GROWTH CONTINUED – OPERATING PROFIT CLEARLY WEAKENED

April - June 2008:
-Net sales grew by 4% to EUR 72.1 million.
-Number of chargers delivered increased by 13% to 71.6 million pieces.
-Market share in mobile phone chargers weakened by one percentage unit to some 23%.
-Operating profit weakened by 48% to EUR 3.2 million.
-Earnings per share, excluding the deferred tax, decreased by 62% to EUR 0.05.
-Cash flow from operating activities, excluding the change in selling of receivables, was EUR 5.9 million positive.

January - June 2008:
-Net sales grew by 5% to EUR 138.9 million.
-Number of chargers delivered grew by 13% to 135.0 million pieces.
-Operating profit weakened by 29% to EUR 8.0 million.
-Earnings per share, excluding the deferred tax, decreased by 54% to EUR 0.11.
-Cash flow from operating activities, excluding the change in selling of receivables, was EUR 9.4 million positive.

Outlook for the rest of the year:
-Net sales in 2008 are expected to grow compared with 2007, but the operating profit in value is expected to be below the 2007 level.

Markku Hangasjärvi, President and CEO:
“The number of chargers we delivered grew by 13% in the second quarter of the year compared with the corresponding period last year. However, our net sales grew at a moderate pace, due to the decline in sales prices. The decline in sales prices, changes in product mix consisting of more lower margin products and material costs which decreased more slowly than targeted burdened the operating profit compared with the corresponding period last year. In addition, the operating profit was burdened by higher fixed costs related to capacity increase at the Indian plant.

According to market research institutes, some 300 million mobile phones were sold during the second quarter of the year, up 16% compared with the corresponding quarter last year. Our market share in the mobile phone chargers, some 23%, was down with one percentage unit compared with the corresponding quarter last year. However, our market share grew by two percentage units from the first quarter of the year.

According to estimates published by some of our key customers and the various market research companies, the mobile phone market is estimated to grow by some 10% in 2008. We believe that our efforts to seek growth from the mobile phone market and new charger segments, together with the stable market development, will form a good basis to achieve further growth in our net sales in 2008. In order to improve our profitability from the second quarter level, we aim to achieve better product cost structures, reduce our fixed costs and enhance the productivity.”

Financial development in April - June 2008
Salcomp’s net sales increased by 4% in April–June to EUR 72.1 million (EUR 69.5 million in 4–6/2007). The increase resulted from the number of chargers delivered rising by 13% to 71.6 million (63.4 million) pieces. The market share in mobile phone chargers was approximately 23% (about 24%).

Operating profit decreased to EUR 3.2 million (EUR 6.0 million). Profitability was weakened by a lower gross margin compared with the comparison period due to decline in sales prices and changes in the product mix, as well as material costs which decreased more slowly than targeted. In addition, the operating profit was burdened by higher fixed costs related to capacity increase at the Indian plant. The operating profit includes EUR 0.1 million profit from the sale of the Kemijärvi real estate in June, as well as EUR 0.2 million of losses due to the unrealized exchange rate differences in intra-group accounts payable.

The Group’s net financial expenses were EUR 0.4 million (EUR 0.4 million). The financial expenses for the second quarter include EUR 0.1 million profit (EUR 0.7 million profit) due to the unrealized exchange rate differences in intra-group loans.

The second-quarter net result amounted to EUR 1.3 million (EUR 4.6 million). Earnings per share were EUR 0.03 (EUR 0.12) and earnings per share, excluding the deferred tax, EUR 0.05 (EUR 0.13). Basic earnings per share were EUR 0.03 (EUR 0.12).

Cash flow from operating activities was EUR 7.3 million positive (EUR 6.7 million positive) due to a decrease in the working capital. Cash flow from operating activities, excluding the change in selling of receivables, was EUR 5.9 million positive (EUR 1.5 million positive).

Financial development in January - June 2008

Net sales increased by 5% in January–June to EUR 138.9 million (EUR 131.7 million in 1–6/2007). The number of chargers delivered increased by 13% to 135.0 million (119.4 million) pieces.

