

DORO UK LIMITED

Report and Financial Statements

31 December 2002



REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Helen Anderson
Gunnar Akerblom
Thomas Larsson

SECRETARY

Helen Anderson

REGISTERED OFFICE

22 Walkers Road
North Moons Moat
Redditch
Worcestershire
B98 9HE

BANKERS

Nordea Bank
8th Floor, City Place House
55 Basinghall Street
London
EC2V 5NB

SOLICITORS

Vinge
42 New Broad Street
London
EC2M 1JD

AUDITORS

Deloitte & Touche
Birmingham

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The company's principal activity continues to be the wholesale of telephones and telephone answering machines.

BUSINESS REVIEW

Turnover for the year was £5,355,000 (2001 - £10,014,000) resulting in a profit on ordinary activities before taxation for the year of £416,000 (2001 - £1,168,000 loss).

Our aim for 2003 is to consolidate activities and strengthen our market position. We will aim towards continuing to strengthen profitability and make our business more efficient.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2002 (2001- £Nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, and changes up to the date of this report, are as follows:

Gunnar Akerblom - Non-executive Chairman (Swedish) (appointed 20 February 2002)

Helen Anderson

Lars-Olof Hjalmar - Non-executive (Swedish) (resigned 20 February 2002)

Ingvar Karlsson - Non-executive (Swedish) (resigned 20 February 2002)

Thomas Larsson - Non-executive (Swedish) (appointed 20 February 2002)

The directors have no interest in the shares of the company requiring disclosure under section 234 of the Companies Act 1985.

The directors who held office at 31 December 2002 had the following share options in respect of the ordinary shares of Doro AB, the immediate and ultimate parent company:

Name of director	Number of options			Held at 31 December 2002	Subscription price per share	Exercisable from	Expiry date
	Held at 1 January 2002	Granted During the year	Lapsed during the year				
	Number	Number	Number	Number			
Helen Anderson	9,000	-	-	9,000	55 SKr	02/01/2004	02/03/2004
Gunnar Akerblom	100,000	-	-	100,000	55 SKr	02/01/2004	02/03/2004

Thomas Larsson holds no share options (2001 – none).

The market price of the ordinary shares at 31 December 2002 was 6.90 SKr and the range during the year was 3.5 SKr to 13.9 SKr

DIRECTORS' REPORT (CONTINUED)**DIRECTORS AND THEIR INTERESTS (continued)**

The beneficial interests of directors who held office at 31 December 2002 in the ordinary shares of Doro AB, were as follows:

	2002 Number	2001 Number
Gunnar Akerblom	<u>29,000</u>	<u>15,000</u>

There are no other interests requiring disclosure under section 234 of the Companies Act 1985.

AUDITORS

On 31 July 2002, Arthur Andersen resigned as auditors of the company, and Deloitte & Touche were appointed to fill the resulting vacancy. The directors will place a resolution before the Annual General meeting to appoint Deloitte & Touche as auditors for the ensuing year.

Approved by the Board of Directors
and signed on behalf of the Board



Helen Anderson
Director

7 May

2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DORO UK LIMITED**

We have audited the financial statements of Doro UK Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
Birmingham

13 May 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
TURNOVER	2	5,355	10,014
Cost of sales		(3,800)	(9,280)
GROSS PROFIT		1,555	734
Other operating expenses (net)	3	(1,201)	(1,857)
OPERATING PROFIT/(LOSS)		354	(1,123)
Interest payable and similar charges	4	(12)	(109)
Interest receivable and similar income	5	74	64
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	6	416	(1,168)
Tax on profit (loss) on ordinary activities	9	13	-
RETAINED PROFIT (LOSS) FOR THE YEAR	17	429	(1,168)

All operations of the company continued throughout both periods and no operations were acquired or discontinued.

There are no recognised gains and losses in either year other than the profit (loss) for that financial year.

The accompanying notes are an integral part of this profit and loss account.

