler and safer everyday life.

Vision

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

Financial goals and goal achievement

- Long-term operating margin of 10% – 7.3% in 2012
- Annual growth of 20% – 12.4% in 2012
- Maximum leverage ratio of 1.0 (interest-bearing debt /equity) – 0.0 in 2012
- A dividend of approximately one-third of net profit – 46% in 2012

2012

3G phones, tablet and PC interface, and smartphone

Mobile Telecare

2011

Acquisition of Prylos & Birdy

2009

International expansion

2008

Several models for seniors

2007

New strategy and new CEO

1974

Challenged the Swedish telecom monopoly

Solid profitable growth

Despite challenging consumer sentiment, Doro delivered a sales increase of 12.4 percent in 2012 – in line with its outlook for the year. Growth was strong in most of the company's markets, particularly the US, Canada and the UK. Doro reinforced its geographical footprint, broadened its product range and strengthened its brand. The company's overall market share in the Western European senior mobile phone market grew in 2012. Doro is now twice the size of the runner-up*.

1 200 000

Doro mobile phones sold in 2012

7,3%

Ebit margin in 2012

12,4%

Sales growth in 2012

19,3%

average annual revenue growth in the last five years

IMPORTANT EVENTS DURING THE YEAR



■ Doro continued to ramp up investments in product development, further enhancing the competitiveness of the product mix.

■ Agreements in the area of mHealth and teleCare were signed during the year.



■ A number of new products in all product areas were launched, including Doro Experience® and a renewed range of 3G feature phones for seniors – a unique product line in the market. Doro's first smartphone adapted for seniors, first of its kind, was launched by the end of the year.



■ A number of awards were received, including best consumer app and user-friendliness for our first smartphone, Doro PhoneEasy® 740.

■ As of 1 January 2013, the business is organised into two business units – Consumer and Care.



■ The global distribution network was strengthened through a number of new agreements including in the UK, Ireland and Australia. New markets include Hungary and Israel.

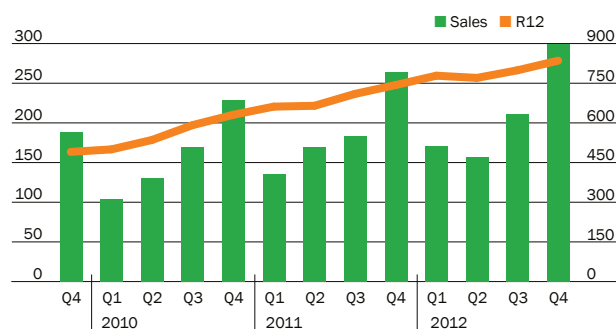
* GfK Senior Mobile Panel WE10 2012

KEY FIGURES

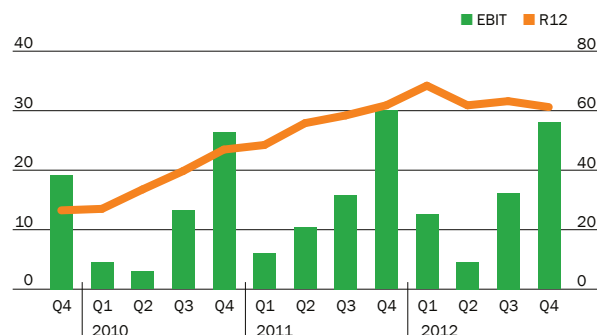
MSEK	2012	2011
Order book at the end of the period, SEK m	96.7	84.2
Order intake, SEK m	805.8	747.9
Equity/assets ratio, %	40.5	39.5
Equity per share, SEK	10.80	9.16
Earnings per share, SEK	2.73	3.02
Share price at period's end, SEK	24.50	27.30
Market value, SEK m	474.1	528.2
Personnel	81	77

- Net sales amounted to SEK 837.5 m (745.4) – an increase of 12.4 percent.
- Operating profit (EBIT) totalled SEK 61.4 (62.0). The operating margin was 7.3 percent (8.3).
- Net profit for the year amounted to SEK 52.9 m (57.9).
- Earnings per share were SEK 2.73 (3.02).
- Cash flow from operating activities amounted to SEK 40.2 m (104.9).
- The Board proposes an increased dividend to SEK 1.25 (1.0) per share.

SALES PER QUARTER AND ROLLING 12 MONTH
MSEK



EBIT PER QUARTER AND ROLLING 12 MONTH
MSEK



Leader on a dual growth track

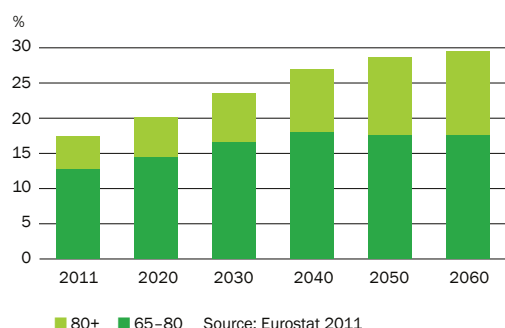
– capturing opportunities in the silver economy

2012 was an exciting year for Doro. We entered the year with plans for an extensive product development phase and several important launches throughout the year. We aimed for further strengthening our leading position in telecom products for seniors. These efforts paid off, despite the tough economic climate. Our overall market share in Western Europe increased and our leading position was confirmed ¹.

Our efforts to address the more fragile senior population, with a telecare and mHealth offering, also started to take shape and gradually evolved during the year. Entering 2013, this effort became a business unit of its own – Care – with all the fundamentals to add to Doro's growth. This means Doro will have a two-legged operation going forward, with a dual growth track based on one common technology platform and brand. We strongly believe this is the right path for Doro based on several factors.

The global population of seniors is set to grow rapidly over the coming decades. To capture the opportunities created by this shift in demographics, we need an offering that covers as much of the target group as possible – and the different needs it encompasses. More vital seniors demand smart, easy-to-use and feature-rich mobile phones which simplify the complexity that technology brings. Elderly and more fragile seniors require products and solutions that enable them to live independently with dignity, confidence and security in and outside of their homes.

A GROWING SILVER ECONOMY
PROJECTION SENIORS OF TOTAL POPULATION



The elderly also want to stay home as long as possible, even if they suffer from chronic diseases. This coincides with the economic reality of the social welfare system – which are already under pressure – to fund sheltered accommodation or secondary care in hospitals. In other words, the stage is set for a transformation in the delivery of health and care services. Technology will be key in this shift, and Doro will bring a fresh angle with its easy-to-use mobile phones supplemented by other newly developed products and services in Care. The market response has been positive, reinforcing our belief that mobile solutions will take a substantial part of this market over the coming years. Doro has the potential to become a major player in this market. We see good growth opportunities in this area, which features high margins, stable revenues and high entry barriers.

The Care unit currently accounts for only a small proportion of Doro's total sales. That will not change over night as we still see good growth opportunities for our Consumer unit. Doro has had an average annual growth rate in the last five years of 20 percent, mainly driven by the high growth in the operations now referred to as the Consumer business unit. Preserving this growth rate will naturally be a challenge as the business increases. Still, in some of our geographical markets, our market penetration is low, presenting clear growth opportunities. Our progress in the UK in 2012 is a great example of how good partnerships supported by strong brand-building and marketing of the right products can result in stellar growth. In the Nordics – where our market position is the strongest with solid profitability – growth was strong, which demonstrates that high market penetration is no obstacle to further expansion when offering new and attractive products. Yet, 2012 also had its challenges, with lower margins in Germany due to increased competition from the low price segment. We believe that margins will improve in Germany in 2013 supported by a more locally adapted product range and other measures. The strength of our brand and a more diverse and attractive product portfolio make up our recipe for countering price competition, which will emerge from time to time in some geographical markets.

¹ GfK Senior Mobile Panel WE10 2012



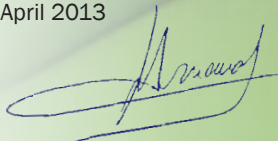
We will continue to invest in product development in 2013. Our own studies show that about half our target group plan to buy a smartphone next time they upgrade. Today, fewer than one in five seniors have a smartphone, so the market opportunity for progression from feature phones to smart devices is clear. Consequently, we will launch our second smartphone later this year, to enlarge the reach of Doro's smartphone offer.

Our development of software and apps will play an increasingly important role in Doro's way forward – adding both value and fun to our devices in Consumer while facilitating functions for safety and connectivity with our partners' systems in Care. Our Doro Experience® software for PCs, tablets and smartphones, and its application store Doro Selection® is a prime example of how we, as the market leader, can drive innovation and anticipate users' needs.

Doro is today a financially strong company. We have an equity ratio of more than 40 percent. This enables us to consider acquisitions of targets related to technology or market access, potentially generating external growth in both Care and Consumer.

2013 has got off to a promising start with sound order intake. I am proud of the vibrant energy of our staff and am confident that Doro, on the strength of its dual growth track, will benefit from its position as the leading telecom actor in the growing silver economy in the years to come. It will be hard work, but we have a clear roadmap and the assets needed to succeed.

Lund, April 2013



Jérôme Arnaud, President and CEO



One common platform serving two business units

Doro focuses on development and design of its products and services, based on one common technical platform serving the two business units Consumer and Care. By outsourcing production and logistics and continuously building an even stronger brand and network of sales partners, Doro has a flexible and capital efficient business set-up.

PRODUCT DEVELOPMENT:

A HIGH VALUE TECHNICAL PLATFORM

Doro offers telecom products and services with an in-depth knowledge of the target group. Doro applies its own resources for product development. To gain cost-efficient access to the latest technology, Doro also establishes cooperative partnerships with leading technology companies.

Doro gains insights by compiling information in various ways, including extensive market surveys, focus groups and in-depth studies. This gathering of input is key and ensures that Doro has access to the very latest trends, to continuously improve the capacity and performance of its products. Doro's research and development spending has increased more than 50 percent during 2012 compared to 2011. Consequently to this ambitious effort, Doro's pipeline of launched products was stronger than ever during the year with for example a smartphone, several exciting feature phones, Doro Experience and a more complete offering within the Care segment.

Over the year, work has been carried out to develop a universal platform for mobile phones to further reduce lead times between product development and the market. Furthermore, seven patent applications were submitted in 2012.

Doro Experience

Several of Doro's models offer Doro Experience®. This is an Android-based interface that connects seniors with those nearest and dearest to them, also allowing those people to configure the user's phone remotely. Among other functions, the user's calendars and photo albums can be accessed and updated.

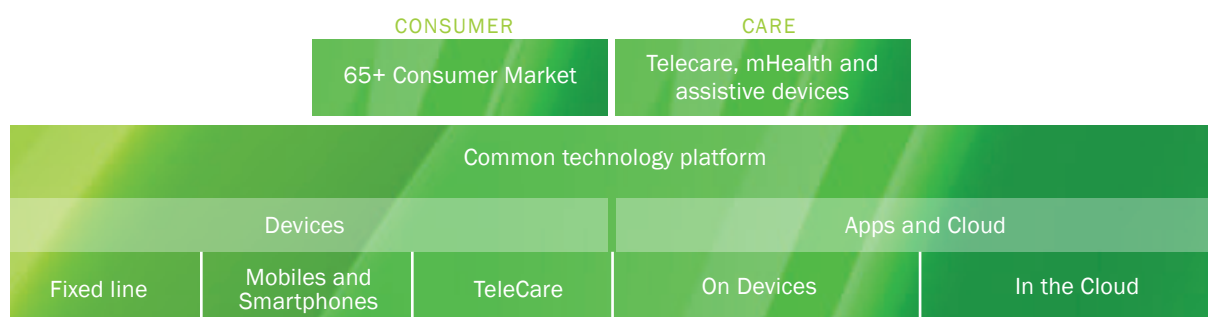
Doro Selection

Doro develops, in collaboration with partners, applications sought by today's increasingly tech savvy seniors. These include news services, games, etc. and will be available through Doro's own "app-store" adapted for seniors, which is called Doro Selection®.

SALES: A SALES DEPARTMENT SUPPORTING A GLOBAL NETWORK OF SALES PARTNERS

Doro has its own sales organization that is continuously developing a global sales and distribution network – one of Doro's core competitive advantages - and that provides services, support and warranties to this network. The network for the Consumer unit consists of well-known operators and retailers. The network for Doro's Care unit is somewhat different, also including for example telecare system providers and system integrators.

TWO BUSINESS UNITS SHARING COMMON PLATFORM



PRODUCTION AND LOGISTICS: OUTSOURCING GIVES FLEXIBILITY AND CAPITAL EFFICIENCY

Production and logistics are functions outsourced to efficient partners making Doro's business cost and capital efficient and easy to adapt to changes in demand.

All production is carried out according to Doro's specifications. In recent years, Doro has outsourced its production to a limited number of suppliers in China even though the company is starting to use European suppliers for some product categories. Decisive in the selection of manufacturing partners is that they are able to maintain production in accordance with Doro's requirements. Combined with extensive procurement expertise and contingency planning, these partnerships ensure reliable deliveries. Doro's manufacturing partners are continuously followed up through regular inspections.

Through the standardization of certain components, such as adapters and boxes, Doro has also been able to enhance the efficiency – not only of the production process but also that of the logistics function. Due to larger volumes, more versions and shortened leadtimes, an efficient logistics function is increasingly important. To minimize costs, Doro works both with direct deliveries to major customers, as well as with central warehouses.

A STRONG BRAND: REFLECTING SIMPLICITY, QUALITY AND SAFETY

Doro's brand is backed by a complete value chain, both from the perspective of customers and end-users – from a product developed according to the end-user's requirements regarding feel and simplicity, via products that function reliably, a competent sales organization and services, to support and warranties.

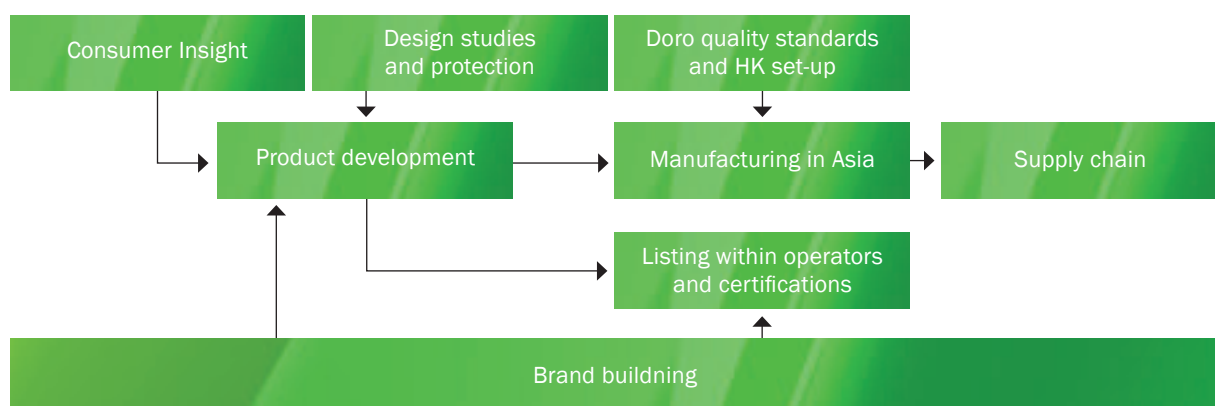
Doro's products maintain a high level of quality and the Group places great importance on its quality assurance efforts which are vital in a brand perspective. Doro is also careful in protecting its designs. The efficient protection in the EU is complemented with similar protection in other major markets.

Doro has continued to work with marketing activities adapted to the company's specific markets throughout the sales chain, to optimize return on efforts. For the business-to-business marketing the company has increased its presence through participation in several trade fairs. For reaching the end user, just as in the preceding year, Doro has worked with different media, such as TV, print and online advertisement. Doro is also to be found on Facebook and Twitter and campaigns through these channels have been carried out during the year to constantly increase our fan base and number of followers. During 2012 Doro's has completed some thrilling and brand-building marketing campaigns, especially in the Nordics and in the UK, with clear effect on sales.

Doro PhoneEasy® 615 was launched in a limited edition, signed by the Swedish artist and our new style icon Lill-Babs Svensson, followed by a full Christmas media plan in the Nordics.

During 8 weeks in November and December Doro released an extensive TV and online campaign in UK and Ireland with almost 1.000 spots of 20-second. About 15 million seniors across the two countries have seen the ads.

DORO'S VALUE CHAIN – THE SUCCESSFUL RECIPE



Doro PhoneEasy® 615 was launched in a limited edition, signed by the Swedish artist and our new style icon Lill-Babs Svensson, followed by a full Christmas media plan in the Nordics.





Consumer

– leading and driving a growing market

Doro is the market leader in mobile phones for seniors through its Consumer business unit. The company has acquired this position in recent years with the strategy of developing and selling mobile phones with the highest degree of usability and functions that facilitate and support the user's everyday life and security. Doro's range of easy-to-use mobile phones is unparalleled and has been recognised in several international design awards. The company's products are sold in more than 40 countries on five continents.

Doro's Consumer business unit develops and sells mobile phones predominantly, but also a wide range of assisting consumer electronics for seniors – from fixed line phones to universal remotes, software for both tablets and computers, and accessories.