The Group's operating profit in January–June totaled EUR 8.0 million (EUR 11.2 million). Profitability was weakened due to decline in sales prices and changes in the product mix, as well material costs which decreased more slowly than targeted. In addition, the operating profit was burdened by higher fixed costs related to the capacity increase at the India plant.

The Group's net financial expenses were EUR 2.6 million (EUR 1.2 million). The financial expenses for the period include EUR 1.2 million (EUR 0.9 million profit) of losses due to the unrealized exchange rate differences in intra-group loans. Taxes for the period totaled EUR 2.5 million (EUR 1.9 million). They include a deferred tax of EUR 1.5 million (EUR 1.5 million) resulting from the parent company's tax-deductible goodwill amortization.

Salcomp's net result totaled EUR 2.8 million (EUR 8.0 million). Earnings per share were EUR 0.07 (EUR 0.21) and earnings per share, excluding the deferred tax, amounted to EUR 0.11 (EUR 0.24). Basic earnings per share were EUR 0.07 (EUR 0.21).

R&D and capital expenditure

In January–June the Group's R&D expenditure was EUR 2.7 million (EUR 2.3 million), or 2.0% (1.8%) of net sales. The increase in expenditure was due to the higher number of R&D personnel. R&D focused on developing new products for current and new customers, and constant improvement in the cost structure of existing products.

Capital expenditure in January–June amounted to EUR 2.4 million (EUR 6.8 million). The capital expenditure mainly involved boosting the production capacity.

Financing

Cash flow from operating activities in January–June amounted to EUR 4.4 million positive (EUR 17.1 million positive). The cash flow from operating activities, excluding the change in selling of receivables, was EUR 9.4 million positive (EUR 6.2 million positive).

The Group's equity ratio at the end of June was 37.4% (35.1%) and gearing was 38.4% (60.1%). Net interest-bearing debt totaled EUR 25.5 million (EUR 35.4 million) at the end of the period.

Personnel

The Group employed 10,117 (7,697) people at the end of June: some 6,500 in China, 1,800 in Brazil and 1,700 in India.

Shares and shareholders

Salcomp's share price fluctuated between EUR 3.15 and EUR 4.17 in January-June. The closing price at the end of June was EUR 3.50. Share trading amounted to EUR 34.4 million and 9.6 million shares. According to the book-entry system, Salcomp had 1,216 shareholders at the end of the period. Foreign ownership at the end of June was 75.3% and the market value EUR 136 million.

In early May, Salcomp's Board of Directors decided to grant a total of 657,500 stock options 2007B to the Group's key employees.

Risks and uncertainties in the near future
Salcomp's business involves uncertainty factors that may affect the company's financial development in the near future. These include the general development of the mobile phone markets, substantial changes in the purchase prices of charger components and the competition in the mobile phone charger markets, and the standardization of mobile phone chargers, including USB-type chargers. Furthermore, consolidation of the customer base and deterioration in the financial position of a major customer may have a negative effect on Salcomp’s sales and profitability. Major changes in exchange rates can be considered a substantial uncertainty factor in the short term, especially the exchange rate of the US dollar in relation to the euro and to currencies in those countries in which Salcomp has production. Risks are managed to the extent that the company has influence over them. Further details on risks and risk management are available in the Annual Report 2007.

Outlook for rest of the year
According to the estimates published by some of Salcomp's key customers and by the various market research companies, the mobile phone market is expected to grow by approximately 10% during 2008, compared with 2007. The expected growth forms a good basis to achieve further increases in Salcomp’s net sales in 2008. In addition, Salcomp’s target is to broaden the customer portfolio in other selected charger segments, such as bluetooth headsets and cordless fixed-line phones.

Net sales in 2008 are expected to grow compared with 2007, but the operating profit in value is expected to be below the 2007 level.

In order to improve the profitability from the second quarter level, several actions are on going to achieve better product cost structures, reduce fixed costs and enhance the productivity.

