

Interim report (1 Jan – 31 March 2007)

Sales decline but earnings improve

Sales totalled SEK 79 million (SEK 107 m)

Profit after tax of SEK 1.3 million (SEK -7 m)

EPS after tax of SEK 0.07 (SEK -1.65)

Better product mix and lower costs

CEO Rune Torbjörnsen's comments

"The international market for home telephony continued to contract, as previously indicated. Doro, however, managed to report a profitable quarter for the first time since 2004. This partly due to the new business organisation and improved margins resulting from a better product mix, but also due to improved handling of the Group's business and financial risks. Discounted sales and stock write downs have been minimised, and a lower exchange rate for the dollar provided a boost. Cost savings resulting from measure implemented in 2006 are also providing positive effects.

Sales in the first quarter fell to SEK 79 million, down 26 per cent on the same period last year. Meanwhile the reduction in volumes in the quarter was lower than during 2006 and is estimated at around 8 per cent for comparable units.

With several new products being launched in key areas for Doro towards the end of 2007 there is every prospect of improvements in profits.

During the first quarter work aimed at broadening the product offer continued. For example, there are now new products in the growing Care range. The development of the European distribution network has continued and five new agreements were signed with local distributors. Pan-European agreements were signed with DSG International in the UK, Media Saturn in Germany and Expert in Scandinavia. Doro's Polish subsidiary has become a distribution solution.

Overall the first quarter suggests that Doro has made solid advances towards becoming a more refined and more strongly competitive product company. The new organisation and structure will provide a competitive base for future efforts in business and product development aimed at optimising margins. Doro is working hard to create efficient purchasing and sourcing processes. Among other things, the resources and competence in the Hong Kong business will be developed. Work aimed at achieving a good balance and better management of business and financial risks is entering its final phase. The measures we are implementing mean that the company's management team can now focus fully on developing Doro's future business."

Sales and results

Doro recorded sales of SEK 79 million (SEK 107 m) in the first quarter, a drop of 26 per cent compared to last year. Adjusted for the sale of UpGrade Communication, sales have fallen 16 per cent, or 13 per cent for comparable units. Volumes were lost temporarily in Norway and Finland in connection with the change in distribution solutions. In addition, certain customers in France and Scandinavia placed lower than expected orders. The decline in sales is in line with Doro now focusing more on products with better margins and greater added value for the customer.

Margins in the period were positively affected by small stock write downs and the fact that there were no discount sales of products being phased out. The weaker USD also boosted margins.

Overheads, excluding the effects of restructuring, were reduced thanks to lower staff and administration costs. Depreciation was at the same level as last year.

The consolidated profit before tax was SEK 1 million (SEK -7 m).

Balance sheet

Lower sales means that the Group has less tied-up capital. The equity/assets ratio is now 19 per cent.

Inventories normally rise in the first quarter as surplus deliveries are made to compensate for the fact that there are no deliveries during the Chinese New Year.

Cash flow

An increase in inventories, partly relating to the Chinese New Year, led to operating cash flow of SEK -14, while net liquidity was reduced to around SEK 10 million.

Future reports

The Board has decided the following dates for 2007's financial reports: 28 August, 24 October and 12 February 2008.

The quarterly reports are available at Doro's website: www.doro.com.

The quarterly reports, with the exception of the above, have been drawn up using the same accounting principles as the last annual report and have not been subject to a review by the company's auditors.



For more information

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The Board of Directors, Doro AB (publ)

Company Reg. No 556161-9429

Doro is listed on the Stockholm Stock Exchange's "Mindre Bolag" - Telekom/IT list

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REPORT FOR THE FIRST QUARTER

INCOME STATEMENT (SEK m)

	2007 jan-mar	2006 jan-mar	Last 12 months	2006	2005
Net sales	79	107	405	433	621
Operating costs	-77	-112	-456	-491	-682
Operating profit/loss before depreciatio	2	-5	-51	-57	-61
Depreciation according to plan	-1	-2	-18	-20	-10
Operating profit/loss after depreciation	1	-7	-69	-77	-71
Net financial items	0	0	-4	-5	-4
Operating profit/loss after financial item	1	-7	-73	-82	-75
Taxes	0	0	-13	-13	8
Net profit/loss	1	-7	-86	-95	-67
Average number of shares (thousands)	17408	4295	14093	10815	4295
EPS before tax	0,07	-1,65	-5,20	-7,56	-17,53
EPS after tax	0,07	-1,65	-6,12	-8,76	-15,69

SUMMARY OF BALANCE SHEET (SEK m)

	31 mar 2007	31 mar 2006	31 dec 2006	31 dec 2005
Intangible assets	9	17	9	17
Tangible assets	3	13	2	11
Inventories	66	100	51	72
Current receivables	73	101	89	162
Cash	13	5	31	8
Total assets	164	236	182	270
Shareholders' equity	31	26	32	32
Interest bearing liabilities	3	82	5	81
Non-interest bearing liabilities	130	128	146	157
Total equity and liabilities	164	236	182	270

SUMMARY OF CASH FLOW (SEK m)