THE MARKET

Doro Consumer's primary target group consists of people over the age of 65. As this population currently comprises about 550 million seniors around the world, the market is very large indeed. By 2020, this group is expected to number more than 700 million people. Thanks to improvements in living standards and healthcare, the senior population is also keeping active for longer and staying healthier than previous generations. However, sight, hearing, movement, dexterity and memory nonetheless deteriorate as the body ages. In response to this trend, Doro Consumer develops products that offer the very best of all aspects from user-friendliness,

through sound quality, to adapted up-to-date and relevant services. According to a new study, approximately 80 percent of people over 65 at Doro's main markets now have access to a mobile phone. The trend in the target group is evenly split – one half is considering buying a reliable, stylish and easy-to-use feature phone next time they buy a new mobile phone, and the other half wants a smartphone when upgrading next time.

"Innovative, user-friendly and constantly evolving consumer electronics for seniors"

AWARD-WINNING INNOVATIONS

Over the years, Doro's innovations and product development efforts have also been recognized and rewarded with several distinctions.

ComputerActive Magazine – At Mobile World Congress 2012 ComputerActive Magazine chose Doro Experience® as "the best Consumer app".

CTIA Emerging Technology Awards – At the International CTIA WIRELESS® 2012 Doro Experience® was announced best product for seniors in the category "best at convention".

Universal Design Award – Doro was chosen Company of the Year by The Swedish magazines Mobil: Business and Mobil in Stockholm.

Mobiles d'Or Mobiles d'Or – is an annually award from MedPi and the Magazine Journal of Telecoms and JDLI. The new mobile Doro PhoneEasy® 612 was chosen 2012.

iF Product Design Award – In December 2012, Doro received the prestigious German iF Product Design Award.

DORO'S POSITION

Doro is the world leader in mobile phones for seniors, and in Western Europe it is twice the size of the runner-up. In total, Doro has sold more than 1.2 million mobile phones during 2012. In some markets, such as the Nordics, the company's market share has reached 15 percent, while in other dedicated markets, for instance Canada, the market share is about 1 percent, indicating scope for further growth. To retain and expand this position and move with the ever-evolving trends on the market, Doro invests heavily for the future. And, as a direct result, Doro has an offering of 3G feature phones that is unique in the market, and a smartphone based on Doro's proprietary Doro Experience® platform tailored to meet the demands of increasingly tech-savvy seniors.

One of Doro's clear competitive advantages is its extensive network of resellers and distributors which, in the Consumer unit, consists of dominant telecom operators and consumer electronics retailers.

The partner network covers as of today over 40 countries around the world. In 2012 Doro Consumer expanded its geographical footprint even further. In the EMEA region a new subsidiary was started in Germany, also supporting Austria and Switzerland. In UK a sales agreement with the exclusive retail chain John Lewi was signed as well as an extended and expanded agreement with the operator O2, which is also active in the Irish market. In Ireland Doro signed new sales agreements with the operators meteor, Postfone and

emobile and in Israel with Orange Israel. Hungary, a new market for Doro, the company deepened its partnership with Telenor.

In the ASIA/PACIFIC region Doro made an extensive move in Australia with agreements with both Vodafone Hutchison Australia and Optus.

STRATEGY

The ramp-up in investments in product development has resulted in a more competitive product mix, including Doro's first smartphone and a renewed range of 3G feature phones. In 2013, a number of operators on Doro's markets will begin closing their GSM networks (2G) in favour of 3G and 4G, providing the company with an edge in its range of 3G products. Doro will also continue its investments in smartphones adapted for seniors with the further rollout of existing products and the planned launch of additional products.

The development of 3G feature phones, smartphones and Doro Experience® will be key for the Consumer unit going forward, with the aim of sustained organic growth, both through capitalising on a growing market and increasing market share. The company may also consider acquisitions with a view to securing relevant technology or a stronger geographical footprint.

PARTNERS IN DIFFERENT GEOGRAPHIES





The Doro PhoneEasy® 622 is Doro's highest-level feature phone to date and includes features such as the ability to record and share videos. It also has a weather forecast application on the home screen. As with all Doro mobile phones, it brings a host of ergonomic and inclusive design benefits such as loud, distinct and amplified sounds using wideband audio technology, adjustable text size, a large clear and bright screen, intuitive menus and the option to hide functions.

Doro Experience® makes using an Android tablet and staying in touch with family and friends easy for everybody. It enables users to send and receive emails and text messages, share photos, surf the internet, enjoy games, listen to web radio, keep track of important contacts and events, and more. It also includes access to Doro Experience® Manager, an internet-based service enabling the user or a trusted relative or friend to easily configure the tablet's apps, contacts, calendar events and more.





Care

– a new growth opportunity

Doro has been developing products in the area of assisted living devices for many years. However, a more distinct strategic effort to move into telecare and mHealth took shape in 2012. On 1 January 2013, Care became a business unit of its own in the Doro Group, emphasising the company's strategy of develop the market for telecom products specially adapted to the growing senior population globally.

Doro's Care business unit enables telecare and mHealth services through remote and mobile technology. Better use of modern technology can enrich the lives of seniors simply by helping them to continue living independently at home.

THE MARKET

As mentioned earlier, the proportion of elderly are increasing across the globe, in both advanced and emerging economies. For example, by 2050 the over 80s population is expected to comprise more than 10 percent of the total population of Europe, compared to about 4 percent in 2010. The moving age pyramid will pose an economic challenge to the social welfare systems of most countries, and will bring about an increase in age-related government spending, as a percentage of GDP, in the coming decades.

"Enabling seniors to live at home with dignity, confidence and security"

However, when polled, most seniors state that they want to remain in their own homes for as long as possible. As it generally costs less to deliver care and support in the home than to provide sheltered accommodation or secondary hospital care, the stage is set for a transformation in terms of how health and care services are provided. The need for solutions to enable people to live independently at home, thus reducing the increasing financial burden on social welfare systems, is extensive.

While new technologies, which have transformed everyday life in the past 20 years (such as mobile phones and the internet), will be key in this movement, they require expert adaptation to meet users' needs. Business unit Care focu-

ses on adapting new technologies to this purpose to make them usable, relevant and readily accepted by both service users and payers.

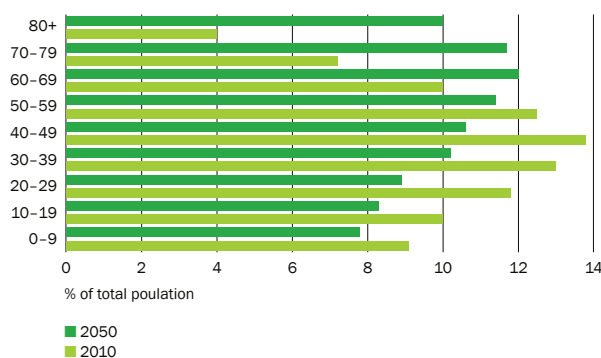
By 2020 it is estimated there will be between 2 million and 15 million telecare users across Europe.

DOROS POSITION – A FRESH PERSPECTIVE

Traditionally, remote care provision has chiefly comprised fixed telephony. When support devices have been used, they have generally been more single-purpose in function and stigmatising in design. 'Modern independence services' is Doro's term for services that enable people to retain more autonomy yet still get help when they need it – without any stigma.

As telecare and mHealth solutions traditionally have been delivered through national fixed-line telecom networks, the technical protocol as a norm has been national. Two global trends are now challenging these national markets; the move from analogue fixed telephony to digital and the standardisation that mobile telephony brings. As a global

AGE OF WORLD POULATION



EU-27 Source: Eurostat 2008, modified by Pajama Ltd., 2012

player within mobile telecom geared at seniors Doro is well positioned to benefit from this. The company brings a fresh perspective to this field which paves the way for successful partnerships aimed at integrated remote telecare and mHealth services.

In the areas of mHealth and telecare, Doro has conducted a number of pilot projects over the year with good results. Development in this area is continuing and more pilot activities will be carried out. Doro has also developed an IP security protocol that can be integrated into the communications of alarm centres, allowing them to communicate more easily with Doro's telecare products. Several Care-products has also been launched for example the Doro Secure 680, a mobile phone that supports GPS providing a precise position for the origin of an alert, and the Doro Secure 211, a m2m gateway that receives signals from an alarm unit and forwards them via a GPRS network. Doro has embarked on its Care initiative by signing a deal in November 2012 with Bosch Healthcare, which will bring the Doro telecare offering to the German and Swiss markets and gradually to the rest of Europe starting in 2013. An agreement with the well known European telecare service provider Verklizan was signed towards the end of the year. Verklizan operates in the Netherlands, Germany, Switzerland and Austria.

STRATEGY

The Care business unit currently accounts for around 10 percent of Group sales, but Doro has the fundamentals, based on its existing high-value platform, to become a major player in this field. Doro's commitment to being the technology enabler is reflected in its readiness to partner with other service providers.

The partner network of the Care business unit differs from Doro's extensive sales network in the Consumer business unit.

The partner network for Care will comprise:

- Telecare service providers
- System integrators
- Mobile operators
- Specialist retailers and charities
- Pharmaceutical companies
- Pharmaceutical retailers
- Public and private healthcare providers (including insurance companies)

In a short period of time, a partner network for the Care business unit has started to grow.

Partners

Worldwide telecare references (extract)

Telecare service operators

- Alertacall – UK
- Europ Assistance – France
- Mondial Assistance – France
- Présence Verte – France
- Touring Medical – Belgium
- Trygghetsmobil – Sweden

Telco operators

- Orange – France

Charitable organisations

- SCHSA – Hong Kong

The traditional method of delivering telecare is through a dedicated device. Because of financial pressure, however, social service providers cannot always pay for the devices. Doro's devices enable the provision of telecare services as a supplementary feature of a standard product, such as a phone. This works across the range of Doro's devices and enables the healthcare system to limit spending on telecare services. Modern independence services enable users to retain more autonomy using equipment that also provides standard communication and entertainment access. This aspect of Doro Care products lowers the emotional and psychological barrier to telecare and healthcare solutions – a common challenge in persuading seniors and indeed healthcare system payers to make use of new technology. Standard devices, especially Doro's, are increasingly in use among seniors and this paves the way to introducing relevant services from a younger age and consequently developing a longer, more personalised engagement.



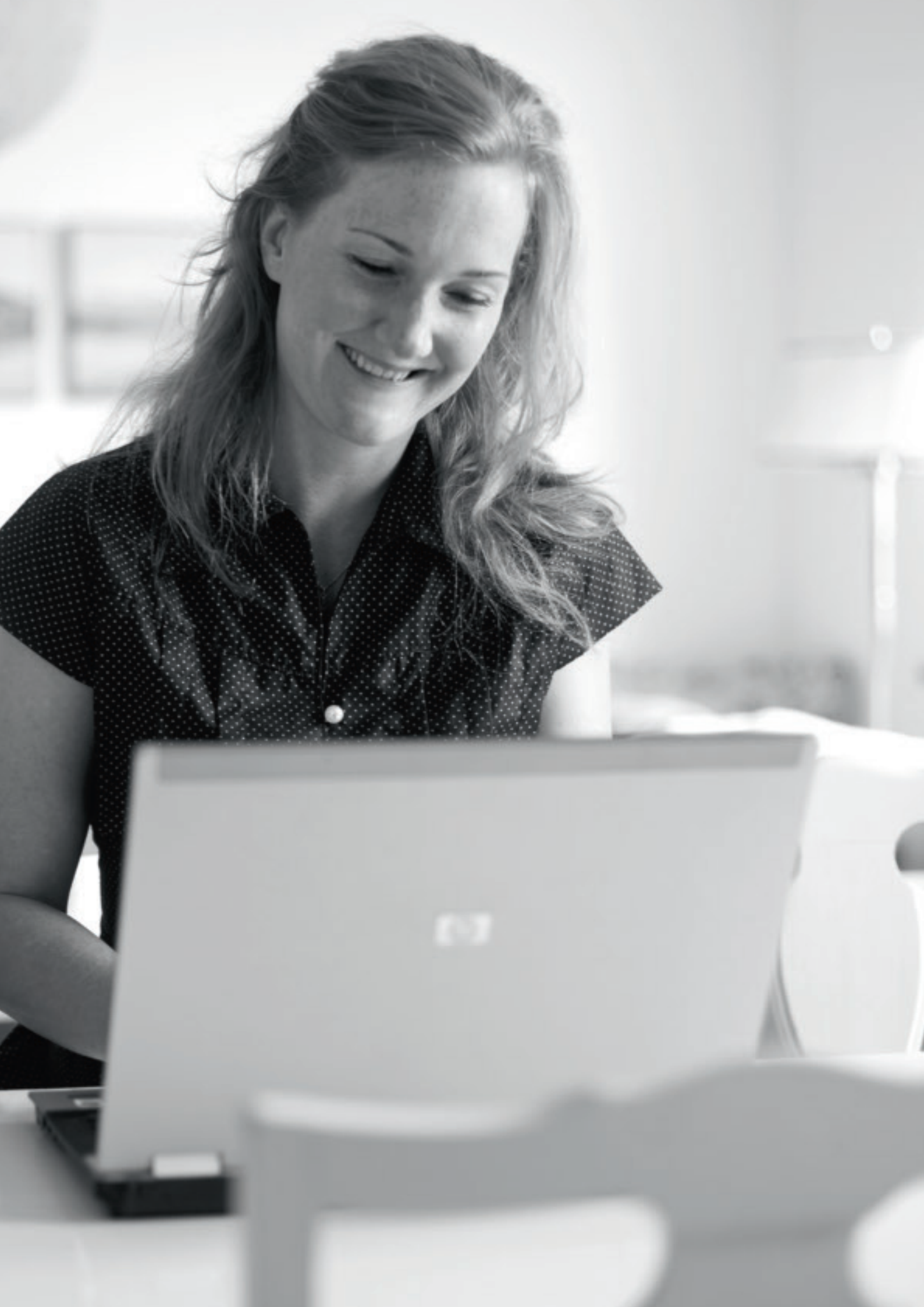
mHEALTH

Within the framework of Doro Selection, the company also focuses on mHealth, that is, mobile-based services that help the user monitor and manage health and chronic conditions. All of Doro's mobile phones are already equipped with a button that allows the user to alert care personnel or relatives in the event of an accident. Further, Doro has developed the concept so that care personnel or relatives are alerted when the user has forgotten to take his or her medicine or when a test reveals values outside accepted limits.

TELECARE

In the complementary area telecare, which provides additional security for seniors and those close to them, Doro's range includes a fixed GSM port that uses the mobile network to automatically connect different sensors, such as fall sensors, wristband alarms and smoke detectors to a call center when activated.





Director's report

Operations 2012

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, UK, Germany and the US. The legal 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 38 years of experience in telecommunications, and sales in more than 40 countries on five continents, Doro is the world's leading brand for easy-to-use mobile phones. The company created the category Care Electronics and in recent years the products have received several highly distinguished international design awards. With the purpose of developing its business, Doro initiated a development within telecare and assisted living devices, entirely in line with Doro's mission. Effective from January 1, 2013, Doro reports its operations according to its two business units, Consumer and Care.

Global conditions

Doro operates in the rapidly changing telecommunication market for seniors in Europe, North and South America and Asia/Pacific.

Doro does not have any production of its own, but production takes primary 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.

Doro coordinates its purchases to obtain economies of scales and an attractive price.

Past year in summary:

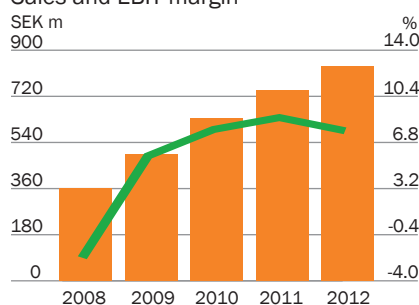
- Net sales amounted to SEK 837.5 m (745.4), an increase of 12.4 percent.
- Operating profit (EBIT) totaled SEK 61.4 m (62.0).
- The operating margin was 7.3 percent (8.3).
- Profit for the year amounted to SEK 52.9 m (57.9).
- Earnings per share amounted to SEK 2.73 (3.02)
- Cash flow from current activities amounted to SEK 40.2 m (104.9)
- The Board proposes a raised dividend to SEK 1.25 (1.0) per share.

During the year several new products and services were launched, for example:

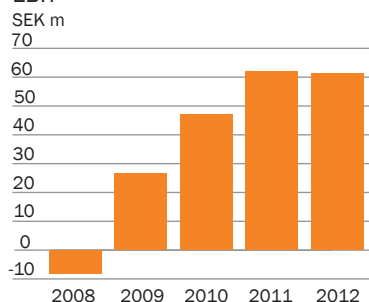
- Doro Experience® – a software which can be installed in phones, tablets and PCs and enables to receive/send e-mails, text messages, share pictures, surf the Internet, etc.
- Doro PhoneEasy® 520X – a robust 3G, easy-to-use, camera phone targeted to the active user.

- Doro Secure 680 an easy to use clamshell with GPS connected to alarm receiving centres – the first standard mobile phone with Tele Care functionality fully integrated.
- Doro's smartphone – Doro PhoneEasy® 740.
- Doro PhoneEasy® 615 – in a limited edition, signed by the Swedish artist and style icon Lill-Babs Svensson.
- Doro Secure IP protocol was integrated into Verklizan Alarm Receiving Centers, which considerably enlarges the addressable telecare market for Doro.
- Consumer Cellular in the US launched Doro PhoneEasy® 618 – the first 3G model for seniors on the North American market.
- Bosch selected Doro to enrich its telecare offering with mobile solutions.