BALANCE SHEET
31 December 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS			
Tangible assets	10	96	145
Investments	11	-	-
		<u>96</u>	<u>145</u>
CURRENT ASSETS			
Stocks	12	789	810
Debtors	13	2,375	2,974
		<u>3,164</u>	<u>3,784</u>
CREDITORS: amounts falling due within one year	14	<u>(1,016)</u>	<u>(2,114)</u>
NET CURRENT ASSETS		<u>2,148</u>	<u>1,670</u>
NET ASSETS		<u>2,244</u>	<u>1,815</u>
CAPITAL AND RESERVES			
Called-up share capital	16	3,010	3,010
Profit and loss account	17	(766)	(1,195)
EQUITY SHAREHOLDERS' FUNDS	18	<u>2,244</u>	<u>1,815</u>

These financial statements were approved by the Board of Directors on
on their behalf by:

7 May

2003 and signed



Helen Anderson

Director

The accompanying notes are an integral part of this balance sheet.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 December 2002****1. ACCOUNTING POLICIES**

A summary of the principle accounting policies, all of which have been applied consistently throughout the year and the proceeding year, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Doro AB which prepares publicly available consolidated financial statements. The company is also, on this basis, exempt from the requirement of FRS 1 'Cash Flow Statements (Revised)' to present a cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Motor vehicles	25% per annum straight line
Plant and machinery	20 - 50% per annum straight line
Fixtures, fittings & computer equipment	20% per annum straight line
Short term leasehold property	33.3% per annum straight line

Research and development

All expenditure is written off as incurred to the profit and loss account.

Investments

Investments are stated at cost, less any provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Pension costs

The company operates defined contribution pension schemes. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the balance sheet.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

2. TURNOVER

All turnover originates in the United Kingdom and arises from the company's principal activity.

An analysis of turnover by geographical market is given below:

	2002 £'000	2001 £'000
United Kingdom	4,078	8,773
Other European countries	1,277	1,222
Rest of world	-	19
	<u>5,355</u>	<u>10,014</u>

3. OTHER OPERATING EXPENSES (NET)

	2002 £'000	2001 £'000
Distribution costs	220	504
Administrative expenses	981	1,353
	<u>1,201</u>	<u>1,857</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges arose as follows:

	2002 £'000	2001 £'000
Bank loans and overdrafts	12	108
Hire purchase interest	-	1
	<u>12</u>	<u>109</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2002

5. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable and similar income arose as follows:

	2002 £'000	2001 £'000
Other interest receivable	74	64

6. PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit (loss) on ordinary activities before taxation is stated after charging:

	2002 £'000	2001 £'000
Depreciation of tangible fixed assets		
- owned	61	114
Operating lease rentals	38	46
Foreign exchange losses	19	63
Auditors' remuneration		
- audit fees	10	15
- other	8	14

7. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	2002 Number	2001 Number
Administration	7	11
Selling and distribution	5	6
Service	2	3
Quality control	5	5
	19	25

Their aggregate remuneration comprised:

	2002 £'000	2001 £'000
Wages and salaries	551	720
Social security costs	52	72
Pension costs	28	39
	631	831

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2002

8. DIRECTORS' REMUNERATION

The remuneration of the directors was as follows:

	2002 £'000	2001 £'000
Emoluments	80	84
Company contributions to personal pension schemes	12	12
	<u>92</u>	<u>96</u>

9. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

The tax credit comprises:

	2002 £'000	2001 £'000
Adjustment in respect of prior years		
- UK corporation tax	(13)	-
Current tax	<u>(13)</u>	<u>-</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2002 £'000	2001 £'000
Profit (loss) on ordinary activities before tax	<u>416</u>	<u>(1,168)</u>
Tax on profit (loss) on ordinary activities at standard UK corporation tax rate of 30% (2001 – 30%)	125	(350)
Effects of:		
Capital allowances in excess of depreciation	(57)	(57)
Expenses not deductible for tax purposes	-	4
Reduction in general reserves	(44)	-
Utilisation of tax losses	(24)	-
Tax losses not recognised	-	443
Other short-term timing differences	-	(40)
Adjustments to tax in respect of prior years	(13)	-
Current tax credit for the year	<u>(13)</u>	<u>-</u>

There is no impact in either the current or prior year arising from the implementation of FRS 19 'Deferred Tax'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002

10. TANGIBLE FIXED ASSETS

	Short term leasehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and computer equipment £'000	Total £'000
Cost					
At 1 January 2002	120	367	159	351	997
Additions	-	-	32	-	32
Disposals	(20)	(204)	(65)	-	(289)
At 31 December 2002	100	163	126	351	740
Depreciation					
At 1 January 2002	120	367	88	277	852
Charge	-	-	33	28	61
Disposals	(20)	(204)	(45)	-	(269)
At 31 December 2002	100	163	76	305	644
Net book value					
At 31 December 2002	-	-	50	46	96
At 31 December 2001	-	-	71	74	145

11. INVESTMENTS

The company holds 100% of the ordinary share capital of Gima Electronics Limited, a company which is registered in England and Wales. This company is dormant.

