

DORO

Interim Report (1 January – 30 June 2002)

- Sales totalled SEK 392 million (545 m)
- Loss before tax of SEK -12 million (-81 m)
- EPS after tax SEK -0,86 (-8.04)
- Kept marketshares on a lacklustre market
- Continued restructuring and market-orientation

Sales and results

DORO, listed on Stockholmbörsen's O-list, recorded sales of SEK 392 million (545 m) for the first half of 2002, a fall of 28% compared with the previous year. Excluding the disposed of telephone exchange activities; sales fell by 26%.

Margins have improved thanks to lower guarantee costs, better stock control and new products.

Overheads have fallen thanks to lower personnel and infrastructure costs.

Results were charged in the first half of the year with SEK 7 million mainly for costs of organisational changes and obsolescence of broadband stock.

Reduced borrowing and reduced loans in foreign currency to lower exchange rates have cut financial costs.

The Group's loss before tax was SEK -12 million (-81 m).

Sales during Q2 stood at SEK 176 million (266 m) and the loss before tax was SEK -3 million (-55 m).

Market and range

The sales trends have mainly followed the development in the sectors of home electronics and telecom. The lacklustre demand from 2001 continues. DORO has around the same market share as last year.

The demands for DORO's corded phones exceed expectations. The position on the market is reinforced due to a very complete range for consumers as for business.

The new cordless range for analogue phones (CT1) has been well received on the market and a new program (CT0) will be launched during the second part of the year in France, UK and Australia.

DORO's small and designed DECT (digital) telephones have been a very appreciated productline. The DECT program has now been increased with the 5000-series, which is a phones with good functions in normal size and with DORO's recognised design.

The market for cordless broadband products continued to be weak during the first six months of the year but improved in the end of the period. The authority for the licensed wireless broadband Sweden (PTS) will distribute two licenses per county to different operators. To be able increasing the broadband capacity in the rural areas the use of wireless broadband is estimated to increase considerably.

Restructuring

Restructuring is proceeding according to plan and the headcount has been reduced to 200 (285). DORO's overheads have been cut by over 20% compared to the same period last year.

The more stringent quality assurance routines continue to give planned effects and are providing considerably lower quality costs for new products and creating greater customer satisfaction.

Several agreements with larger suppliers have been established by the supply organisation for development and production of new products. Improved instruments for forecast and a larger co-ordination of the ranges in Europe are other measures under implementation for improving product supply and flexibility. Fully implemented the measures will create a more rational purchase and logistics with lower capital employed in stock.

The Nordic structure continues to be co-ordinated. The Danish logistic and service is now handled of the organisation in Sweden. The intention is to integrate the other Nordic countries with one management and administration with sales and marketing remaining in each country.

DORO is putting more efforts in a clear and more target groups directed market communication for further reinforcing brand and its identity.

Inside the wireless broadband products sector a considerable restructuring has taken place with a focus on less products and fewer markets. Less personnel and administration have reduced the overheads. The Swedish activity is moving to DORO's offices in Lund during Q3.

Balance sheet continues to decline

The consolidated balance sheet total has declined by SEK 58 million to SEK 339 million (545) since the start of the financial year. Investments totalled SEK 3 million (4 m). Goodwill stood at SEK 35 million (65 m). Adjustment of goodwill has been done after final calculations of variable purchase price for acquisition of subsidiary. In connection with this adjustment the depreciation of goodwill has also changed. Deferred taxes has been adjusted as well.

The Group's net debt (interest bearing liabilities less cash) has increased with SEK 46 million to SEK 81 million (35 m). The debt/equity ratio increased from 0.72 at the start of the year to 2,55 (2,92). Unutilised credit lines amounted to about SEK 45 million at the end of Q2. Stock has marginally risen by SEK 9 million to SEK 133 million (264 m) from very low levels.

The cash flow from current activities was down in Q2 by SEK -45 million (+4) and for the first six months stood at SEK – 44 million (-40 m). The main reason for the negative cash flow is higher working capital, payouts for the restructuring and seasonable changes.

Outlook for the coming year

DORO stands by the assessment made in its Annual Report that 2002 will show a positive trend and produce significantly better results. Demand in the telecom sector is estimated to continue to be weak for the remainder of the year. DORO is hedging 50 % of the coming six months expected flow of USD. The today considerably lower exchange rates will have an impact on the margins first at the end of Q4. Considering the market change the conditions for having a positive full-year result is estimated to be reduced.

Parent company

The parent company's net sales totalled SEK 20 million (11 m). The loss before tax was SEK 17 million (-22 m). Dividends have been received from subsidiaries. Write-down of shares in subsidiaries has been made.

Future reports

The Board has decided on the following dates for 2002's quarterly reports: 22 October and 30 January 2003.

The quarterly reports will be available at DORO's website: www.DORO.com.

This Financial Statement has been drawn up according to the same accounting principles as the last Annual Report and has not been subject to examination by DORO's auditors.