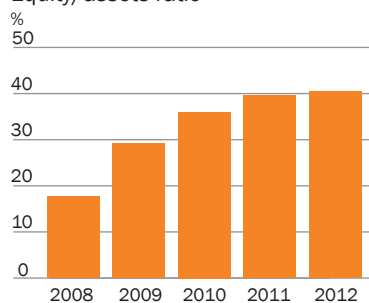
Sales and EBIT margin



EBIT



Equity/assets ratio



Financial overview

	2012	2011
Revenue, SEK m	837.5	745.4
Operating profit/loss, (EBITDA), SEK m	83.1	75.6
Operating profit/loss, (EBIT), SEK m	61.4	62.0
Profit/loss after financial items, SEK m	49.5	72.9
Profit/loss for the year, SEK m	52.9	57.9
Operating margin (EBIT), %	7.3	8.3
Return on average capital employed, %	94.5	116.1
Return on average shareholders' equity, %	27.4	38.8
Equity/assets ratio, %	40.5	39.5
Cash flow from current activities, SEK m	40.2	104.9
Liquid assets (incl. unused credit), SEK m	141.1	179.9
Number of employees, number	81	77
Earnings per share after tax, SEK	2.73	3.02
Reported shareholders' equity per share, SEK	10.80	9.16

Please see page 63 and 64 for financial definitions.

Net sales and profit

Doro's net sales for 2012 amounted to SEK 837.5 m (745.4), an increase of 12.4 percent compared with 2011.

Growth was primarily driven by the US, Canada, the UK and the Nordic countries where new products were positively received by the customers.

EBIT amounted to SEK 61.4 m (62.0), which gives an EBIT margin of 7.3 percent (8.3). The slightly lower EBIT margin is primarily a result of ongoing investments in product development and a lower margin in EMEA caused by increased competition in the low price segment in Germany.

Profit for the year amounted to SEK 52.9 m (57.9). Net financial income was SEK -11.9 m (10.9). The main difference consists of the revaluation of future rate agreements that gave a negative result in 2012 and positive in 2011.

The tax expense is positive for the year and amounted to SEK 3.4 m, which is SEK 18.4 m lower than last year. The positive full-year tax is an effect from temporary differences related to provisions.

Cash flow, investments and financial position

For the full-year, cash flow from current operations amounted to SEK 40.2 m (104.9).

Consolidated net cash flow, which over the year amounted to SEK -7.3 m (56.5), has been impacted by dividends totaling SEK 19.3 m, company acquisitions for SEK -0.4 m and investments of SEK -26.9 m. Investments are attributable to capitalized investments that are primarily attributable to product development.

At the end of the year, Doro had interest bearing liabilities of SEK 1.6 m (2.4) with a cash balance of SEK 141.1 m (148.4). The company also has unutilized credit facilities of SEK 31.5 m (31.5). The equity/assets ratio improved to 40.5 percent (39.5) at the close of the period.

Treasury policy

The purpose of the treasury policy is to clarify responsibilities and outline general rules and guidelines in connection with

specific treasury-related areas within Doro, in order to support the operations, reduce financial risks and to increase capital utilization and cash flow.

Forecasted net flows per quarter based on normal business volumes and current price lists (usually valid 3 months) are hedged 75-100 percent. The main net currency flows for Doro today are EUR (inflow) and USD (outflow). Effective from January 1, 2013, Doro adopts hedge accounting in accordance with IFRS.

The Board

The Board consists of Bo Kastensson, Charlotta Falvin, Karin Moberg, Jonas Mårtensson, and CEO Jérôme Arnaud. CFO Gunnar Modalen is co-opted to the Board as its secretary.

Board's proposal for remuneration guidelines

The Board's proposal for guidelines for remuneration to Group Management for 2013 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 variable remuneration and bonus which should have a predetermined ceiling and be based on achieved results in relation to established profit targets (and, in certain cases, other key figures).

The maximum cost of variable remuneration and bonus payments and variable remuneration for Group Management should not exceed SEK 10 m. The total cost for fixed and variable remuneration should be decided annually at a sum that includes the company's entire remuneration costs. The company's Group Management has the possibility to allocate parts of their fixed and variable salaries to other benefits, such as pensions. Pension plans for management should mainly be defined contribution plans.

Upon dismissal by the company, Group Management may be eligible for redundancy payments, which should have a predetermined ceiling. If the employee resigns from 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 2012 AGM.

Product development and development costs

Doro carries out product development and design projects together with different external partners. In addition to Doro's own development costs, a substantial part of the development costs are with the manufacturing partner. 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 costs are activated until such time as the first product is ready for delivery and depreciation is starting.

The Group's development costs for 2012 were SEK 42.5 m (25.9), mainly due to the broadening of the GSM portfolio

Business units

Effective from January 1, 2010, Doro reports its operations according to the following geographical regions: Nordic; UK; EMEA (Europe, the Middle East and Africa); USA/Canada and others. Effective from January 1, 2013, Doro reports its operations according to the two business units Consumer and Care.

Regions	Nordic		EMEA		UK		USA/Canada		Other regions		Total	
	SEK m	%	SEK m	%	SEK m	%	SEK m	%	SEK m	%	SEK m	%
Sales/growth	274.4	17.9	286.8	-3.5	130.9	25.5	125.2	20.4	20.2	176.7	837.5	12.4
EBIT/margin	48.1	17.5	-2.2	-0.8	5.2	4.0	12.4	9.9	-2.1	-10.4	61.4	7.3
Main 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		Jitterburg Sendo					

and the continuing development of Business Unit Care.

At the end of 2012, 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. During the year seven patent applications was filed according to the company's patent processes.

Investments

Investments are made in design, molding tools, certification processes, control equipment, inventory, computers and software systems. Investments amounted to SEK 26.9 m (21.2). See Accounting Principles.

Legal processes

During the year Doro was involved in four 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 off. Doro is presently evaluating if additional measures are to be initiated.

In 2011, the German court Landgericht issued a ruling preventing German manufacturer ITM Einkaufs GmbH from selling a model similar in design to Doro's phones. The court found that the phone represented an encroachment on one of Doro's registered designs for its Doro PhoneEasy® 410gsm model. In an injunction imposing a considerable fine for infringement, the German Landgericht Hamburg court prohibited Emporia Deutschland from holding, selling, using, importing or exporting in, to or from the European Union a clamshell mobile phone marketed under the Telme brand. The phone was reminiscent of Doro's equivalent products and thus constitutes an infringement of Doro's registered design rights. Emporia have appealed the decision at a higher court and a decision is pending.

In the court case against TelForceOne in Poland it was brought to a second instance who confirmed the initial ruling. In January 2013 a settlement was agreed between Doro and TelForceOne.

Doro have initiated court proceedings in Sweden against Emporia on the same grounds as in the court case in Germany, see above. A decision is pending.

Quality

Regular, quarterly, follow-ups of suppliers' quality take place with the help of the Doro scorecard. 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.

Dividend and financial targets

Doro has a long term target of 10 percent for the operating margin and an annual sales growth target of 20 percent over the coming years.

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).

The Board has proposed a dividend of SEK 1.25 per share to be paid in 2013.

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 2013:

January–March	May 14
January–June	August 21
January–September	November 8
Year-end report	February 14, 2014

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 831.6 m (733.7). The profit after financial items was SEK 32.8 m (56.1).

Doro AB is responsible for the subsidiaries' financing. At year-end the net cash of the Parent Company was SEK 138.6 m. Shareholders' equity was SEK 107.7 m (157.2).

Risks

Doro's risks and uncertainty factors are mainly related to the ability to continuously develop competitive products, supplier interruptions, customer relations and exchange rate fluctuations. Further information about 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 evaluation programs for production planning and stock monitoring. 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

Doro currently has no net debt. Doro has agreed credit facilities of SEK 31.5 m. In the event that the company would need further credit, it has well established relations with selected banks.

Cash flow risks

Doro's cash flow from operating activities is usually slightly negative during the first quarter of the year and positive during the remaining year. The company's cash and credit volumes are adapted to be able to meet these fluctuations.

Competition risks

Doro is active in competitive markets. The division into different market segments is a means of meeting the competition.

Furthermore, Doro continuously conducts market research 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 2012 Doro had confirmed bad debt loss of SEK 0.1 m (0.1), with no impact on the Income Statement.

During 2012, no single customer accounted for more than ten percent of the revenue. In 2011, one customer accounted for 11 percent of the revenue. Of these, 79 percent were attributable to region Europe, Middle East and Africa and 21 percent to the United Kingdom.

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).

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 2012, Doro was involved in four disputes. Doro works with external expertise as a preventative measure and is proactive in protecting its rights.

Annual General Meeting

The Annual General Meeting will be held at 15:00 p.m. on May 14, 2013 at the Hotel Scandic Anglajs, Humlegårdsgatan 23, 102 44 Stockholm, Sweden.

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

The 2012 Annual General Meeting resolved to authorize the Board to make a decision to issue a total of at most 1,930,000 shares, entailing an increase in share capital of at most SEK 1,930,000, corresponding to a dilution of approximately 10 percent of the company's share capital and total voting rights. The authorization applies until the 2013 Annual General Meeting.

Proposed disposition of accumulated profit

The Board proposes that the accumulated profit in the Parent Company of SEK 99,607,432.16 disposes a dividend (SEK 1.25 per share) of SEK 24,186,467.5 to the shareholders and SEK 75,420,964.66 to be carried forward as retained earnings.

Full-year outlook for 2013

Doro's growth is expected to continue in 2013 with expansion initiatives planned in both business units Consumer and Care. 2013 has started with a bigger order book and a higher order intake than previous year. No detailed forecast for 2013 is given.

Events after the end of the financial year

Doro presented several new mobile phone releases at the Mobile World Congress in Barcelona: Doro PhoneEasy® 622, a modern and stylish feature phone with smart technology aiming at the consumer market, and Doro Secure® 681, the company's second handset specifically adapted for the delivery of telecare services both inside and outside the home.

Sustainable operations

Doro's products and services are designed to make day to day life simpler and more secure for our end customers. Operations are conducted in a responsible and honest manner to ensure and safeguard long term sustainable development. We want to earn the trust of all of our stakeholders, from shareholders and others active in the capital market, via employees and suppliers to customers and society. This is not simply a key value, it also plays an important role in our success. For this reason, Doro maintains a sustainability perspective in all of its decisions and processes.

Responsibility throughout the chain

Doro's core values are Trust, Care and Ease.

- 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.

These core values pervade Doro's 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 have the flexibility necessary to be able to deliver the best easy to use products and at the same time take responsibility throughout the chain.

From design to recycling in a responsible way

Doro creates and develops products with a high level of quality. When we develop a product, we always try to make it a little better than the product that preceded it. We try to improve it not only in terms of performance, but also developing it to be more energy efficient, ergonomic, user friendly and recyclable – we also keep service very much in mind. Doro takes a holistic view of the lifecycle of its products.

For us, quality and respect for the environment and people are among the cornerstones of our business, on which we have built our success and the group's long term profitability.

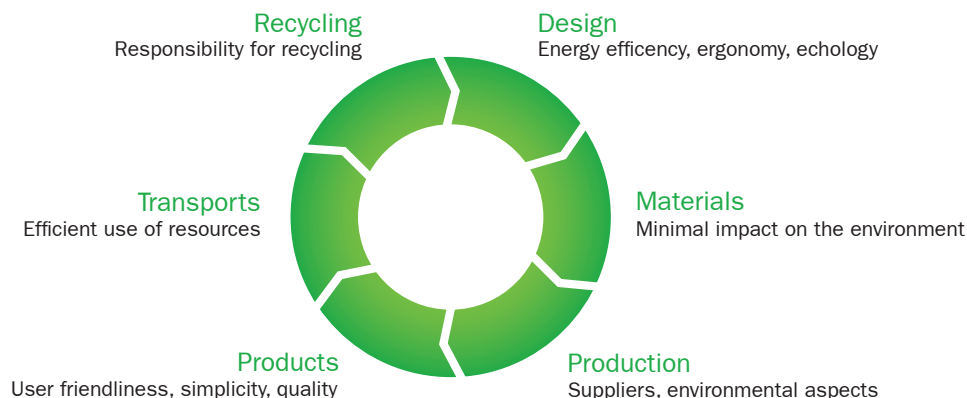
The use and recycling of our products are covered by several environmental directives and stringent legal requirements. Doro's quality and environmental manager is responsible for Doro following the laws and regulations that apply. In addition, each country has an environmental officer responsible for ensuring that the respective countries' environmental legislation is followed.

One example of a EU directive which has a certain bearing on Doro's operations, is the energy-related products directive, ErP¹⁾. For Doro, this involves safeguarding ecological design, an energy efficient production process and low energy consumption in battery chargers and external power supply units. The first part of the ErP directive came into force in April 2010 and the second step was taken in April 2011. Doro's products meet these requirements. 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.



Doro PhoneEasy® 520X.

1) Energy-related Products.



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 section²⁾. These requirements do not impose any limits per se but do demand that distributors and users be informed if the threshold value of any listed chemical is exceeded.

There are several EU directives that affect Doro's operations. Among the more extensive of these is the Directive on the restriction of the use of certain hazardous substances (RoHS)³⁾ from 2006 and the 2012 Recast of the RoHS directive, which is the second stage of the directive. Today, the directive also entails a requirement for CE labeling effective from January 2013 and not simply environmental labeling as previously.

Production

Doro does not conduct any operations requiring permits or registration. Nor does Doro own any production units – instead, it has extensive cooperation with several plants that manufacture Doro's products. Various environmental requirements are imposed in reviews of these plants. The two major suppliers are ISO 14001 certified, and an increasing number of plants are working with different environmental programs with the purpose of gaining ISO 14001 certification.

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. Doro also use video and telephone widely.

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. Doro is also part of the packaging industry's own recycling organization.

GSM World

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

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

2) Substances of Very High Concern.

3) Restriction on the Use of Certain Hazardous Substances

4) Waste of Electric and Electronic Equipment.

Doro's ethical responsibility

Other important cornerstones in Doro's operations are honesty and conducting business with great personal integrity and with respect for the integrity of others. Clear guidelines for employees and suppliers are given in our code of ethical conduct. It is the responsibility of each manager to ensure that their employees are familiar with these rules and adhere to them. The company also applies the Doro Corporate Social Responsibility Policy, which is based primarily on the generally accepted principles of the United Nations.

Through its "Supplier Score Card", Doro gives direct feedback to suppliers.

Since 2008, Doro has conducted third-party audits to assure adherence with the company's policies. If discrepancies are discovered, Doro is entitled to discontinue all cooperation with the supplier. In this regard, inspections are regularly conducted at all plants.

Doro's responsibility for people

Great and equal potential for development

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 of its personnel. We strive to give our employees the room and resources to grow, both in their current positions and through opportunities for advancement.

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 sales people, 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. With operations in more than 40 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.

Doro's business ethics

Doro's Ethical Code provides guidance to both employees and suppliers to ensure responsible behavior towards all of our stakeholders.

With regard to Doro's employees, we focus in particular on:

- Working environment
- Labor rights
- Compensation and development
- Conflicts of interest
- Employee consultation

With regard to Doro's customers, we focus on:

- Customer satisfaction
- Product quality
- Gifts and favors

With regard to Doro's suppliers, we focus on:

- Gifts and favors
- Human rights
- Environmental issues

With regard to society, we focus on:

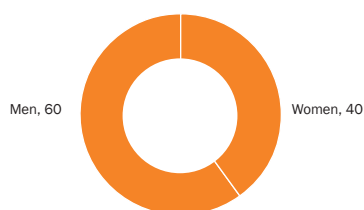
- Legal compliance and local customs
- Community involvement and contributions
- Environmental impact

With regard to Doro's shareholders, we focus on:

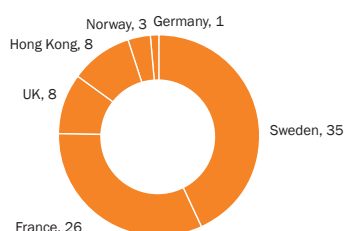
- Communicating with shareholders

The complete text of Doro's Ethical Code is available at www.doro.com.

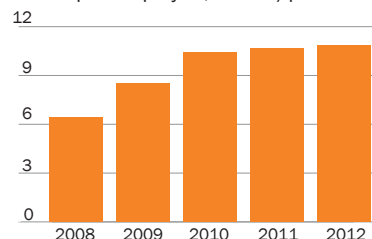
Gender distribution, %, 2012



Employees per country, 2012



Sales per employee, SEK m/person



Clear responsibility for operations generates confidence

The confidence of the market, shareholders and the general public is crucial to Doro's success. It requires responsible, committed and transparent work by the Board of Directors and management team. It is therefore reassuring to know that our company has a well-functioning Board of Directors, which, over the year, cooperated constructively with the company's management team and other employees. The role of the Board of Directors is particularly important in a global business environment with faster changes both in regard to the macro climate and the specific business conditions in which Doro operates, as well as the increased competition we are now seeing in some of our markets. We are well prepared to meet developments in the market and can quickly adjust the company to new conditions.

We are also in a period of significant investment in new products and services that enable the world's seniors. This imposes great demands on the Board's capacity to reach well-founded decisions and to balance the risks and opportunities that are always associated with commercial operations.

Equally important for Doro's credibility is our openness to the market and that we provide continuous information on our ongoing measures and the results of our operations. This represents the foundation for a value-generating relationship with all of our stakeholders where our shareholders, both existing and new, must feel secure in receiving correct information at the right time.

Doro AB is incorporated under the laws of Sweden with a public listing on the OMX Nasdaq 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 AB had 7 072 shareholders according to the 2012 year-end shareholders register published by Euroclear Sweden AB. Foreign investors held about 31.8 percent of the shares. The number of shares in Doro AB at year-end 2012 amounted to 19,349,174 shares. Doro's market capitalization as of December 31, 2012, was SEK 474.1 m.