	2007 jan-mar	2006 jan-mar	2006	2005
Operating profit/loss after depreciation	1	-7	-77	-71
Depreciation according to plan	1	2	20	10
Net financial items	0	0	-5	-4
Taxes	0	0	0	0
Changes in working capital	-16	4	56	22
Cash flow from current activities	-14	-1	-6	-43
Acquisitions/goodwill	0	0	13	0
Investments	0	-1	-1	-10
Cash flow from investment activities	0	-1	12	-10
Loans raised	-2	0	-77	46
New share issue	0	0	96	0
Dividend paid out	0	0	0	0
Translation difference and other	-1	-1	-3	0
Cash flow from financing activities	-3	-1	16	46
Change in liquid funds	-17	-3	23	-7
Net debt	-10	77	-26	73

SHAREHOLDERS' EQUITY (SEK m)

	Kv 1 2007	Kv 1 2006	31 dec 2006	31 dec 2005
Opening balance	32	32	32	96
Profit/loss for the period	1	-7	-95	-67
Dividend	0	0	0	0
Capital injection	0	0	96	0
Currency effect and other	-1	1	-1	3
Closing balance	31	26	32	32

OTHER KEY FIGURES

	2007 31 mar	2006 31 mar	2006	2005
Net debt/equity ratio	neg	2,91	neg	2,28
Equity/assets ratio (%)	19	11	17	12
Number of class A shares (closing date)	17408	4295	17408	4295
Number of class B shares (redeemable)	0	0	0	0
Reported equity per share (SEK)	1,80	6,12	1,81	7,47
Return on average shareholders' equity (%)	16	neg	neg	neg
Return on average capital employed (%)	8	neg	neg	neg
Market price at period's end restated after issue (SEK)	5,40	12,58	5,00	14,05
Market price at period's end (SEK)	5,40	27,40	5,00	30,60
Market value (SEK m)	94	118	87	131

QUARTERLY INCOME STATEMENT (SEK m)

	2007 Kv1	2006 Kv1	Kv 2	Kv 3	Kv 4
Net sales	79	107	102	104	121
Operating costs	-77	-112	-114	-111	-154
Operating profit/loss before depreci	2	-5	-12	-7	-33
Depreciation according to plan	-1	-2	-2	-2	-14
Operating profit/loss after depreciat	1	-7	-14	-9	-47
Net financial items	0	0	1	2	-7
Profit/loss after net financial items	1	-7	-13	-8	-54
Taxes	0	0	0	-5	-8
Net profit/loss	1	-7	-13	-13	-62

QUARTERLY BALANCE SHEET (SEK m)

	2007 31 mar	2006 31 mar	30 jun	30 sep	31 dec
Intangible assets	9	17	17	17	9
Tangible assets	3	13	11	7	2
Inventories	66	100	77	60	51
Current receivables	73	101	133	86	89
Cash	13	5	5	5	31
Total assets	164	236	243	176	182
Shareholders' equity	31	26	80	70	32
Interest bearing liabilities	3	82	71	14	5
Non-interest bearing liabilities	130	128	92	92	146
Total equity and liabilities	164	236	243	176	182



QUARTERLY SUMMARY OF CASH FLOW (SEK m)

	2007		2006		
	jan-mar	jan-mar	apr-jun	jul-sep	okt-dec
Operating profit/loss after depreciation	1	-7	-14	-9	-47
Depreciation according to plan	1	2	2	2	14
Net financial items	0	0	1	2	-7
Taxes	0	0	0	-5	5
Changes in working capital	-16	4	-4	9	47
Cash flow from current activities	-14	-1	-15	-2	12
Acquisitions/goodwill	0	0	0	13	0
Investments	0	-1	-1	-1	2
Cash flow from investment activities	0	-1	-1	12	2
Loans raised	-2	0	-11	-57	-9
New share issue	0	0	30	41	25
Dividend paid out	0	0	0	0	0
Translation difference and other	-1	-1	-3	6	-5
Cash flow from financing activities	-3	-1	16	-10	11
Change in liquid funds	-17	-3	0	0	25
Net debt	-10	77	66	9	-26

SALES PER SEGMENT (SEK m)

	2007		2006	2005
	jan-mar	jan-mar		
Nordic	27	31	137	177
Other European	44	48	211	251
Other markets	8	15	46	111
Sold units	0	13	39	82
Total	79	107	433	621

OPERATING PROFIT/LOSS AFTER DEPRECIATION PER SEGMENT (SEK m)

	2007		2006
	jan-mar	jan-mar	jan-mar
Nordic	-1	-1	-1
Other European	6	-3	-3
Other Markets	1	-1	-1
Group costs and other	-5	1	1
Sold unit	0	-3	-3
Profit/loss after depreciation	1	-7	-7

About Doro

Doro has over 30 years' experience of telephony and is today characterised by innovative and user-friendly consumer electronics products. The business includes developing, marketing and selling a wide product range in four business units: Home Electronics, Luba Sports Electronics, Business Electronics and Care Electronics. The company's products are sold in over 30 countries around the world and through a number of retailers, including electronics stores, on-line stores and sports stores. In 2006 the company recorded sales of SEK 433 million. Doro's shares are quoted on the Stockholm Stock Exchange's Nordic List, Smaller companies. Read more about Doro at: www.doro.com.