For further information, please contact:
Gunnar Åkerblom, CEO, +46 46 280 50 61 or
Ingvar Karlsson, Deputy CEO, +46 46 280 50 62

Lund, Sweden, 2 August 2002
The Board of Directors, DORO AB

INTERIM REPORT 1 JAN – 30 JUN 2002

INCOME STATEMENT (SEK m)

	2002 Apr-Jun	2001 Apr-Jun	2002 Jan-Jun	2001 Jan-Jun	Last 12 months	2001	2000
Net sales	176	266	392	545	946	1099	1454
Operating costs	-176	-303	-398	-596	-1017	-1215	-1460
Operating profit before depreciatic	0	-37	-6	-51	-71	-116	-6
Depreciation acc. to plan	-2	-6	-7	-12	-37	-42	-25
Operating profit after depreciation	-2	-42	-12	-62	-108	-157	-31
Net financial items	-1	-12	0	-19	-18	-37	-13
Pretax profit	-3	-54	-12	-81	-126	-194	-44
Taxes	-6	16	-6	24	-31	0	-5
Net profit	-9	-38	-18	-57	-157	-195	-49

KEY FIGURES

	2002 30 Jun	2001 30 Jun	2001	2000
Debt / Equity ratio	2,55	2,91	0,72	1,51
Equity / Asset ratio	12	16	15	20
Numbers of shares (average thousand)	21468	9703	10508	9703
EPS before tax	-0,56	-8,31	-18,48	-4,58
EPS after tax	-0,86	-5,82	-18,51	-5,01
Reported equity per share	1,85	8,97	5,71	14,97
Return on average shareholders equity	-58	-98	-189	-27
Return on average capital employed	-8	-35	-65	-8
Market price at period's end	5,45	15,9	11,5	26,5
Market value (SEK m)	117	154	247	257

SUMMARY OF BALANCE SHEET (SEK m)

	30 Jun 2002	30 Jun 2001	31 Dec 2001	31 Dec 2000
Fixed assets	51	89	57	93
Inventories	133	264	125	321
Current receivables	135	188	207	290
Cash at hand	20	6	8	20
Total assets	339	545	397	724
Shareholders' equity	40	87	60	145
Interest bearing liabilities	101	253	43	219
Non-interest bearing liabilities	198	205	294	359
Total equity and liabilities	339	545	397	724

SHAREHOLDERS EQUITY (SEK m)

	30 Jun 2002	30 Jun 2001	31 Dec 2001	31 Dec 2000
Opening balance	60	145	145	212
Result of the period	-18	-57	-195	-49
Dividend	0	0	0	-19
New issue	0	0	100	0
Currency effect and other	-2	-2	10	1
Closing balance	40	87	60	145

SUMMARY OF CASH FLOW (SEK m)

	2002	2001	2002	2001	2001	2000
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun		
Operating profit after depreciation	-2	-42	-12	-62	-157	-31
Depreciation	2	6	7	12	42	25
Net financial items	-1	-12	0	-19	-37	-13
Taxes	-6	16	-6	24	0	-4
Changes in working capital	-38	36	-32	6	214	18
Cashflow from current activities	-45	4	-44	-40	61	-6
Acquisitions	0	0	0	0	4	-26
Investments	-2	-2	-3	-4	-9	-11
Cashflow from investments	-2	-2	-3	-4	-5	-37
Loans raised	45	3	58	34	-176	64
New issue	0	0	0	0	100	0
Dividend paid out	0	0	0	0	0	-19
Translation difference and other	2	-6	1	-4	9	3
Cash flow from financing activities	47	-3	59	30	-67	48
Change in liquid funds	0	-1	12	-14	-12	5
Net debt	81	248	81	248	35	200

QUARTERLY EARNINGS TREND (SEK m)

	2002		2001			
	Q 1	Q 2	Q 1	Q 2	Q 3	Q 4
Net sales	216	176	279	266	232	322
Operating costs	-222	-176	-293	-303	-247	-373
Operating profit before depreciation	-6	0	-15	-37	-15	-50
Depreciation acc. to plan	-5	-2	-6	-6	-5	-25
Operating profit after depreciation	-11	-2	-20	-42	-20	-75
Net financial items	1	-1	-6	-13	-14	-5
Pretax profit	-9	-3	-26	-55	-34	-80
Tax	-1	-6	8	16	-8	-16
Net profit	-10	-9	-18	-38	-43	-96

QUARTERLY BALANCE SHEET, (SEK m)

	2002		2001			
	31 Mar	30 Jun	31 Mar	30 Jun	30 Sep	31 Dec
Fixed assets	55	51	86	89	79	57
Inventories	131	133	328	264	193	125
Current receivables	168	135	223	188	142	207
Cash at hand	20	20	7	6	13	8
Total assets	374	339	644	545	426	397
Shareholders' equity	51	40	126	87	47	60
Interest bearing liabilities	56	101	250	253	232	43
Non-interest bearing liabilities	267	198	268	205	148	294
Total equity and liabilities	374	339	644	545	426	397

SALES PER REGION (SEK m)

	2002	2001	2001	2000
	Jan-Jun	Jan-Jun		
Nordic	162	216	432	575
Other Europe	161	262	500	666
Outside Europe	69	67	168	213
Total	392	545	1099	1454