The largest single shareholder is Försäkringsaktiebolaget Avanza Pension with a holding of 10.0 percent of the shares.

Swedish Code of Corporate Governance

The Code is applicable to all companies which are listed on the OMX Nasdaq 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.bolagsstyning.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 consists of Tedde Jeansson who is elected Chairman of the Nomination Committee, Arne Bernroth nominated by Nordea Investment Funds and Bo Kastensson (Chairman of Doro AB).

Board of Directors

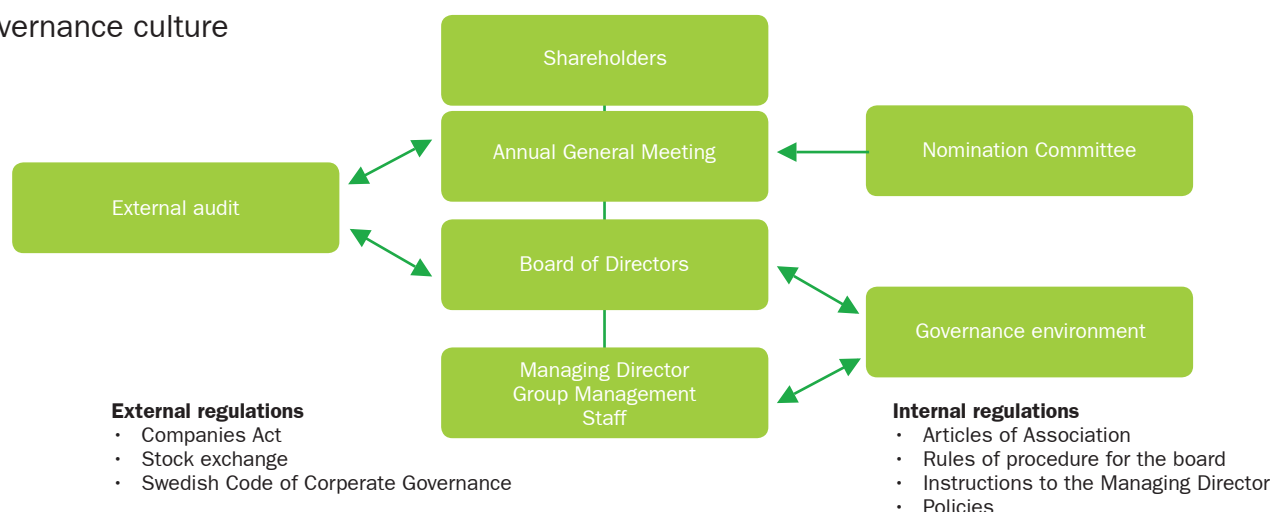
The Board of Directors of Doro AB consists of the Managing Director and four other members elected by the Annual General Meeting on March 21, 2012. A more detailed presentation of each member is given on page 34.

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

Board meetings

The Board held ten meetings in 2012, five times in Stockholm, three times at Doro's premises in Lund and one meeting was held at another place in Sweden. In addition, one meeting was held by telephone. All board members attended all meetings.

Governance culture



The company's CFO and Board Secretary, was present at almost all meetings. The Board continually addresses subjects such as the business situation, the budget, periodical accounts and cost efficiency.

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 were distributed to the Board Members a week prior to the meetings.

Meetings of the Remuneration and Audit Committees have been reported to the Board and the corresponding minutes have been distributed. Each month, the previous month's results are sent out along with comments.

Rules of Procedure for the Board

The Rules of Procedure for the Board apply to 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 Managing Director

The Board appoints the Managing Director of the company. The distribution of work between the Board and Managing Director is indicated in the Board's rules of procedure and the Managing Director instruction. 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 Managing Director.

The Board also establishes the quality of the financial reporting. The Managing Director in turn is responsible for ensuring that the company is administered in accordance with

Board's guidelines and instructions.

In addition, the Managing Director is responsible for budgeting and planning the company's operations so that specified goals are attained. The Managing Director 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 Managing Director through a monthly report.

Remuneration Committee

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

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, the Board decides on the remuneration of the Managing Director.

A special Remuneration Committee, appointed by the Board consists of Bo Kastensson and Karin Moberg.

The Remuneration Committee held its first meeting on February 14, 2012 to decide on 2012 principles.

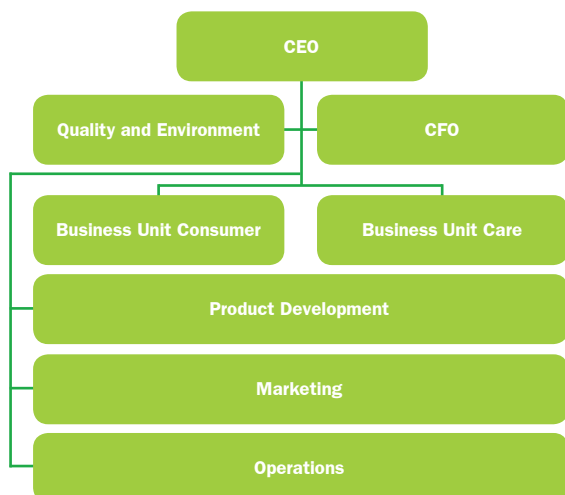
Both members were present at the meeting. A second meeting was held on November 7, 2012 to discuss current salary level, both members were also present at this meeting. The meetings were minuted and reported at the next Board meeting.

Remuneration

Fees paid to the Board during the financial year totaled SEK 800,000, in accordance with a decision of the Annual General Meeting. Of the Board's total fee, SEK 350,000 was paid to the Chairman of the Board and SEK 150,000 to other Board members. The company's Managing Director did not receive any fee.

The company's Managing Director received salary totaling SEK 3,437 m during the equivalent period. The Managing Director did not receive any variable remuneration or bonus for 2012. Salary received by the other six members of Group Management totaled SEK 5,102 m. Variable salary for these six members were paid for 2012 at the amount of SEK 188 t. Other Group Management did not receive any bonus for 2012. Amongst the Group Management there are two persons engaged

Doro's corporate organization



as consultants; CFO on an interim basis starting October 2012 and another person who has been engaged the full-year. Both consultants invoice their fees to the company. In 2012 total invoiced fees were SEK 2.6 m. All employed members of Group Management, and the Managing Director, receive the additional benefit of a car. Annual General Meeting held on March 21, 2012 decided on guidelines for Group Management pertaining to the year 2012. Under the current contract of employment the Managing Director and the company has the mutual termination notice period of 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. The other members of Group Management have notice periods of 3–9 months.

Governance of subsidiaries

The seven wholly-owned active subsidiaries Doro A/S, Doro GmbH., Doro SAS., Doro UK Ltd., Doro Hong Kong Ltd., Doro Inc. and Doro Incentive AB are governed by their own Boards in the country concerned, principally consisting of representatives of Doro AB in Sweden. The Managing Director of Doro is the Chairman in each subsidiary, except in Doro SAS in 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.

Financial Committee

The Financial Committee consists of Chairman of the Board Bo Kastensson and the Board member Jonas Mårtensson together with the company's Managing Director Jérôme Arnaud and CFO Gunnar Modalen. The committees' tasks are primarily to provide the Board with proposals regarding interim reports as well as acquisitions and Group financing.

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.

The auditors inspect how the company is managed by the Board of Directors and the Managing Director, 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 2012 Annual General Meeting with a mandate period of one year. Göran Neckmar is the chief auditor. Fees for audit engagements in the Group in the last three years totaled SEK 779,000 (2012), SEK 600,000 (2011) and SEK 1,000,000 (2010) respectively.

Audit Committee

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.

In 2012, the Audit Committee consisted of Board members Bo Kastensson, Karin Moberg, Jonas Mårtensson and Charlotta Falvin. One meeting was held on February 14 and one meeting was held on November 7. 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 auditor Göran Neckmar. 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 work in the areas of audit and internal control, accounting and financial reporting.

Work in 2012 focused on follow-up of the 2011 audit and the hard close audit carried out as of September 30, 2011. In addition, the third quarter interim report (for the period up to and including September 2011) was reviewed by the committee.

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

The 2012 Annual General Meeting resolved to authorize the Board to make a decision to issue a total of at most 1,930,000 shares, entailing an increase in share capital of at most SEK 1,930,000, corresponding to a dilution of approximately 10 percent of the company's share capital and total voting rights. The authorization applies until the 2013 Annual General Meeting.

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 the company's guiding documents. Please refer to page 33 for the Board's report on internal control.

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.

Principal topics, Board meetings 2012

February

- 2011 year-end report
- Auditors report

March

- Strategy
- Business development
- Remuneration
- Constituent meeting

May

- Strategy
- Financial forecast
- Product development
- Q1 report

June

- Market development
- Strategy

August

- Q2 report
- Business development

September

- Strategy

November

- Q3 report
- Audit review
- Internal control

December

- Budget 2013
- Strategy

Internal control

The Board's report on internal control for the financial year 2011

According to Swedish code 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 the financial reporting. These specifically include the Board's working procedure, instructions for the Managing Director and the committees. The primary responsibility for enforcing the Board's instructions regarding the control environment in the daily routines resides with the Managing Director. 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 communication bureau Vero Kommunikation AB 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 Group 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 Group Management. 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, April 8, 2013

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

The Board



Name	Bo Kastensson	Charlotta Falvin	Karin Moberg	Jonas Mårtensson	Jérôme Arnaud
Position	CEO Kastensson Holding AB		Founder and Managing Director of FriendsOfAdam	Partner in Alted AB	President and CEO, Doro AB
Qualifications	Bachelor of Arts, Lund University	Master of Science in Business administration, Lund University	Bachelor of Science in Economics, Stockholm University	Bachelor of Science in Economics, Stockholm School of Economics	Master of Science, École Centrale de Paris
Year elected	2006. Chairman since 2007	2011	2009	2007	2007
Born	1951	1966	1963	1963	1963
Nationality	Swedish	Swedish	Swedish	Swedish	French
Other assignments	Chairman: • Coromatic Group AB • Axema Access Control AB Boardmember: • Pricer AB • Skandinaviska Kraft AB • Reservekraft AS Industrial Advisor EQT	Chairman: • MultiQ International AB • Barista BFT Coffee AB • Ideon AB Boardmember: • Axis AB • Sydsvenska Industri & Handelskammaren • Fasiro AB	Chairman: • Caretech AB Boardmember: • IAR Systems Group AB • SBAB	Chairman: • Ownpower Projects Europe AB • Transticket AB Boardmember: • PAN Vision AB • Deltaco AB • IAR Systems Group AB	–
Dependence - Company - Owners	No No	No No	No No	No No	Yes No
Previous experience	Former CEO of Bewator Group, Incentive Development and various positions Axel Johnson Group	VD TAT, VD Decuma, COO Axis	Managing Director Telia e-bolaget, Marketing Director and Communications Director TeliaSonera	Senior positions within corporate finance at SEB Enskilda, Maizels, Westerberg & Co and Nordea	Matra Nortel Communications
Own and related party holdings 2012	513,000 shares (through companies)	–	20,000 shares	165,000 shares (through company)	147,004 shares 200,000 warrants
Own and related party holdings 2011	506,000 shares (through companies)	–	20,000 shares	165,000 shares (through company)	147,004 shares 200,000 warrants
Attendance Board	10/10	10/10	10/10	10/10	10/10
Attendance Audit committee Rem. committee	2/2 2/2	2/2 –	2/2 2/2	2/2 –	– –
Remuneration Board	350,000	150,000	150,000	150,000	–

Auditor: Göran Neckmar.

Authorized accountant, Ernst & Young AB, Malmö. Doro's auditor since 2011. Extensive experience of auditing listed companies as MultiQ International AB and Victoria Park. Born 1956. 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, 2012.

Group Management



Namn	Jérôme Arnaud	Gunnar Modalen	Thomas Bergdahl	Ulrik Nilsson	Caroline Noublanche	Chris Millington	Louis Jouanny
Position	President and CEO Doro AB and Managing Director of Doro SAS, France. Director Business Unit Care.	CFO	Vice President Product Development	Vice President Operations	Director Business Unit Consumer	Director Brand and Marketing Strategy and Managing Director UK/IRE	Head of Sales Business Unit Consumer
Employed since	2000	2012 (consultant)	2002	1991	2011	2005	2011 (consultant)
Qualifications	Master of Science, École Centrale de Paris	Bachelor of Business Administration, Lund University	Master of Science in Industrial Engineering and Management, Institute of Technology Linköping	Telecom technician	HEC business school, Paris	Business Studies and Finance, Leeds City College	Master of Science, ESIEA, Paris
Born	1963	1959	1964	1971	1976	1970	1958
Nationality	French	Swedish	Swedish	Swedish	French	British	French
Previous experience	Working with business development, Matra Nortel Communications	CFO at Rederi AB TransAtlantic, VP Perstorp Group	Director of manufacturing, Anoto	Supply manager	CEO and founder of Prylos	Sales Management and Business Development at Oregon Scientific, Sony UK and Kenwood Electronics UK	VP EMEA, Mobile Computing Marketing Programs, Fujitsu
Own and related party holdings 2012	147,004 shares 200,000 warrants	– –	50,000 shares 50,000 warrants	632 shares 40,000 warrants	– 30,000 warrants	20,000 shares 52,000 warrants	– –
Own and related party holdings 2011	147,004 shares 200,000 warrants	– –	50,000 shares 50,000 warrants	632 shares 40,000 warrants	– 30,000 warrants	20,000 shares 52,000 warrants	– –

The shareholding data reported above includes shares owned through companies and related parties and reflects holdings as per December 31, 2012.

The Doro share

Doro has been listed on the OMX Nasdaq Stockholm, Nordic list, Small companies since 1993.

Price trend and market capitalization

Between January 1, 2012 and December 31, 2012, Doro's share price decreased from SEK 27.30 to SEK 24.50, a decrease of 10.3 percent.

Over the same period, the OMX Stockholm PI increased by 9.5 percent. During the year, the highest price paid for Doro shares was SEK 33.90 and the lowest price paid was SEK 21.50. Last price paid at year-end was SEK 24.50 giving a market capitalization of SEK 474.1 m (528.2).

Share capital

At January 1, 2012, the share capital in Doro AB amounted to SEK 19,349,174 divided among 19,349,174 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. The share capital in Doro AB has not changed during 2012.

Shareholders

At the close of 2012, Doro had 7,072 shareholders, compared with 6,114 shareholders at the end of the preceding year. The proportion of foreign shareholders at year-end amounted to 31.8 percent (35.4). Of the Swedish investors 37.2 percent was held by legal entities and 31.1 percent was held by natural persons.

At the end of the year, Group Management had a combined holding of 217,636 shares in Doro. At the same time, the members of the Board of Doro held 845,004 shares. At the close of the year, Doro AB held no treasury shares.

The largest single shareholder with holdings above 10 percent of shares is Försäkringsaktiebolaget Avanza Pension.

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.

Warrant program for employees

In accordance with the mandate given by the Annual General Meeting on March 23, 2011, all of Doro's employees have been offered to purchase warrants granting them the right to acquire shares at the target price of SEK 35.30 during April 1, 2014 – June 30, 2014.

39 employees have subscribed for 752,770 warrants, including the CEO who has subscribed for the full 200,000 warrants allocated to him. Doro Incentive AB has subscribed for 192,830 warrants, enabling the Company to potentially sell these at market prices to new employees following the close of the subscription period. Doro Incentive AB has during 2012 repurchased 18,000 warrants from employees who have left Doro. Doro Incentive AB holds 210,830 warrants as of December 31, 2012.

Further detailed terms for the issue of new warrants is available at www.doro.com.

Dividend policy and dividend

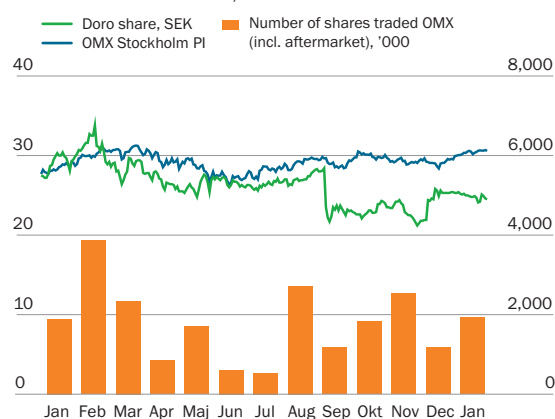
The Company's long-term target is to pay a dividend of approximately one third of the net profit after tax. Additionally, the Board has set a maximum debt/equity ratio of 1.0 (interest-bearing debt/equity).

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.

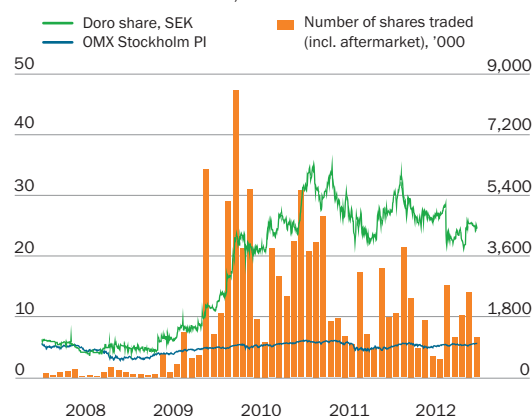
The Board has proposed a dividend of SEK 1.25 per share to be paid in 2013.

Read more about the share and view the updated share price at www.doro.com.