Helsinki, 12 August 2008

Salcomp Plc
Board of Directors

This interim report has been prepared in accordance with the IFRS and IAS34, following the principles for recognition and measurement set out in IAS34, as well as the accounting principles described in the Annual Report. The report has not been audited.

CONSOLIDATED INCOME STATEMENT

(EUR 1 000)

	1-6/2008	1-6/2007	Change %	1-12/2007
Net sales	138 947	131 748	5.5%	286 231
Cost of sales	-122 821	-113 172	8.5%	-244 785
Gross margin	**16 126**	**18 576**	**-13.2%**	**41 446**
Other operating income	213	294	-27.6%	482
Sales and marketing expenses	-1 180	-1 174	0.5%	-2 471
Administrative expenses	-4 478	-4 175	7.3%	-8 701
Research and development expenses	-2 728	-2 343	16.4%	-4 845
Other operating expenses	0	-8		-117
Operating profit	**7 953**	**11 170**	**-28.8%**	**25 794**
Financial income	353	891	-60.4%	958
Financial expenses	-2 985	-2 108	41.6%	-4 203
Profit before tax	**5 321**	**9 953**	**-46.5%**	**22 549**
Income tax expense	-2 476	-1 905	30.0%	-4 281
Profit for the period	**2 845**	**8 048**	**-64.6%**	**18 268**
Basic earnings per share, EUR	0.07	0.21	-66.7%	0.47
Diluted earnings per share, EUR	0.07	0.21	-66.7%	0.47

CONSOLIDATED INCOME STATEMENT

(EUR 1 000)

	4-6/2008	4-6/2007	Change %
Net sales	72 113	69 475	3.8%
Cost of sales	-64 620	-59 172	9.2%
Gross margin	**7 493**	**10 303**	**-27.3%**
Other operating income	125	55	127.3%
Sales and marketing expenses	-602	-630	-4.4%
Administrative expenses	-2 356	-2 272	3.7%
Research and development expenses	-1 492	-1 400	6.6%
Other operating expenses	0	-8	-100.0%
Operating profit	**3 168**	**6 048**	**-47.6%**
Financial income	154	640	-75.9%
Financial expenses	-527	-1 063	-50.4%
Profit before tax	**2 795**	**5 625**	**-50.3%**
Income tax expense	-1 541	-1 018	51.4%
Profit for the period	**1 254**	**4 607**	**-72.8%**
Basic earnings per share, EUR	0.03	0.12	-75.0%
Diluted earnings per share, EUR	0.03	0.12	-75.0%

CONSOLIDATED BALANCE SHEET

(EUR 1 000)

	30.6.2008	30.6.2007	Change %	31.12.2007
Non-current assets				
Property, plant and equipment	22 997	24 779	-7.2%	24 808
Goodwill	66 412	66 412	0.0%	66 412
Other intangible assets	592	372	59.0%	481
Deferred tax assets	3 193	3 013	6.0%	3 184
	93 194	94 576	-1.5%	94 885
Current assets				
Inventories	26 005	22 443	15.9%	24 114
Trade and other receivables	47 974	44 069	8.9%	48 475
Cash and cash equivalents	11 284	7 215	56.4%	14 611
	85 263	73 727	15.6%	87 200
Total assets	**178 457**	**168 303**	**6.0%**	**182 085**
Equity and liabilities				
Share capital	9 833	9 833	0.0%	9 833
Premium fund	0	22 035	-100.0%	0
Invested unrestricted equity	22 035	0		22 035
Retained earnings	34 503	26 973	27.9%	36 773
	66 371	58 841	12.8%	68 641
Non-current liabilities				
Deferred tax liabilities	13 763	10 387	32.5%	12 075
Interest-bearing liabilities	21 904	33 173	-34.0%	28 542
Provisions	0	40	-100.0%	40
	35 667	43 600	-18.2%	40 657
Current liabilities				
Trade and other payables	61 538	56 457	9.0%	63 382
Interest-bearing current liabilities	14 881	9 405	58.2%	9 405
	76 419	65 862	16.0%	72 787
Total equity and liabilities	**178 457**	**168 303**	**6.0%**	**182 085**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR 1 000)