12. STOCKS

The company's stock consists entirely of finished goods held for resale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002

13. DEBTORS

	2002 £'000	2001 £'000
Amounts falling due within one year:		
Trade debtors	323	615
Amounts owed by parent undertaking	2,003	2,171
Amounts owed by other group undertakings	22	62
Other debtors	-	109
Prepayments and accrued income	27	17
	<u>2,375</u>	<u>2,974</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Bank loans and overdrafts	168	476
Trade creditors	684	1,034
Corporation tax	-	9
Other taxation and social security	76	200
Other creditors	26	21
Accruals	62	374
	<u>1,016</u>	<u>2,114</u>

The overdraft is guaranteed by Doro AB.

15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax

Deferred tax assets of £1,320,000 (2001 - £1,445,000) have not been recognised. In the opinion of the directors, future profitability cannot be ascertained with sufficient certainty to warrant recognising part of this tax asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2002

16. SHARE CAPITAL

	2002 £	2001 £
<i>Authorised</i>		
2,010,000 'A' ordinary shares of £1 each	2,010,000	2,010,000
100,000 'B' ordinary shares of 1p each	1,000	1,000
1,000,000 'C' ordinary shares of £1 each	1,000,000	1,000,000
	<u>3,011,000</u>	<u>3,011,000</u>
<i>Allotted, called-up and fully paid</i>		
2,010,000 'A' ordinary shares of £1 each	2,010,000	2,010,000
3,400 'B' ordinary shares of 1p each	34	34
1,000,000 'C' ordinary shares of £1 each	1,000,000	1,000,000
	<u>3,010,034</u>	<u>3,010,034</u>

All three classes of share confer upon the respective shareholders the same rights and rank pari passu in all respects, with the exception of 'A' and 'C' shares which do not entitle their holders to receive notice of or attend, speak or vote at any general meeting of the company.

17. PROFIT AND LOSS ACCOUNT

The movement on the profit and loss account during the year is as follows:

	£'000
At 1 January 2002	(1,195)
Retained profit for the year	<u>429</u>
At 31 December 2002	<u>(766)</u>

18. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Profit (loss) for the year	429	(1,168)
Opening shareholders' funds	<u>1,815</u>	<u>2,983</u>
Closing shareholders' funds	<u>2,244</u>	<u>1,815</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2002

19. FINANCIAL COMMITMENTS

Operating leases

Annual commitments under non-cancellable operating leases are as follows:

	2002		2001	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
- within one year	-	-	-	7
- within one to two years	-	-	-	1
- within two to five years	30	6	30	-
	<u>30</u>	<u>6</u>	<u>30</u>	<u>8</u>

Pension arrangements

The company operates defined contribution schemes for certain employees. The pension cost charge for the year amounted to £28,000 (2001 - £39,000).

20. CONTINGENT LIABILITY

The company was acquired by Doro AB on 13 March 1998, at which date the company was involved in a legal dispute with Kingtronics Industrial Company Limited.

The matter has proceeded to Court, where claims totalling £80,000 have been made against the company.

The directors of the parent company, Doro AB, obtained indemnities at acquisition from the vendors of the company, such that irrespective of the outcome of this dispute Doro UK Limited will suffer no financial loss. Accordingly, no amounts are recorded in the financial statements in respect of this matter as the directors consider the likelihood of financial loss to be remote.

21. RELATED PARTY TRANSACTIONS

In accordance with FRS 8 'Related Party Disclosures', transactions with group members are not disclosed as 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available.

22. ULTIMATE PARENT COMPANY

The directors regard Doro AB, a company incorporated in Sweden, as the ultimate parent undertaking and ultimate controlling party.

Doro AB is the parent company of the largest and smallest group of which the company is a member and for which consolidated financial statements are prepared.

Consolidated financial statements for Doro AB can be obtained from its registered office: Skiffervägen 80, S-224 78 Lund, Sweden.