Price trend and volume, Jan 2012– Jan 2013



Price trend and volume, Jan 2008 – Dec 2012



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
2011	Directed issue	241,543	25.56	0.2	6.3

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

Share data

	2012	2011	2010	2009	2008
Number of shares at year-end, thousands ¹⁾	19,349	19,349	19,108	19,108	17,408
Market price at year-end, SEK	24.50	27.30	31.20	11.00	5.00
Par value, SEK	1.00	1.00	1.00	1.00	1.00
Profit for the year, SEK	2.73	3.02	2.99	1.30	-0.66
Cashflow per share, SEK	2.08	5.47	4.21	3.66	-1.24
Reported shareholders' equity per share, SEK	10.8	9.16	6.35	3.54	1.73
Dividend, SEK	1.25*	1.00	0.50	0.00	0.00
P/E ratio ²⁾	8.98	9.04	10.4	8.5	N/A
Dividend yield, % ³⁾	5.1	3.7	1.6	N/A	N/A

1) The average number of shares ('000) in 2011 was 19,188. 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, 2012

Ten largest shareholders	No. of shares	Shares and votes, %
Försäkringsaktiebolaget Avanza Pension	1,925,493	10.00
Nordea Investment Funds	1,452,918	7.50
Originat AB	1,130,000	5.80
Lazard Frere Banque, W8IMY	580,000	3.00
Clearstream Banking S.A., W8IMY	550,543	2.80
Catella Fondförvaltning	532,400	2.80
Kastensson Holding AB	513,000	2.60
Nordnet Pensionsförsäkring AB	502,710	2.60
Hajskæret Invest AB	430,000	2.20
ABN AMRO Bank NV, W8IMY	386,545	2.00
Subtotal	8,003,609	41.40

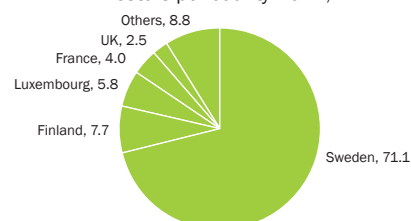
Source: Euroclear Sweden AB.

Ownership structure as at December 31, 2012

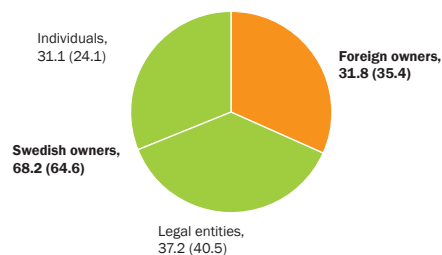
Holding, number of shares	No. of shareholders	As % of all shareholders	No. of shares held	As % of all shares
1 – 500	4,462	63.10	762,121	3.9
501 – 1,000	1,236	17.50	1,073,901	5.5
1,001 – 5,000	1,092	15.40	2,646,477	13.7
5,001 – 10,000	139	2.00	1,021,938	5.3
10,001 – 15,000	35	0.50	433,327	2.2
15,001 – 20,000	25	0.40	463,015	2.4
Over 20,001 –	83	1.20	12,948,395	67.0
Total	7,072	100.00	19,349,174	100.0

The number of shareholders has increased from 6,114 to 7,072. Of the total shares held, about 31.8 percent (35.4) are held by foreign shareholders. Euroclear Sweden AB.

Investors per county 2012, %



Investors per category 2012, %



Source: Euroclear Sweden AB.

Analysts covering Doro:

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Consolidated income statement

SEK m	Note	2012	2011
Revenue			
Sale of goods	2,3	821.5	737.8
Other revenue	2	16.0	7.6
		837.5	745.4
Operating costs			
Merchandise	19	-508.3	-433.2
Other external costs	4,16	-176.2	-167.3
Personnel costs	5	-69.9	-69.3
Depreciation and impairment of property, plant and equipment	8	-5.5	-2.2
Depreciation and impairment of intangible assets	7	-16.2	-11.4
Operating profit/loss	2	61.4	62.0
Profit/loss from financial items			
Interest income and similar profit/loss items	6	1.6	11.0
Interest costs and similar profit/loss items	6	-13.5	-0.1
Profit/loss after financial items		49.5	72.9
Tax on profit/loss for the year	17	3.4	-15.0
PROFIT/LOSS FOR THE YEAR		52.9	57.9
Attributable to:			
Parent company's shareholders		52.9	57.9
<i>Key figures</i>			
Average number of shares (thousands)	11	19,349	19,188
Earnings per share before tax*		2.56	3.80
Earnings per share after tax*		2.73	3.02

* No dilution effect.

Consolidated statement of comprehensive income

SEK m	2012	2011
PROFIT/LOSS FOR THE YEAR	52.9	57.9
Translation differences	-1.9	-0.4
Total result	51.0	57.5

(Related to Parent Company's shareholders.)

Consolidated balance sheet

Assets, SEK m	Note	2012	2011
ASSETS			
NON-CURRENT ASSETS			
Equipment and tools	8	12.5	8.9
Capitalized expenditure for development work	7	28.8	26.7
Trademarks	7	0.7	1.0
Goodwill	7	25.8	26.4
Customer register	7	3.9	5.2
Long term deposits		0.5	0.5
Deferred tax asset	17	21.0	17.4
		93.2	86.1
CURRENT ASSETS			
Inventories	19	91.3	60.2
Prepayments to supplier		0.6	2.2
Accounts receivable – trade	23	161.0	114.6
Other current receivables		21.2	35.6
Current tax receivables		4.6	0.0
Prepaid expenses and accrued income	10	3.4	1.7
Cash and bank balances	12, 23	141.1	148.4
		423.2	362.7
TOTAL ASSETS		516.4	448.8

Consolidated balance sheet

Shareholders' equity and liabilities, SEK m	Note	2012	2011
SHAREHOLDERS' EQUITY			
Share capital 19,349,174 shares, quota value SEK 1	11	19.3	19.3
Other allocated capital		109.0	109.0
Reserves		-2.2	-0.3
Profit/loss brought forward		30.0	-8.6
Profit/loss for the year		52.9	57.9
Total shareholders' equity		209.0	177.3
LONG TERM LIABILITIES			
Interest-bearing liabilities			
Liabilities to credit institutions		0.8	1.6
Total interest-bearing liabilities		0.8	1.6
Non interest-bearing liabilities			
Provisions for guarantees	20	27.5	23.9
Provisions for pension	21	1.5	1.1
Other provisions	22	67.9	57.9
Other long-term liabilities	18	2.9	5.8
Total non interest-bearing liabilities		99.8	88.7
CURRENT LIABILITIES			
Interest-bearing liabilities			
Liabilities to credit institutions		0.8	0.8
Total interest-bearing liabilities		0.8	0.8
Non interest-bearing liabilities			
Accounts payable – trade		122.5	82.2
Other liabilities	18	3.0	2.3
Current tax liability		0.6	1.6
Accrued expenses and prepaid income	13	79.9	94.3
Total non interest-bearing liabilities		206.0	180.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		516.4	448.8
Pledged assets	14	219.2	213.6
Contingent liabilities	15	–	–

Consolidated shareholders' equity

Changes in shareholders' equity 2012, SEK m	Share capital	Other allocated capital	Reserves ¹⁾	Losses brought forward	Total shareholders' Equity
Shareholders' Equity December 31, 2010	19.1	100.4	0.1	1.7	121.3
Total Result for the year				57.9	57.9
Other comprehensive income			-0.4		-0.4
Total result			-0.4	57.9	57.5
New issue of shares	0.2	6.1			6.3
Premium for Warrant Program		1.8			1.8
Dividend				-9.6	-9.6
Total transactions with shareholders	0.2	7.9	0.0	-9.6	-1.5
Shareholders' Equity December 31, 2011	19.3	108.3	-0.3	50.0	177.3
Effect of Warranty Program		0.7		-0.7	0.0
Shareholders' Equity December 31, 2011	19.3	109.0	-0.3	49.3	177.3
Total Result for the year				52.9	52.9
Other comprehensive income			-1.9		-1.9
Total result	0.0	0.0	-1.9	52.9	51.0
Dividend				-19.3	-19.3
Total transactions with shareholders	0.0	0.0	0.0	-19.3	-19.3
Shareholders' Equity December 31, 2012	19.3	109.0	-2.2	82.9	209.0
1) Specifikation of reserves.					
	2012	2011			
Accumulated translation differences, January 1	-0.3	0.1			
Translation differences for the year	-1.9	-0.4			
Accumulated translation differences, December 31	-2.2	-0.3			

Consolidated cash flow statement

SEK m	Note	2012	2011
Profit/loss after financial items ¹⁾		49.5	72.9
Adjusted for items not in cash flow			
Change in allocations	20,21,22	14.1	36.9
Depreciation and write downs	7,8	21.7	13.6
Adjustment for other non-cash items	18	11.4	-10.1
Total adjustment for other non-cash items		47.2	40.4
Taxes paid	17	-4.3	-3.5
Cash flow from current activities before changes in working capital		92.4	109.8
Change in working capital			
Change in stocks	19	-31.1	-4.7
Change in receivables		-48.5	-4.9
Change in non-interest-bearing liabilities		27.4	4.7
Cash flow from current activities		40.2	104.9
INVESTMENT ACTIVITIES			
Acquisitions	18	-0.4	-19.6
Acquisition of intangible fixed assets	7	-21.4	-15.2
Acquisition of tangible fixed assets	8	-5.5	-6.0
Cash flow from current activities		-27.3	-40.8
FINANCING ACTIVITIES			
Dividend		-19.3	-9.6
Premium for Warrant Program		0.0	1.8
Amortization of debt		-0.8	0.0
Loans raised		0.0	2.6
Cash flow from financing activities		-20.1	-5.2
Cash flow for the year		-7.2	58.9
Liquid assets at start of year		148.4	89.5
Exchange rate difference in liquid assets		-0.1	0.0
Liquid assets at end of year	23	141.1	148.4

1) Paid and received interests appear in note 6.

Income statement – Parent Company

SEK m	Note	2012	2011
Operating income			
Net sales	2,3	821.5	731.9
Other revenue	2	10.1	1.8
		831.6	733.7
Operating costs			
Merchandise	19	-508.3	-432.7
Other external costs	4,16	-218.1	-196.8
Personnel costs	5	-31.2	-38.4
Depreciation and impairment of property, plant and equipment	8	-5.1	-1.8
Depreciation and impairment of intangible assets	7	-23.7	-18.5
Operating profit/loss	2	45.2	45.5
Profit/loss from financial items			
Interest income and similar profit/loss items	6	1.6	11.0
Interest costs and similar profit/loss items	6	-14.0	-0.4
Profit/loss after financial items		32.8	56.1
Tax on profit/loss for the year	17	4.2	-12.6
PROFIT/LOSS FOR THE YEAR		37.0	43.5

Statement of comprehensive income – Parent Company

SEK m	2012	2011
PROFIT/LOSS FOR THE YEAR	37.0	43.5
Total result	37.0	43.5

(Related to Parent Company's shareholders.)

Balance sheet – Parent Company

Assets, SEK m	Note	2012	2011
FIXED ASSETS			
Intangible assets			
Capitalized expenditure for development work	7	29.2	27.1
Goodwill	7	0.0	1.9
Customer register	7	7.8	10.8
Brands	7	0.8	4.6
Tangible assets			
Equipment and tools	8	11.0	7.3
Financial assets			
Participations in Group companies	9	21.8	21.6
Deferred income tax recoverable	17	20.3	16.1
Total fixed assets		90.9	89.4
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale	19	91.3	60.2
Advanced payment to suppliers		0.6	2.2
Current receivables			
Accounts receivable – trade	23	160.0	113.2
Receivables from Group companies		0.1	2.8
Other current receivables		20.2	32.4
Prepaid expenses and accrued income	10	2.6	1.3
Cash and bank balances	12, 23	138.6	144.7
Total current assets		413.4	356.8
TOTAL ASSETS		504.3	446.2

Balance sheet – Parent Company

Shareholders' equity and liabilities, SEK m	Note	2012	2011
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital 19,349,174 shares, quota value SEK 1	11	19.3	19.3
Revaluation reserve		0.5	0.5
Other allocated capital		55.5	55.5
Non-restricted equity			
Share premium reserve		22.8	22.8
Profit/loss brought forward		39.8	15.6
Profit/loss for the year		37.0	43.5
Total shareholders' equity		174.9	157.2
Provisions			
Provisions for guarantees	20	27.5	23.9
Other provisions	22	67.9	57.3
Total provisions		95.4	81.2
CURRENT LIABILITIES			
Interest-bearing liabilities			
Liabilities to Group companies		30.9	10.9
Total interest-bearing liabilities		30.9	10.9
Non interest-bearing liabilities			
Accounts payable – trade		119.5	79.0
Prepayments		0.1	0.0
Liabilities to Group companies		10.4	31.7
Other liabilities		1.6	0.6
Accrued expenses and prepaid income	13	71.5	85.6
Total non interest-bearing liabilities		203.1	196.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		504.3	446.2
Pledged assets	14	191.8	191.6
Contingent liabilities	15	-	-

Changes in shareholders' equity – Parent Company

Changes in shareholders' equity 2012, SEK m	Share capital	Revaluation reserve	Statutory reserve	Share premium reserve	Losses brought forward	Total shareholders' equity
Shareholders' Equity December 31, 2010	19.1	0.5	55.5	14.2	25.9	115.2
Profit for the year					43.5	43.5
New issue of shares	0.2			6.1		6.3
Dividend					-9.6	-9.6
Premium for Warrant Program				1.8		1.8
Total transactions with shareholders	0.2			7.9	-9.6	-1.5
Shareholders' Equity December 31, 2011	19.3	0.5	55.5	22.1	59.8	157.2
Effect of Warranty Program				0.7	-0.7	0.0
Shareholders' Equity December 31, 2011	19.3	0.5	55.5	22.8	59.1	157.2
Profit for the year					37.0	37.0
Dividend					-19.3	-19.3
Total transactions with shareholders					-19.3	-19.3
Shareholders' Equity December 31, 2012	19.3	0.5	55.5	22.8	76.8	174.9

Cash flow statement – Parent Company

SEK m	Note	2012	2011
Profit/loss after financial items ¹⁾		32.8	56.1
Adjusted for items not in cash flow			
Change in allocations	20,21,22	14.2	37.3
Depreciation and write downs	7,8	28.8	20.3
Other items not in cash flow		13.4	-10.1
Cash flow from current activities before changes in working capital		89.2	103.6
Change in working capital			
Change in stocks	19	-31.1	-4.7
Change in receivables		-42.0	-13.7
Change in non-interest-bearing liabilities		3.6	11.3
Cash flow from current activities		19.7	96.5
INVESTMENT ACTIVITIES			
Acquisition of intangible fixed assets	7	-21.4	-28.5
Acquisition of tangible fixed assets	8	-5.1	-5.8
Cash flow from investments		-26.5	-34.3
FINANCING ACTIVITIES			
Dividend		-19.3	-9.6
Premium for warrant program		0.0	1.8
New share issue ²⁾		0.0	6.3
Change in non interest-bearing liabilities		20.0	-4.1
Cash flow from financing activities		0.7	-5.6
Cash flow for the year		-6.1	56.6
Liquid assets at start of year		144.7	88.1
Liquid assets at end of year	23	138.6	144.7

1) Paid and received interests appear in note 6.

2) Consists of a directed non-cash issue for acquisitions of subsidiaries.

Notes and accounting principles

Note 1

Accounting principles

The Annual Report and Consolidated Accounts were approved for publication by the Board and CEO on April 8, 2013 and will be presented to the AGM on May 14, 2013 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) 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 (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 (Accounting for Legal Entities). State-ments applicable to listed companies issued by 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.

Changed accounting principles and disclosures

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

New and amended accounting principles, 2012

The amendments and updates listed below began took effect as of January 1, 2012.

- Amendments to IFRS 7 Financial instruments: Disclosures. Further quantitative and qualitative disclosures are to be made in connection with the derecognition of financial instruments from the balance sheet.
- Amendments to IAS 12 Income taxes. The calculation of deferred tax for managed properties reported at fair value as to be based on the tax effects in connection with the sale of the properties.

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

New accounting principles for the Group, to be applied from January 1, 2013 or thereafter

The amendments and updates listed below have been adopted by the IASB and are to be applied as of January 1, 2013 or thereafter unless another date has been determined by the EU:

- Amendments to IFRS 7 Financial instruments: Disclosures – introduces new disclosure requirements for the settling of financial assets and liabilities. The amendments took effect as of January 1, 2013 and are also to be applied in interim reports.
- IFRS 9 Financial instruments. IFRS 9 is intended to replace IAS 39 and to date component projects regarding the reporting and assessment of financial assets and liabilities have been published. The standard is currently expected to come into effect January 1, 2015 at the earliest. The EU has yet to approve the amendment.
- IFRS 10 Consolidated financial statements determines when a controlling interest exists and thus when a company shall be included in the consolidated accounts. The standard provides guidance in ascertaining where a controlling interest exists. The standard came into effect on January 1, 2013. It has been approved by the EU for application effective from January 1, 2014.
- IFRS 11 Joint arrangements identifies two types of joint arrangements: joint operations, in which the part owners have rights and commitments to assets and liabilities, and joint ventures where the part owners have rights to the net assets. In a joint operation, the part owners shall report their individual assets, liabilities and costs. In a joint venture, the equity method shall be applied. Date for entry into force – see above under IFRS 10.
- IFRS 12 Disclosure of interests in other entities includes requirements on disclosures for subsidiaries, joint arrangements, associated companies and "structured entities" that are not consolidated. Date for entry into force – see above under IFRS 10.
- IFRS 13 Fair value measurement contains uniform rules for the calculation of fair value where other standards require recognition or disclosures of assets'

and liabilities' fair values. The purpose of the standard is to ensure that fair value assessments are more consistent and less complex in that the standard provides a precise definition and a shared source in IFRS regarding fair value assessments and associated disclosures. The standard came into effect on January 1, 2013.