Attributable to equity holders of the parent

	Share capital	Premium fund	Invested un-restricted equity	Translation differences	Retained earnings	Total equity
Equity at Jan 1, 2007	**9 833**	**22 035**	**0**	**226**	**20 887**	**52 981**
Translation differences	0	0	0	108	0	108
Profit for the period	0	0	0	0	8 048	8 048
Total recognized income and expense for the period	0	0	0	108	8 048	8 156
Option costs	0	0	0	0	43	43
Dividends	0	0	0	0	-2 339	-2 339
Equity at June 30, 2007	**9 833**	**22 035**	**0**	**334**	**26 639**	**58 841**
Equity at Jan 1, 2008	**9 833**	**0**	**22 035**	**-219**	**36 992**	**68 641**
Translation differences	0	0	0	546	0	546
Profit for the period	0	0	0	0	2 845	2 845
Total recognized income and expense for the period	0	0	0	0	0	0
Option costs	0	0	0	0	185	185
Dividends	0	0	0	0	-5 846	-5 846
Equity at June 30, 2008	**9 833**	**0**	**22 035**	**327**	**34 176**	**66 371**

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1 000)

	1-6/2008	1-6/2007	Change %	1-12/2007
Cash flow before change in working capital	10 546	13 613	-22.5%	30 690
Change in working capital	-4 744	5 445	-187.1%	9 625
Financial items and taxes	-1 392	-1 948	-28.5%	-3 723
Net cash flow from operating activities	**4 410**	**17 110**	**-74.2%**	**36 592**
Purchases	-1 966	-6 145	-68.0%	-11 053
Sales	54	2	2600.0%	86
Cash flows from investing activities	**-1 912**	**-6 143**	**-68.9%**	**-10 967**
Cash flow before financing	**2 498**	**10 967**	**-77.2%**	**25 625**
Withdrawal of borrowings	4 226	5 000	-15.5%	5 000
Repayment of borrowings	-5 515	-14 861	-62.9%	-19 611
Dividends	-5 846	-2 339	149.9%	-2 339
Net cash flow from financing activities	**-7 135**	**-12 200**	**-41.5%**	**-16 950**
Change in cash and cash equivalents	-3 327	-630	428.1%	6 766
Cash and cash equivalents at the beginning of the period	14 611	7 845	86.2%	7 845
Translation correction to cash and cash equivalents	1 310	603	117.2%	-1 909
Cash and cash equivalents at the end of the period	**11 284**	**7 215**	**56.4%**	**14 611**

KEY FIGURES

	1-6/2008	1-6/2007	Change %	1-12/2007
Sold chargers, Mpcs	135.0	119.0	13.4%	262.4
Average sales price, EUR	1.03	1.11	-7.3%	1.09
Net sales, MEUR	138.9	131.7	5.5%	286.2
EBITDA, MEUR	10.5	13.6	-22.6%	30.6
EBITDA%, %	7.6%	10.3%		10.7 %
Operating profit, MEUR	8.0	11.2	-29.0%	25.8
Operating profit percentage, %	5.7%	8.5%		9.0 %
Basic earnings per share, EUR	0.07	0.21	-66.7%	0.47
Diluted earnings per share, EUR	0.07	0.21	-66.7%	0.47
Earnings per share excluding deferred tax, EUR	0.11	0.24	-54.2%	0.54
Equity per share, EUR	1.70	1.51	12.6%	1.76
Return on equity, %	8.4%	28.8%		30.0 %
Return on capital employed, %	15.8%	23.4%		25.3 %
Return on net assets, %	45.1%	62.0%		72.3 %
Equity ratio, %	37.4%	35.1%		37.7 %
Gearing, %	38.4%	60.1%		34.0 %
Capital expenditure, MEUR	2.4	6.8	-64.7%	11.3
Capital expenditure, % of net sales	1.7%	5.1%		3.9 %
Personnel on average	10 165	7 683	32.3%	8 622
Personnel at end of period	10 117	7 697	31.4%	9 722
Number of shares on average	38 975 190	38 975 190		38 975 190
Number of shares at the end of period	38 975 190	38 975 190		38 975 190
Diluted number of shares on average	39 076 016	38 988 207		39 075 819
Highest share price, EUR	4.17	4.89		5.03
Lowest share price, EUR	3.15	2.63		2.63
Average share price, EUR	3.60	3.50		3.76
Traded shares, Mpcs	9.6	11.5		19.0
Traded shares, MEUR	34.4	40.6		72.1