- Amendments to IAS 1 Presentation of financial statements. The presentation of other comprehensive income is changed such that posts to be reclassified to profit/loss are reported separately from items that will never be reclassified. The amendments will be applicable to financial years commencing July 1, 2012 or later.
- Amendments to IAS 19 Employee benefits mainly entail considerable changes regarding the reporting of benefit-defined pension plans. The corridor method and the opportunity to report actuarial gains and losses immediately against profit/loss for the year have been removed. In addition, the interest rate applied in calculating the pension debt is also applied in the calculation of the return on pension assets. All reassessments are to be reported in other comprehensive income (no reclassification) – i.e. actuarial gains and losses and the difference between actual and calculated return on pension assets. The amendments came into effect on January 1, 2013.
- IAS 27 Consolidated and separate financial statements. Reporting and disclosure by legal entities of subsidiaries, "joint arrangements", associated companies and "unconsolidated structured entities". Date for entry into force – see above under IFRS 10.
- IAS 28 Investments in associates and joint ventures describes the application of the equity method for the reporting of both associated companies and joint ventures. Date for entry into force – see above under IFRS 10.
- Changes to IAS 32 Financial instruments: Presentation introduces a clarification in the section "Application guidance" regarding the settling of financial assets and liabilities. The amendments will come into effect on January 1, 2014.
- Annual improvements to IFRS, 2009-2011. Minor amendments and clarifications to five standards, including: IAS 1 Presentation of financial statements, in which clarifications are made regarding what supplementary information is required if more than one period of comparison is included in the accounts or if an adjusted opening balance is reported for the period of comparison. The amendments came into effect on January 1, 2013. The EU has yet to approve the amendments.

Doro is currently assessing the potential effects of the above adopted but not yet applied new and amended standards.

In addition to changes above, Doro will, as of January 1, 2013, change the accounting for segments to include the two Business Units Consumer and Care. Furthermore the company will adopt hedge accounting according to IFRS.

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 6 (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. 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. Quarterly, an assessment is made and, if necessary, the expected purchase price is adjusted.

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. Translation 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

Currency	Average rate		Closing day rate	
	2012	2011	2012	2011
EUR	8.70	9.01	8.59	8.92
HKD	0.87	0.83	0.84	0.89
NOK	1.16	1.15	1.17	1.15
GBP	10.69	10.35	10.53	10.65
USD	6.73	6.47	6.51	6.89

Receivables and liabilities in foreign currencies are valued at the closing day rates and unrealized exchange rate profits and losses are included in the results.

Hedging of future flows

Flows for January to April 2013 were hedged on November 2012 in accordance with the treasury policy (approved by the Board in December 2008).

In Doro's accounts for 2012, 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, as accrued costs.

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 on 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.

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.

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, short-term investments 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, but as of January 1, 2013, the Group has adopted Hedge accounting according to IFRS. See more in Note 23.

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. When the carrying amount exceeds its recoverable amount impairment of goodwill is recognized.

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)	2–3 years
Computers, cars, furniture etc.	2–5 years

Depreciation of intangible assets

Intangible assets are depreciated during their estimated economic lifespan. For capitalized product development depreciation is effective as of market launch of each product. Linear depreciation according to plan is based on the acquisition values of the assets:

Balanced expenditure for development	1–3 years
Trademarks	5 years
Customer register	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. Financial leasing agreements for company cars, copying machines, computer equipment and the like are reported as operational leasing. Financial leasing occurs only to a lesser extent.

Doro has in general no financial leasing agreements. Property rents are included in operational leasing. No significant lease agreements were entered during 2011.

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 (between one and two years 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, disputes and additional costs 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 temporary differences.

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 which the Company considers to be three to four years. 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)

As of 2011 Doro monitors its operations by market: Nordic region, EMEA (Europe, Middle East and Africa), the UK, the US & Canada and other regions.

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 carry-forwards. 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.

PARENT COMPANY

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 a parent receives from a subsidiary are recognized as financial income, and group contributions from the parent to the subsidiary are recognized either as an equity interest in the subsidiary, i.e. similar to shareholder contribution, or as an expense because of the relationship between accounting and taxation.

Note 2

Results per segment and income type

Income divided into type of income	Group		Parent Company	
	2012	2011	2012	2011
Product sales	821.5	737.8	821.5	731.9
Other revenue	16.0	7.6	10.1	1.8
Total	837.5	745.4	831.6	733.7

Other Revenue	Group		Parent Company	
	2012	2011	2012	2011
EU funding	-0.9	1.8	-0.9	1.8
Activated development costs	5.0	1.1	0.0	0.0
Recovered receivables	0.4	1.8	0.0	0.0
Release of provisions	0.3	2.9	0.0	0.0
Positive currency effect*	10.8	0.0	10.8	0.0
Gain on sale of fixed assets	0.2	0.0	0.2	0.0
Rent income	0.2	0.0	0.0	0.0
	16.0	7.6	10.1	1.8

*2011 the currency effects were negative, 6,8 Mkr, and was accounted for in other external costs.

Results per segment (according to IFRS 8)

Doro has since 2011 chosen to follow up the operation based on the regions that Doro is active in, but as of January 1, 2013, the operations will be followed by two business units, Consumer and Care, along with regional sales. Our business unit Consumer aims at a senior target group in constant evolution on one hand, and the business unit Care aims at an elderly target group requesting assistance.

2012

Operating profit per geographical region	Nordic	Europe, Middle East and Africa	United Kingdom	USA and Canada	Other Regions	Total
Income/Net Sales	274.4	286.8	130.9	125.2	20.2	837.5
Operating cost	-219.3	-281.4	-122.4	-109.6	-21.7	-754.4
Operating profit	55.1	5.4	8.5	15.6	-1.5	83.1
Depreciation	-7.0	-7.6	-3.3	-3.2	-0.6	-21.7
Operating result	48.1	-2.2	5.2	12.4	-2.1	61.4

2011

Operating profit per geographical region	Nordic	Europe, Middle East and Africa	United Kingdom	USA and Canada	Other Regions	Total
Income/Net Sales	232.6	297.2	104.3	104.0	7.3	745.4
Operating cost	-193.5	-269.7	-103.3	-94.2	-9.1	-669.8
Operating profit	39.1	27.5	1.0	9.8	-1.8	75.6
Depreciation	-4.2	-5.5	-1.8	-1.9	-0.2	-13.6
Operating result	34.9	22.0	-0.8	7.9	-2.0	62.0

There has been no transactions between the regions during 2012 and 2011. Doro can not report assets and liabilities per segment, because follow-up is only made by the income statement. During 2012 Doro has not had any customer that exceeds 10 percent of the revenue. In 2011 Doro had a single customer that generated 11 percent of the revenue. 79 percent of the revenue was related to region Europe, Middle East and Africa and 21 percent to the United Kingdom.

Revenue per country

	2012	2011
France	173.2	166.1
Sweden	172.9	136.1
United Kingdom	112.2	90.2
USA	81.7	58.6
Germany	55.6	66.4
Norway	51.9	43.4
Canada	41.0	45.1
Belgium	28.8	23.6
Denmark	14.5	24.3
Other countries	89.7	84.0
Total	821.5	737.8

Note 2 contd.

Tangible Fixed Assets

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

	2012			2011		
	Acquisition value	Closing depreciations	Closing value	Acquisition value	Closing depreciations	Closing value
Sweden	30.7	-19.7	11.0	22.0	-14.6	7.4
France	3.5	-2.3	1.2	3.5	-2.1	1.4
Hong Kong	0.7	-0.4	0.3	0.4	-0.4	0.0
Other countries	0.5	-0.5	0.0	0.4	-0.3	0.1
Total	35.4	-22.9	12.5	26.3	-17.4	8.9

Note 3

Intra-Group transactions

Of the Parent Company's invoicing SEK 0 m (0) relates to subsidiaries. Invoicing from subsidiaries to the Parent Company amounted to SEK 58 m (45,9). Invoicing between subsidiaries amounted to SEK 0 m (0).

Note 4

Rental and leasing agreements

Costs for operational rental and leasing charges during the year amounts to SEK 5.7 m (3.3) for the group and SEK 2.5 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	
	2012	2011	2012	2011
Within 1 year	5.3	5.5	2.5	2.8
Within 2 to 5 years	7.0	4.7	4.2	2.7
Later than 5 years	0.0	0.0	0.0	0.0
Total	12.3	10.2	6.7	5.5

Note 5

Employees

Average number of employees

Number	2012	Of whom men	2011	Of whom men
Parent Company	32	19	31	18
Norway	3	3	3	3
United Kingdom	8	4	8	5
France	27	14	21	10
Hong Kong	7	6	7	6
Germany	0	0	0	0
Total	77	46	70	42

Salaries and remuneration

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

	The Group		Parent Company	
	2012	2011	2012	2011
Salaries and other remuneration	45.6	45.1	18.4	25.0
	45.6	45.1	18.4	25.0
Payroll overheads excluding pension costs	12.6	14.0	5.5	8.5
	12.6	14.0	5.5	8.5
Pension costs	8.1	5.9	5.7	4.0
<i>of which premium-based</i>	7.3	5.3	5.7	4.0
	8.1	5.9	5.7	4.0

Gender of senior managers

	2012 total	Women %	2011 total	Women %
Board	5	40	5	40
Group Management	7	17	5	40
whereof situated in:				
Sweden	3	0	3	33
United Kingdom	1	0	0	0
France	3	33	2	50

Amongst the Group Management are two persons included that are not employed, but invoice their fees. One is placed in Sweden and the other in France.

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

	2012 Board and CEO	Other employees	2011 Board and CEO	Other employees
Sweden	2.7	16.5	4.2	20.8
Norway	0.0	2.6	0.0	2.6
United Kingdom	0.0	5.1	0.0	3.9
France	1.5	14.5	1.8	9.4
Germany	0.0	0.3	0.0	0.0
Hong Kong	0.0	3.2	0.0	2.6
Total	4.2	42.2	6.0	39.2

Management remuneration (SEK k)

The Board 2012	Fees	Pension	Other remuneration	Total
Chairman of the Board	350	0	0	350
Other Board members*	450	0	0	450
Total	800	0	0	800

* Fee to the Chairman of the Board is SEK 350 k (300) and to other Board members SEK 150 k (100) as decided on Annual General Meeting March 21, 2012.

Group Management 2012	Salary	Bonus	Pension	Other remuneration	Total
Jérôme Arnaud (CEO)	3,431	0	469	64	3,964
Other Group Management	5,102	188	2,022	316	7,629
Total	8,534	188	2,491	380	11,593

The amounts include salaries and remunerations to employed Group Management. In 2012, the Group Management has been expanded from five to seven people. One of these has been a member of the Group Management from January 1, 2012 and the other from October 10, 2012. The amounts include salary and remuneration to the Group's former CFO until October, when she left the company. They also include an amount of SEK 1.1 m for the period during which she was no longer operative. The Group Management includes two individuals engaged as consultants: the interim CFO from October 2012 and a second person who has been active throughout the year. Both of these individuals invoice the company for their services. The invoice amounts are not included in the table above, but amounts to SEK 2.6 m.

The Board 2011	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.

Group Management 2011	Salary	Bonus	Pension	Other remuneration	Total
Jérôme Arnaud (CEO)	3,337	1,943	124	74	5,478
Other Group Management	3,808	1,558	1,366	523	7,255
Total	7,145	3,501	1,490	597	12,733

Pension schemes for Group Management are primarily premium-based with premiums of SEK 2.5 m (1.5) being paid in 2012.

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 Group Management comprises a basic salary, variable remuneration, bonus, 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 6 (4) other members of the Group Management. Average number of executives in the Group Management in 2012: 6 (5).

Pensions

The retirement age for other Group Management 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 retirement age for the CEO is 65 years. No agreements have been signed concerning pension commitments or the equivalent, more than is mentioned in the periods of notice mentioned below, whether for Board members or Group Management.

Note 5 contd.

Bonus

Bonus refers to earned bonus. The bonus is linked to operating profit, EBIT. The maximum cost for variable remuneration and bonus to Group Management must not exceed SEK 10.0 m (5.0). The bonus is normally paid out during the year after it is earned. In 2013 there will be no bonus paid for 2012. Bonus for 2011 paid in 2012 was SEK 2.8 m.

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 during the 12 month notice period. No severance pay will be paid if notice is given by CEO. Other senior executives have agreement of salary during notice between 3 and 6 months.

Nominations and decision-making processes

These procedures are explained in the Directors' Report.

Share-related compensation and Options

No member of the Board receives any share-based compensation (options, convertible debentures or similar) issued by Doro or its principal owner. In accordance with the mandate provided by the Annual General Meeting on March 23, 2011, all of Doro's employees have been offered warrants granting them the right to acquire shares at the target price of SEK 35.30 between April 1, 2014 and June 30, 2014 and a warrant price of SEK 3.40. The warrant price was calculated according to the Black & Scholes model, taking into consideration the dividend approved by the annual general meeting in 2011, a share price of SEK 28.68, volatility of 29%, riskfree interest of 2.79% and duration of 3.25 year (2011-03-31 – 2014-06-30). The CEO subscribed for 200,000 warrants and the rest of the Group Management subscribed for 155,000 warrants. Doro Incentive AB subscribed for 192,830 warrants possible to be used for future employees. During 2012, Doro Incentive AB purchased 18,000 warrants from employees who left Doro. Doro Incentive AB holds 210,830 warrants as per December 31, 2012.

Note 6

Interest and similar items

Income	The Group		Parent Company	
	2012	2011	2012	2011
Interest income, external	1.6	0.9	1.6	0.9
Interest income, internal	-	-	0.0	0.0
Exchange rate gain	0.0	10.1	0.0	10.1
Other	0.0	0.0	0.0	0.0
Total	1.6	11.0	1.6	11.0
Expenses				
Interest expenses, external	-0.1	-0.1	0.0	0.0
Interest expenses, internal	-	-	-0.6	-0.4
Exchange rate losses	-13.4	0.0	-13.4	0.0
Other	0.0	0.0	0.0	0.0
Total	-13.5	-0.1	-14.0	-0.4
Financial net	-11.9	10.9	-12.4	10.6

Interest income consists of interest earned on bank balances and current investments. Interest expenses consist of interest paid on bank loans. At year-end, two bank loans were outstanding totaling SEK 1.6 m (2.4). The overdraft facility is unused. Exchange gains and losses amounting to a negative net of SEK 13.4 m (10.1) derive from revaluations of foreign exchange contracts.

Parent company/Goodwill	2012	2011
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	-17.2	-15.3
Write-downs for the year	-1.9	-1.9
Closing depreciation/write-downs	-19.1	-17.2
Closing residual value according to plan	0.0	1.9

Parent company/Customer register	2012	2011
Acquisition value brought forward	14.8	8.9
Acquisitions during the year	0.0	5.9
Closing accumulated acquisition value	14.8	14.8
Write-downs brought forward	-4.0	-1.8
Write-downs for the year	-3.0	-2.2
Closing depreciation/write-downs	-7.0	-4.0
Closing residual value according to plan	7.8	10.8

The Group assesses the need for goodwill to be written down on an annual basis or when indications of impairment arise. Impairment testing is applied at the lowest level where separable cash flows can be identified. Since all Group companies' activities and payments are highly inter-dependent, consolidated goodwill is not broken down further.

The recoverable value of the unit has been established based on the current value in use of future cash flows. Future cash flows are estimated on the basis of expected growth rate in accordance with established forecasts for the next five years. These forecasts are based on historical experience, but also takes expected future development into account. The average growth rate for the unit is estimated to 5 percent (4) annually over the next five years. Sustainable growth is estimated at 1 percent (2). Assumptions regarding future growth and profitability are based on external and internal estimates of market growth, past performance and management's assessment of market shares.

The forecasted cash-flows have been calculated using a pre-tax discount rate of 14.4 percent (13.9), corresponding to 12.0 percent (12) after tax. The WACC discount factor, has been set using the Capital Asset Pricing Model (CAPM). As part of the WACC the risk free interest equivalent to the yield on 10-year government-bonds has been applied with the addition of stock market's risk premium for small companies. The return requirement has been ascertained based on the optimum capital structure as derived from the capital market. Since the recoverable amount exceeds the carrying amount, no need for impairment is deemed to exist. A sensitivity analysis shows that even if growth were halved and the WACC raised by 1 percentage point, there would still be no need for impairment.

For the Parent Company goodwill was originally acquired internally from Doro Nordic AB and originates from internal divestments of operations in 2002. Goodwill and the customer register in the Parent company are eliminated at the Group level.

Note 7

Intangible fixed assets

Group/ Goodwill	2012	2011
Opening cost	26.4	8.8
Acquisitions during the year	0.0	17.7
Exchange rate difference	-0.6	-0.1
Closing accumulated cost	25.8	26.4
Group / Customer register		
Acquisition value brought forward	5.6	0.0
Acquisitions during the year	0.0	5.9
Exchange rate difference	-0.2	-0.3
Closing accumulated acquisition value	5.4	5.6
Write-downs brought forward	-0.4	0.0
Write-downs for the year	-1.1	-0.4
Closing depreciation/write-downs	-1.5	-0.4
Closing residual value according to plan	3.9	5.2

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. In 2011 Doro made the acquisitions of the companies Birdy och Prylos. Goodwill related to trademarks connected to the acquisition have been identified.

The Group / Brands	2012	2011
Acquisition value brought forward	1.1	0.0
Acquisitions during the year	0.0	1.1
Exchange rate difference	-0.1	0.0
Closing accumulated acquisition value	1.0	1.1
Depreciation according to plan brought forward	-0.1	0.0
Depreciation according to plan for the year	-0.2	-0.1
Closing depreciation according to plan	-0.3	-0.1
Closing residual value according to plan	0.7	1.0

Parent company/ Brands	2012	2011
Acquisition value brought forward	36.8	35.8
Acquisitions during the year	0.0	1.0
Closing accumulated acquisition value	36.8	36.8
Depreciation according to plan brought forward	-32.2	-28.6
Depreciation according to plan for the year	-3.8	-3.6
Closing depreciation according to plan	-36.0	-32.2
Closing residual value according to plan	0.8	4.6

The Group's capitalized expenditure for development work / IT	2012	2011
Acquisition value brought forward	42.3	24.4
Acquisitions during the year	12.7	8.1
Acquisitions	0.0	6.3
Exchange rate difference	-0.1	-0.2
Sales/Disposals	0.0	0.0
Reclassifications	3.8	3.7
Closing accumulated acquisition value	58.7	42.3
Depreciation according to plan brought forward	-24.4	-13.5
Depreciation according to plan for the year	-14.9	-10.9
Sales/Disposals	0.0	0.0
Reclassifications	0.0	0.0
Closing depreciation according to plan	-39.3	-24.4
Closing residual value according to plan	19.4	17.9

Ongoing capitalized expenditure for development work /IT	2012	2011
Opening balance	8.8	5.8
Balanced during the year	-7.5	-3.7
New expenditure	8.7	7.1
Cost accounted	-0.6	-0.4
Closing balance	9.4	8.8
Total closing residual value	28.8	26.7

Parent company / Capitalized expenditure for development work / IT	2012	2011
Acquisition value brought forward	42.6	24.4
Acquisitions during the year	12.7	14.5
Reclassifications	3.8	3.7
Closing accumulated acquisition value	59.1	42.6
Depreciation according to plan brought forward	-24.3	-13.5
Depreciation according to plan for the year	-15.0	-10.8
Closing depreciation according to plan	-39.3	-24.3
Closing residual value according to plan	19.8	18.3

Ongoing capitalized expenditure for development work /IT	2012	2011
Opening balance	8.8	5.8
Balanced during the year	-7.5	-3.7
New expenditure	8.7	7.1
Cost accounted	-0.6	-0.4
Closing balance	9.4	8.8
Total closing residual value	29.2	27.1

Note 8

Tangible fixed assets

	The Group		Parent Company	
Equipment and tools	2012	2011	2012	2011
Acquisition value brought forward	22.6	18.9	18.2	15.4
Acquisitions during the year	5.5	2.6	5.1	2.4
Acquisitions	0.0	0.5	0.0	0.0
Sales/Disposals	0.0	-0.3	0.0	0.0
Reclassifications	7.4	0.9	7.4	0.4
Exchange rate difference	-0.1	0.0	0.0	-
Closing acquisition value	35.4	22.6	30.7	18.2
Depreciation according to plan brought forward	-17.4	-15.1	-14.6	-12.8
Depreciation according to plan for the year	-5.5	-2.2	-5.1	-1.8
Sales/Disposals	0.0	0.3	0.0	0.0
Reclassifications	0.0	-0.4	0.0	0.0
Exchange rate difference	0.0	0.0	-	-
Closing depreciation according to plan	-22.9	-17.4	-19.7	-14.6
Closing residual value according to plan	12.5	5.2	11.0	3.6

Ongoing expenditure for Equipment and tools	2012	2011	2012	2011
Opening balance	3.7	0.7	3.7	0.7
Balanced during the year	-3.7	3.4	-3.7	3.4
Reclassifications	0.0	-0.4	0.0	-0.4
Cost accounted	0.0	0.0	0.0	0.0
Closing balance	0.0	3.7	0.0	3.7
Total Tangible Fixed assets	12.5	8.9	11.0	7.3

Note 9

Participation in Group companies

Subsidiary	No of. shares	%		Nominal value	Book value 2011	Shareholders' equity ¹⁾ 2011	Profit and loss 2012	Book value 2010
Doro A/S	200	100	NOK	0,1 Mkr	0.60	2.6	0.6	0.60
Doro UK Ltd.	3,013,400	100	GBP	32,1 Mkr	4.20	9.8	1.3	4.20
Doro SAS	66,667	100	EUR	8,9 Mkr	11.60	30.6	4.0	11.60
Doro Hong Kong Ltd.	4,500	100	HKD	4,0 Mkr	5.10	4.6	0.1	5.10
Doro Inc.	3,000	100	USD	0,0 Mkr	0.04	1.2	0.6	0.04
Doro Incentive AB	50,000	100	SEK	0,1 Mkr	0.06	0.1	0.0	0.06
Doro Deutschland GmbH	1	100	EUR	0,2 Mkr	0.20	0.3	0.1	0.0
					21.8	49.2	6.7	21.6

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

	2012	2011
Opening balance	21.6	21.5
Newformed company	0.2	0.1
Closing balance	21.8	21.6

Subsidiary – Company reg. no	Registered office
Doro A/S – 934210719	Fredrikstad, Norway
Doro UK Ltd. – 1180330	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
Doro Incentive AB – 556843-4962	Lund, Sweden
Doro Deutschland GmbH – HRB75859	Cologne, Germany

During 2012 Doro Deutschland GmbH was constituted to support the German market.

Note 10

Prepaid expenses and accrued income

	The Group		Parent Company	
	2012	2011	2012	2011
Prepaid rent	0.8	0.4	0.7	0.3
Other prepaid expenses	2.6	1.3	1.9	1.0
Total	3.4	1.7	2.6	1.3

Note 11

Share capital and dividends

	No. of shares	Voting rights	Class
A shares	19,349,174	1 vote per share	Normal

Share capital

19,349,174 shares at a quota value of SEK 1.00 per share = SEK 19,349,174.

Dividends

The Board of Directors proposes that dividend of SEK 1.25 will be distributed to the shareholders for the 2012 fiscal year.

Note 12

Credit facilities

	The Group		Parent Company	
	2012	2011	2012	2011
Approved credit	31.5	31.5	30.0	30.0
Utilized credit	0.0	0.0	0.0	0.0

Note 14

Pledged assets to credit institutions

	The Group		Parent Company	
	2012	2011	2012	2011
Chattel mortgages	170.0	170.0	170.0	170.0
Shares in Group companies ¹⁾	49.2	43.6	21.8	21.6
Total	219.2	213.6	191.8	191.6

1) 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

Taxes on profit/loss for the year	The Group		Parent Company	
	2012	2011	2012	2011
Current tax	-0.3	-3.5	0.0	0.0
Deferred tax	3.7	-11.5	4.3	-12.6
Total tax on profit/loss for the year	3.4	-15.0	4.3	-12.6

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

Taxes	The Group		Parent Company	
	2012	2011	2012	2011
Reported profit/loss before tax	49.5	72.9	32.8	56.1
Tax at current rate 26.3 %	-13.0	-19.2	-8.6	-14.7
Non-deductible expenses	-0.3	-2.4	-0.1	-1.9
Non-taxable income	1.4	0.0	1.4	0.0
Utilisation of previously unrecognized tax loss carryforwards	1.4	0.0	1.4	0.0
Temporary differences without corresponding capitalization of deferred tax	0.0	-7.0	0.0	-7.0
Change in valuation in losses carryforwards	0.4	11.5	0.0	11.1
Change in valuation of temporary differences	13.0	1.6	11.0	0.0
Adjustment for change in tax rate	-0.6	0.0	-0.8	0.0
Adjustment for tax rates in foreign Group company	1.0	0.5	0.0	0.0
Reported tax	3.4	-15.0	4.3	-12.6

Note 13

Accrued expenses and prepaid income

	The Group		Parent Company	
	2012	2011	2012	2011
Holiday pay liability	5.3	4.4	3.3	2.6
Payroll overheads	4.6	3.9	2.0	1.5
Stock accounts interim	5.7	30.5	5.7	30.5
Other staff liabilities	1.5	11.9	0.5	11.1
Accrued Royalty	20.9	11.9	20.9	11.9
Accrued customer bonus	19.7	16.9	19.5	16.6
Other accrued expenses	22.2	14.8	19.6	11.4
Total	79.9	94.3	71.5	85.6

Note 16

Auditors

The 2012 AGM elected Göran Neckmar (Ernst & Young AB) to be the auditor of the Parent Company, Doro AB. Ernst & Young will carry out auditing at all large units for the period of one year.

Fees and costs	The Group		Parent Company	
	2012	2011	2012	2011
Auditing assignments	0.8	0.6	0.6	0.5
Auditing outside the assignment	-	-	-	-
Tax assignments	0.7	1.8	0.7	1.8
Other advisory services by auditors	0.8	0.7	0.7	0.7
Total	2.3	3.1	2.0	3.0

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.

Note 17 contd.

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:

Deferred tax asset	The Group		Parent Company	
	2012	2011	2012	2011
Unutilized losses carry forward	4.0	16.1	4.0	16.1
Temporary differences, provisions	14.6	0.0	14.6	0.0
Temporary differences, other	2.4	1.3	1.7	0.0
Total reported deferred tax asset	21.0	17.4	20.3	16.1

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 78 m (123) 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:	2012	2011
Without limit	78	123
Total	78	123

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

	The Group		Parent Company	
	2012	2011	2012	2011
	18	19	0	0

Note 18

Acquisitions

Goodwill is attributable to future customers and products, cross-selling opportunities for Doro, ability to improve future Doro products with advanced features for acquired technical know-how, and skilled development team. The acquisitions are expected to generate costsavings as a result of economies of scale. Costs directly related to the acquisitions SEK 2.3 m has been accounted for in other external costs in 2011.

Acquisition of Prylos SAS

On July 11, 2011, Doro SAS acquired 100 percent of Prylos SAS. Prylos is a French company that offers an Android-based platform for Doro's new product launches, as well as a focused development team within senior telecom solutions. The acquisition will support Doro's growth strategy, which includes expanding into mobile health solutions. Prylos activities had sales of SEK 7.5m 2011. As of October 1, 2011 all sales etc. for Prylos software is sold through Doro AB. On the acquisition date, the number of employees was 12. Prylos SAS was merged with Doro SAS on December 30, 2011.

The acquired net assets and goodwill are presented below:

SEK m	2011
Purchase consideration	17.1
Net debt	-1.9
Total acquisition value	15.2
Fair value of acquired net assets	-6.2
Goodwill	9.0

The following assets and liabilities were included in the acquisition:

SEK m Fair value	
Intangible fixed assets	5.9
Tangible fixed assets	0.1
Finacial fixed assets	0.2
Deferred tax assets	0.2
Accounts receivables	2.0
Other current assets	2.0
Cash	0.5
Interest-bearing liabilities	-2.4
Accounts payable	-0.9
Other current liabilities	-1.4
Acquired net assets	6.2
Goodwill	9.0
Total purchase consideration	15.2
Deferred payment	-0.9
Contingent consideration	-1.8
Net debt in acquired company	1.9
Change in the Group's cash flow resulting from the acquisition	14.4

2012

During 2012, SEK 0.4 m of the deferred payment has been disbursed. The potential additional purchase consideration has been revalued at SEK 1.4 m and is recognized as a long-term liability. The result effect of this revaluation, SEK 0.4 m, is recognized in the operating result under Other external costs. In the cash flow analysis it is recognized under Adjustments for other non-cash items. The additional purchase price amounts to EUR 0.0 – 0.8 m.

Acquisition of Birdy Technology SAS

On August 31, 2011, Doro SAS acquired 100 percent of Birdy Technology SAS, which operates in the area of teleassistance. As its main product, Birdy Technology develops a fixed GSM gateway which, via the mobile network connects various sensors (fall sensors, wrist alarms, smoke detectors etc.) to a callcenter when the sensors are triggered. In this way, senior's everyday lives are made safer and more comfortable, while relatives are granted peace of mind. Birdy Technology's customers include both private and public home-tele-assistance companies in France. The acquisition of Birdy Technology represents an opportunity for Doro to strengthen its offer in tele-assistance, forming a solid platform from which to add mHealth services at a later stage. Birdy Technology activities had sales of SEK 11.6 m 2011. As of October 1, 2011, all sales etc. for Birdy Technology products is sold through Doro AB. On the acquisition date, the number of employees was 2. Birdy Technology SAS was merged with Doro SAS on December 30, 2011.

The acquired net assets and goodwill are presented below:

SEK m	2011
Purchase consideration	15.5
Net cash	0.4
Total acquisition value	15.9
Fair value of acquired net assets	-7.2
Goodwill	8.7

The following assets and liabilities were included in the acquisition:

SEK m Fair value	
Intangible Fixed Assets	7.4
Tangible Fixed assets	0.4
Inventory	0.6
Accounts Receivables	1.6
Other current Assets	0.2
Cash	0.9
Interest-bearing liabilities	-0.5
Accounts payable	-0.9
Other current liabilities	-0.3
Tax	-0.3
Deferred tax liability	-1.9
Acquired net assets	7.2
Goodwill	8.7
Total purchase consideration	15.9
Share issue in kind	-6.3
Contingent consideration	-4.0
Net cash in acquired company	-0.4
Change in the Group's cash flow resulting from the acquisition	5.2

2012

The potential additional purchase consideration has been revalued at SEK 2.3 m, of which SEK 1.5 m is accounted for as a long-term liability and SEK 0.8 m as a current liability. The result effect of this revaluation, SEK 1.7 m, is recognized in the operating result under Other external costs. In the cash flow analysis it is recognized under Adjustments for other non-cash items. The additional purchase price amounts to EUR 0.0 – 0.6 m.

Note 19

Finished goods and goods for resale

The Group	2012	2011	Parent company	2012	2011
Opening gross stock	65.2	60.5	Opening gross stock	65.2	60.5
Change in gross stock	31.7	4.7	Change in gross stock	31.7	4.7
Closing gross stock	96.9	65.2	Closing gross stock	96.9	65.2
Opening write-downs of stock	-5.0	-5.5	Opening write-downs of stock	-5.0	-4.9
Change in write-downs of stock	-0.6	0.5	Change in write-downs of stock	-0.6	-0.1
Closing write-downs of stock *	-5.6	-5.0	Closing write-downs of stock *	-5.6	-5.0
Net stock in balance sheet	91.3	60.2	Net stock in balance sheet	91.3	60.2

* Acquisition value for the inventory reserve of SEK 5.6 m (5.0) is based on inventory book value of SEK 26.6 m (14.2).

Note 20

Allocations for guarantees

Doro's products are subjected to extensive quality testing. Guarantees are given to end-users that extend for a minimum 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	
	2012	2011	2012	2011
Opening balance	23.9	24.4	23.9	24.4
Amount released	-31.9	-31.5	-31.9	-31.5
New allocations	35.5	31.0	35.5	31.0
Closing balance	27.5	23.9	27.5	23.9

Note 21

Pension allocations

The Group	2012	2011
Opening balance	1.1	0.7
Amount released	0.0	0.0
New allocations	0.4	0.4
Closing balance	1.5	1.1

Note 22

Other allocations

	The Group		Parent Company	
	2012	2011	2012	2011
Opening balance	57.9	20.9	57.3	19.5
Amount released	-5.0	-1.0	-5.0	-0.8
New allocations	21.2	38.6	21.2	38.6
Unutilized amount cancelled	-6.2	-0.6	-5.6	0.0
Closing balance	67.9	57.9	67.9	57.3

	The Group		Parent Company	
	2012	2011	2012	2011
Additional costs	66.6	50.8	66.6	50.8
Other allocations	1.3	7.1	1.3	6.5
Closing balance	67.9	57.9	67.9	57.3

Additional costs

Additional costs include costs that are known but that have not been debited at the time of invoicing and those that are unknown but expected at the time of invoicing. The provision for additional costs is charged against costs for goods sold to obtain correct allocation by period of the gross margin.

Note 23

Risk management and financial instruments

FINANCIAL RISK MANAGEMENT

The Board of Directors of Doro has adopted a treasury policy that regulates how financial risks are identified and managed. Risk management aims to reduce or eliminate risks. The main focus is to achieve a low risk profile.

Doro AB (parent company) has the overall responsibility for the Group's financial risk management including currency risk management, liquidity management and cash management. Through centralization and coordination significant economies of scale can be obtained regarding terms for financial transactions and financing. The risks Doro is exposed to are described below.

CREDIT AND COUNTERPART RISK

The Group is primarily exposed to credit risk associated with financial investments and receivables management as well as counterparty risk associated with hedging. Credit and counterparty risks are managed centrally by the parent company of Doro AB and is regulated by the Treasury Policy. Financial instruments may only be made with counterparts/issuers within the categories government, municipalities and banks. As of December 31, 2012 the short-term investments in municipal and state amounted to SEK 70.0 m (40.0) and in banking SEK 0 m (15.0).

The value of account receivables amounts to SEK 165.9 m (118.4). In recent years Doro has experienced very low credit losses (less than 0.5 percent of sales) due to that the main customer group is large businesses with regular trading. The single largest customer accounts for 11.7 percent (11) of the Groups sales. In most countries Doro operates without credit insurance.