LIABILITIES

(EUR 1 000)

	30.6.2008	30.6.2007	Change %	31.12.2007
For own debt				
Company and real estate mortgages	170 000	170 000	0.0%	170 000
Others	5	364	-98.6%	209
Leasing and rental liabilities	10 451	2 295	355.4%	8 311
	180 456	**172 659**	**4.5%**	**178 520**

QUARTERLY INFORMATION

	4-6/08	1-3/08	10-12/07	7-9/07	4-6/07	7/07-6/08
Sold chargers, kpcs	71 598	63 451	81 534	61 827	63 363	278 410
Net sales, kEUR	72 113	66 834	84 005	70 478	69 475	293 430
Operating profit, kEUR	3 168	4 785	8 324	6 300	6 048	22 577
Operating profit percentage, %	4.4%	7.2%	9.9%	8.9%	8.7%	7.7%
Average sales price, EUR	1.01	1.05	1.03	1.14	1.10	1.05

OPTION RIGHTS

During the financial year 2007 the General Meeting of Shareholders established an option program with totally 2,047,500 option rights that entitles to subscribe the same amount of new shares of the company. The option program is divided to symbols 2007A, 2007B and 2007C. The Board of Directors has, during the financial year, granted option rights (2007B) to the Group key personnel totaling 657,500 pcs. The share based incentives are conditional. The vesting conditions (relating to symbols 2007A and 2007B) are based on that the total shareholder return is at least 8% per annum. Options are lost when a person is leaving the company before the settlement period begins. The Board of Directors can decide in these cases that the stock option owner is entitled to keep the options or a part of them. The fair value has been determined by using the Cox-Ross-Rubinstein binomial model.

Program symbol	**2007A**	**2007B**	**2007C**
Number of options	657 500	682 500	707 500
Vesting period	1.4.2007-31.3.2010	1.4.2008-31.3.2011	1.4.2009-31.3.2012
Options granted before the current financial year	610 000	0	0
Options granted during the current financial year	0	657 500	0
Options forfeited during the current financial year	-5 000	0	0
Settlement (shares / option)	1	1	1
Settlement period	1.4.2010-31.3.2012	1.4.2011-31.3.2013	1.4.2012-31.3.2014
Grant date	02.05.07	07.05.08	
Exercise price	2.88	3.40	
Share price at grant date	3.51	3.79	
The fair value of option at grant date	1.44	1.44	

CALCULATION OF FINANCIAL RATIOS

Average personnel: Average of the amount of personnel at end of each month

Return on equity (%) = Profit for the period x 100 : Equity on average

Return on capital employed (%) = (Profit before tax + interest charges and other financial expenses) x 100 : (Balance sheet total less interest-free debt (on average))

Return on net assets (%) = Operating profit x 100 : (Fixed assets less goodwill and deferred tax assets + inventory + short-term receivables less short-term interest-free debt on average)

Equity ratio (%) = Equity x 100 : Balance sheet total less received advance payments

Gearing (%) = (Interest-bearing debt less cash and cash equivalents) x 100 : Equity

Earnings per share = Profit of the period : Weighted average number of shares outstanding during the period

Equity per share = Equity : number of shares outstanding

Earnings per share, diluted = Profit for the period : Weighted average number of shares outstanding during the period, adjusted for the share issue