Age analysis of accounts receivable	The Group	
	2012	2011
Not yet due	126.7	110.4
Due for payment < 60 days	34.9	3.7
Due for payment > 60 days	4.3	4.3
Total accounts receivable	165.9	118.4
Expected customer losses	-4.9	-3.8
Accounts receivable in report	161.0	114.6

Doubtful accounts receivable, change	The Group	
	2012	2011
Opening balance	-3.8	-4.4
Expected customer losses	-1.5	-2.0
Confirmed customer losses	0.0	-0.1
Amount cancelled	0.4	2.7
Closing balance	-4.9	-3.8

Other receivables

Other receivables are not yet due.

LIQUIDITY AND REFINANCING RISK

As per the end of 2012 the Group had SEK 1.6 m (2.4) in interestbearing liabilities whereof SEK 0.8 m (0.8) falls due within twelve months.

The group credit facilities amounts to SEK 31.5 m (31.5) of which SEK 0.0 m (0.0) was utilized. Doro's credit contract expires June 30, 2013. The Group's liquidity amounted as per December 31, 2012 to SEK 141.1 m (148.4) which includes financial investments and bank funds.

CURRENCIES

Doro is exposed to currency risk due to fluctuations in exchange rate that may affect sales, earnings and equity negatively. The management is below divided into risk management in connection with transaction exposure and translation exposure.

Effective from January 1, 2013 Doro applies hedge accounting in accordance with IFRS

Doro's overall hedging strategy continues to comply with the established treasury policy in terms of purpose, amount, maturities and currencies. What was changed on January 1, 2013 is the way that entered forward exchange contracts are reported.

Reporting until December 31, 2012

Until December 31, 2012, all revaluations of outstanding foreign exchange contracts have been reported among financial items. On maturity, accumulated changes in value were transferred from financial items to operating result, leading to fluctuations in operating result and financial net.

Reporting from January 1, 2013

From January 1, 2013, the changes in the value of forward exchange contracts classified as cash-flow hedges are recognized under Other Comprehensive Income. Hedge accounting ceases when the underlying exposure is reported in the balance sheet (i.e. when purchases and sales are made). Accumulated results in the hedging reserve (included under Other Comprehensive Income) will then be dissolved against the cost of goods sold for forward exchange contracts arising from purchases, or against sales revenue for forward exchange contracts arising from sales. Forward exchange contracts that are not hedged will be classified as "held for trading". Changes in the values of these foreign currency transactions will be recognized directly in the sales revenue for contracts relating to sales and in the cost of goods sold for contracts relating to purchases. This will only occur in exceptional cases. In connection with the implementation, all EUR, USD, NOK and GBP forward exchange contracts related to exposures that have not yet entered the balance sheet will be classified as hedge accounting. Initially, CAD forward exchange contracts will not be hedged due to the relatively small volumes involved and the uncertainty in the timing of the cash flows. Flows formerly measured in DKK have been transferred to EUR and no forward exchange contracts remain in DKK.

Transaction exposure

Transaction exposure arises when sales and purchases are made in foreign currencies. Doro has income and expenses in different currencies. Products are primarily contracted and paid in USD and the sales are mainly in EUR, GBP and the Nordic currencies. In accordance with the treasury policy forecasted cash flows are hedged on a quarterly basis to between 75 and 100 percent. The foreign exchange management is centralized and concentrated to the finance department at Doro AB, which buys and sells currencies under the treasury policy. The market value of current forward contracts was SEK -3.0 m (10.4) at the end of 2012.

Transaction volumes 2012 (SEK m)

(Before and after hedging)

Currency	Before hedging 2012	After hedging 2012	Before hedging 2011	After hedging 2011
CAD	44	8	52	11
DKK	4	0	13	4
EUR	268	19	23	1
GBP	76	4	224	20
NOK	61	22	61	-23
USD	-333	-23	-298	-83

Translation exposure

Translation exposure arises when foreign assets and liabilities, as well as income statements, in foreign subsidiaries are translated into SEK upon consolidation. Doro does not hedge the translation exposure. At year-end the value of foreign net assets was SEK 49.0 m (44.0). The below table shows the breakdown by currency.

Value of foreign assets	2012	2011
USD	1	1
NOK	3	2
EUR	31	27
GBP	10	9
HKD	4	5
Total	49	44

Financial instruments

The Group	2012		2011		Classification
	Reported	Actual	Reported	Actual	
Accounts receivable	161.0	161.0	114.6	114.6	Accounts receivable and loans receivable
Other receivables	25.8	25.8	25.4	25.4	Accounts receivable and loans receivable
Currency options/forwards	0.0	0.0	10.4	10.4	Financial asset at fair value
Short term investments	70.0	70.0	55.0	55.0	Saleable assets
Cash at bank	71.1	71.1	93.4	93.4	Saleable assets
Assets	327.9	327.9	298.8	298.8	
Currency options/forwards	3.0	3.0	0.0	0.0	Other financial liabilities
Liabilities to credit institutions	1.6	1.6	2.4	2.4	Other financial liabilities
Accounts payable	122.5	122.5	82.2	82.2	Other financial liabilities
Other liabilities	7.2	7.2	10.3	10.3	Other financial liabilities
Liabilities	134.3	134.3	94.9	94.9	

Parent company	2012		2011		Classification
	Reported	Actual	Reported	Actual	
Accounts receivable	160.0	160.0	113.2	113.2	Accounts receivable and loans receivable
Accounts receivable at Group Companies	0.1	0.1	2.8	2.8	Accounts receivable and loans receivable
Other receivables	20.2	20.2	22.1	22.1	Accounts receivable and loans receivable
Currency options/forwards	0.0	0.0	10.4	10.4	Financial asset at fair value
Short term investments	70.0	70.0	55.0	55.0	Saleable assets
Cash at bank	68.6	68.6	89.7	89.7	Saleable assets
Assets	318.9	318.9	293.2	293.2	
Currency options/forwards	3.0	3.0	0.0	0.0	Other financial liabilities
Liabilities to credit institutions	0.0	0.0	0.0	0.0	Other financial liabilities
Accounts payable	119.5	119.5	79.0	79.0	Other financial liabilities
Liabilities to Group companies	41.3	41.3	42.6	42.6	Other financial liabilities
Other liabilities	2.2	2.2	0.8	0.8	Other financial liabilities
Liabilities	166.0	166.0	122.4	122.4	

Proposal for distribution of earnings

The funds available to the annual general meeting consists of:

Profit brought forward	62,521,874.25
Profit for the year	37,085,557.91
Total	99,607,432.16

The board of directors proposes that the funds available for the annual general meeting are allocated so that:

SEK 1.25 per share is distributed to the shareholders	24,186,467.50
Carried forward	75,420,964.66
Total	99,607,432.16

After payment of the proposed dividend, the company and the group will continue to have a satisfactory financial position meeting the demands of the industry in which the company operates. After payment of the proposed dividend, the company and the group will continue to have a satisfactory level of consolidation and liquidity position and a satisfactory general financial position.

Payment of the proposed dividend will not affect the company's short or long term ability to discharge its present liabilities or the company's ability to make any required investments.

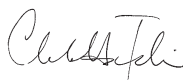
In summary, considering the company's and the group's current financial position and nature of operations the board of directors recommends the declaration of the proposed dividend.

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 the Parent Company's position and earnings and directors' report give a true overview of developments in the Group's and the Parent Company's business, position and earnings and describes significant risks and uncertainty factors faced by Group companies and the Parent Company.


Lund, April 8, 2013



Bo Kastensson
Chairman of the Board



Charlotta Falvin
Board member



Karin Moberg
Board member



Jonas Mårtensson
Board member



Jérôme Arnaud
CEO and Board member

Our auditor's report was submitted on April 8, 2013

Ernst & Young AB



Göran Neckmar
Authorized Public Accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Doro AB (publ) for the year 2012, except for the corporate governance statement on pages 30-37. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 20-60.

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

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 30-37. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of ABC AB for the year 2012. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 30-37 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

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

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

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

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated 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.

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, April 8, 2013

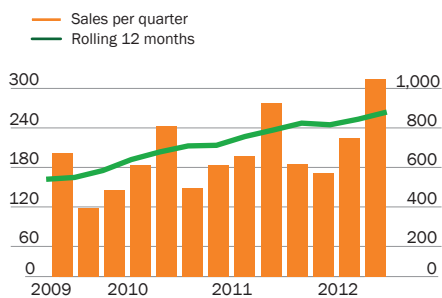
Ernst & Young AB

Göran Neckmar
Authorized Public Accountant

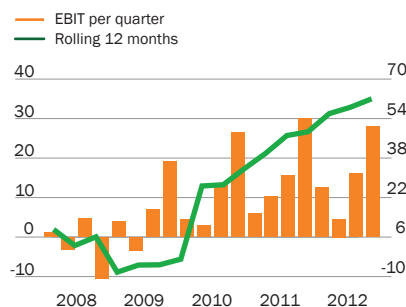
Quarterly summary

SEK m	2012				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Quarterly profit trend								
Income/Net sales	170	156	211	300	135	165	181	264
Operating costs	-153	-147	-189	-265	-126	-152	-162	-229
Operating profit/loss before depreciation	17	9	22	35	9	13	19	35
Planned depreciation and write-downs	-5	-4	-6	-7	-3	-3	-3	-5
Operating profit/loss after depreciation	12	5	16	28	6	10	16	30
Net financial items	-9	2	-4	0	-1	-2	11	3
Profit/loss after financial items	3	7	12	28	5	8	27	33
Taxes	0	-1	14	-10	0	0	-1	-14
Net profit/loss	3	6	26	18	5	8	26	19
Quarterly balance sheet for the Group								
Intangible assets	60	64	57	59	26	27	58	59
Tangible assets	8	8	14	12	5	5	6	9
Financial assets	1	1	1	1	0	0	1	1
Deferred Tax Asset	17	17	31	21	31	31	30	17
Inventories	67	67	83	91	48	46	49	60
Current receivables	118	108	136	191	87	130	129	155
Cash and bank balances	89	107	114	141	65	66	93	148
Total assets	360	372	436	516	261	304	365	449
Shareholders' equity	160	166	190	209	117	126	159	177
Long-term Liabilities	87	85	99	100	47	62	70	89
Current Liabilities	113	121	147	207	97	116	135	183
Total shareholders' equity and liabilities	360	372	436	516	261	304	365	449
Quarterly cash flow								
Operating profit/loss after financial items	3	7	12	28	6	8	26	33
Depreciation according to plan	5	4	6	7	3	3	3	5
Other non cash flow items	10	-1	4	-2	1	2	-10	-3
Taxes	0	-2	-1	-1	-1	-1	-1	-1
Change in working capital	-51	18	-8	2	-21	-9	33	31
Cash flow from current activities	-33	26	13	34	-12	3	51	65
Investments	-7	-8	-5	-7	-4	-3	-24	-10
Cash flow from investment activities	-7	-8	-5	-7	-4	-3	-24	-10
Dividend/Premium for Warrant Program	-19	0	0	0	-9	1	0	0
Change in interest-bearing liabilities	0	0	-1	0	0	0	0	0
Cash flow from financial activities	-19	0	-1	0	-9	1	0	0
Translation differences and other	0	0	0	0	0	0	0	0
Liquid assets (change in liquid funds)	-59	18	7	27	-25	1	27	55

Sales per quarter
and rolling 12 months, SEK m



EBIT per quarter
and rolling 12 months, SEK m



Five-year summary

SEK m	2012	2011	2010	2009	2008
Income statement					
Income	837.5	745.4	632.8	492.6	362.5
Operating profit/loss before depreciation and write-downs, EBITDA	83.1	75.6	63.1	38.1	-3.6
Operating profit/loss after depreciation and write-downs, EBIT	61.4	62.0	47.0	26.7	-8.2
Net financial items	-11.9	10.9	-0.6	-1.7	-1.9
Profit/loss after financial items	49.5	72.9	46.4	25.0	-10.1
Balance sheet					
Fixed assets	93.2	86.1	60.8	41.9	34.1
Current assets	282.1	214.3	186.8	150.0	123.4
Cash and bank balances	141.1	148.4	89.5	40.4	12.6
Shareholders' equity	209.0	177.3	121.3	67.6	30.0
Long-term liabilities	100.6	90.3	46.0	21.4	14.5
Current liabilities	206.8	181.2	169.8	143.3	125.5
Balance sheet total	516.4	448.8	337.1	232.3	170.1
KEY FIGURES (Definitions: see below)					
Return ratios					
Average return on capital employed, % *	94.5	116.1	80.1	52.0	neg
Average return on shareholders' equity, % *	27.4	38.8	60.4	46.7	neg
Earnings per share after taxes paid, SEK *	2.34	3.62	2.04	-	-
Cash conversion rate	65	169	171	-	-
Margins					
Operating margin, EBITDA, %	9.9	10.1	10.0	7.7	-1.0
Operating margin, EBIT, %	7.3	8.3	7.4	5.4	-2.3
Net margin, %	5.9	9.8	7.3	5.1	-2.8
Capital turnover					
Capital turnover rate (multiple)	1.7	1.9	2.2	2.4	2.2
Financial data					
Equity/assets ratio, %	40.5	39.5	36.0	29.1	17.6
Cash flow from current activities	40.2	104.9	80.4	64.4	-21.4
Number of employees	81	77	61	60	59
Liquid assets (incl. unused credit)	172.6	177.5	121.5	51.6	28.3
Investments	27.3	40.8	20.6	17.5	10.2

* No dilution effect.

Financial definitions

Number of employees

Average number of employees.

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.

Investments

Net investments including acquisitions.

CCS – Cash conversion rate

Cash flow from current operations divided by EBIT.

Capital turnover rate

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

Cash flow

Cash flow from current activities.

Cash flow per share

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

Liquid funds

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

Net margin

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

Net debt/equity ratio

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

Earnings per share after taxes paid

Profit/loss after taxes paid divided by average number of shares for the period.

Earnings per share after taxes paid, after dilution

Profit/loss after taxes paid divided by the average number of shares for the period after dilution.

Earnings per share after tax

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

Earnings per share after tax, after dilution

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

Earnings per share before tax

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

Earnings per share before tax, after dilution

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

Interest cover ratio

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

Operating margin, EBIT

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

Keep in touch with Doro

Press releases 2012

December 13	Consumer Cellular launches Doro PhoneEasy® 618 – the first 3G model for seniors on the North American market.	March 21	Bulletin from Doro AB (publ.) Annual General Meeting 2012.
November 15	Doro continues its international expansion through a sales agreement with Irish O2.	February 29	Doro Reveals First Application Partners.
November 14	Bosch selects Doro to enrich its telecare offering with mobile solutions.	February 27	Doro Enters The Smart World.
November 12	Doro to showcase new offerings within telecare and Telehealth at MEDICA – the world's largest trade fair for medical equipment.	February 16	Notice of annual general meeting 2012.
November 8	Report for the third quarter 2012.	January 31	Doro Experience – an easy-to-use function for smartphones, tablets and PCs.
November 5	European market leader integrates the protocol Doro Secure IP in its alarm receiving centers.	January 27	German Court confirms previous preliminary ruling against German competitor on phone design.
October 30	Doro to present its report for the third quarter via audiocast and telephone conference.	January 26	Doro to present its year-end report via webcast and telephone conference.
October 15	Irish eMobile chooses another Doro mobile to strengthen its offer.	January 25	Doro's design is rewarded with the French Janus de la Santé Award.
October 11	Doro strengthens its partnership with Irish postfone.	January 23	John Lewis of the UK to market four Doro easy-to-use home phones.
October 8	Doro continues to strengthen its international presence through a sales agreement with Meteor of Ireland.		
September 27	Following earlier sales success, O2 markets a second Doro easy-to-use mobile phone in the UK and Ireland.		
September 25	Doro's investments in product development give further results – Doro PhoneEasy® 520X.		
August 20	Doro PhoneEasy® 615 is now one of Orange Israel's best-selling phones.		
August 17	Doro opens up a new market – Hungary – and develops its cooperation with Telenor.		
August 9	Doro to present its report for the second quarter via audiocast and telephone conference.		
June 20	Doro® continues to broaden its presence in Australia and to strengthen its cooperation with Vodafone.		
May 14	Doro loses dispute with Fysics of the Netherlands.		
April 27	Doro® increases its presence in Australia with a retail agreement with a telecom operator.		
March 23	Bulletin from Doro AB's Annual General Meeting 2012.		

To easily find the information you need: _____

www.doro.com

Our web site with information, news and support to you as a consumer.

www.doro.com/corporate

Our group web site with information about the company Doro, press releases and the latest financial information.

www.facebook.com/DoroSverige

Our facebook page where you easily can ask questions and express your views.

www.youtube.com/user/doromedia

Our channel with guides to our products.

Operating margin, EBITDA

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

Equity/assets ratio

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

Reported equity per share

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

Capital employed

Total assets minus non interest-bearing liabilities.

Average number of shares

Number of shares at the end of each period divided with number of periods.

Average number of shares after dilution

Average number of shares adjusted with the dilution effect from warrants is calculated as the difference between the assumed number of shares issued at

the exercise price and the assumed number of shares issued at average market price for the period.

Equity per share

Shareholders' equity at the end of the period divided by the number of shares at the end of the period.

Equity per share, after dilution

Shareholders' equity at the end of the period divided by the number of shares at the end of the period, after dilution.

Net Debt/Net Cash

Cash and bank balances reduced with interest bearing liabilities.

Share price at period's end

Closing market price at the end of the period.

Market value, SEK m

Share price at period's end times the number of shares at the end of the period.



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