

## GROWTH CONTINUED – OPERATING PROFIT SLIGHTLY LOWER

- The January-March net sales increased by 7% to EUR 66.8 million.
- Number of chargers delivered grew by 14% to 63.5 million pieces.
- Market share in mobile phone chargers decreased slightly and was some 21%.
- Operating profit decreased by 7% to EUR 4.8 million.
- Earnings per share, excluding the deferred tax, decreased by 44% to EUR 0.06.
- The cash flow from operating activities, excluding change in selling of receivables, was EUR 3.4 million positive.
- Outlook for the rest of the year: Net sales in 2008 are expected to continue to grow. However, due to declining mobile phone charger prices the operating profit in value is expected to remain on approximately the 2007 level.

### Markku Hangasjärvi, President and CEO:

“Our net sales continued to grow in the first quarter of the year, although at a more moderate pace than in the same quarter last year. Net sales growth was especially slowed by the weak exchange rate of the US dollar; with the exchange rates of the previous year, the increase in our net sales would have been 24%.

The operating profit weakened slightly compared with the first quarter last year due to a lower gross margin, as well as fixed costs related to the strong increase in capacity at the India plant.

According to market research institutes, some 295 million mobile phones were sold during the first quarter of the year, up 17% compared with the same quarter last year. Our market share in the mobile phones, 21%, decreased slightly compared with the corresponding quarter last 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. Earlier, the estimate for the full-year 2008 growth was some 12%.

Our strategic target is to strengthen the global market leadership in mobile phone chargers and, in addition, broaden our customer portfolio in other selected charger segments. During the first quarter of the year we started deliveries to a new customer outside the mobile phone segment, and

negotiations to create other new customer relationship have also proceeded well. We believe that the stable development of the mobile phone market and our efforts to seek growth will form a good basis to achieve further growth in our net sales in 2008.”

### Net sales and result

Salcomp's net sales in January-March grew by 7% and were EUR 66.8 million (EUR 62.3 million in January-March 2007). The number of chargers delivered grew by 14% to 63.5 million pieces (55.6 million pieces). The market share in mobile phone chargers decreased slightly compared with the first quarter in 2007 and was about 21% (22%).

The Group's operating profit in the first quarter amounted to EUR 4.8 million (EUR 5.1 million). The operating profit percentage was 7.2% (8.2%). Profitability was weakened by a slightly lower gross margin compared with the comparison period due to changes in the product mix. In addition, the Group's fixed costs rose because of the strong increase in capacity at the India plant.

The Group's net financial expenses were EUR 2.3 million (EUR 0.8 million). Financial expenses for the period include EUR 1.3 million (EUR 0.2 million profit) of deferred losses due to the exchange rate differences of intra-group loans. Taxes for the period totaled EUR 0.9 million (EUR 0.9 million). They include a deferred tax of EUR 0.7 million resulting from the parent company's tax-deductible goodwill amortization.

Salcomp's net result totaled EUR 1.6 million (EUR 3.4 million). Earnings per share were EUR 0.04 (EUR 0.09) and earnings per share excluding the deferred tax amounted to EUR 0.06 (EUR 0.11). Basic earnings per share were EUR 0.04 (EUR 0.11)

### **R&D and capital expenditure**

The Group's R&D expenditure was EUR 1.2 million (EUR 0.9 million) in January-March, or 1.8% of net sales (1.5%). The focus was on the development of new products for current and new customers and on the continued improvement of the product cost structure of the current products.

The capital expenditure in January-March amounted to EUR 1.4 million (EUR 3.6 million). The capital expenditure involved boosting the production capacity mainly in India.

### **Financing**

During the first quarter the cash flow from operating activities was EUR 2.9 million negative (EUR 10.4 million positive) due to the increase in working capital. The cash flow was negatively affected by the EUR 6.3 million decrease in sold receivables in the first quarter. The cash flow from operating activities, excluding change in selling of receivables was EUR 3.4 million positive.

The Group's equity ratio at the end of March was 39.3% (31.3 %) and gearing was 39.0% (68.3%). Interest-bearing net debt totaled EUR 27.2 million (EUR 36.9 million) at the end of the period.

### **Decisions of the Annual General Meeting**

Salcomp Plc's Annual General Meeting was held in Helsinki on 10 April 2008. The AGM approved the 2007 financial statements and discharged the CEO and Members of the Board from liability.

In accordance with the Board's proposal, the AGM decided to pay a dividend of EUR 0.15 per share. The dividend was paid on 22 April 2008.

The AGM decided to leave the composition of the Board of Directors unchanged. Thus the members of the Board of Directors until

the conclusion of the 2009 Annual General Meeting are Chairman Mats Heiman, Vice Chairman Kari Vuorialho and members Peter Hofvenstam, Andreas Tallberg and Jorma Terentjeff.

KPMG Oy Ab, Authorized Public Accounting Firm, continues as the company auditor.

The AGM authorized the Board of Directors to decide on the repurchase and conveyance of the company's own shares up to 3.8 million shares.

### **Personnel**

The Group employed 10,440 (7,786) people at the end of March: approximately 7,100 in China, approximately 1,600 in India and approximately 1,700 in Brazil. The increase in the number of personnel was mostly due to increased production volumes, as well as the India plant, which started last year.

### **Shares and shareholders**

The Salcomp share price fluctuated between EUR 3.15 and EUR 4.17 in January-March. The closing price at the end of March was EUR 3.80. Share trade amounted to EUR 22.1 million and 6.1 million shares.

According to the book-entry system, Salcomp had 1,187 shareholders at the end of the period. At the end of March the foreign ownership was 70.8% and the market value EUR 148 million.

On 11 March 2008 Nordstjernan AB announced that its ownership has increased to over two-thirds of the total number of shares and votes in Salcomp as a result of transactions carried out on 10 March 2008. At the time of the announcement Nordstjernan held 26,226,196 shares, corresponding to 67.3% of Salcomp's shares and voting rights.

### **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 in the competition in the mobile phone charger markets, as well as

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 as 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 2008**

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 earlier growth estimate for 2008 was some 12%. In spite of the lower estimate, 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 continue to grow. However, due to declining mobile phone charger prices the operating profit in value is expected to remain on approximately the 2007 level. According to the earlier outlook, the operating profit in value was expected to grow only to some extent or to remain on 2007 level.

Helsinki 8 May 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)

	1-3/2008	1-3/2007	Change %	1-12/2007
Net sales	66 834	62 273	7.3%	286 231
Cost of sales	-58 201	-54 000	7.8%	-244 785
<b>Gross margin</b>	<b>8 633</b>	<b>8 273</b>	<b>4.4%</b>	<b>41 446</b>
Other operating income	88	239	-63.2%	482
Sales and marketing expenses	-578	-544	6.3%	-2 471
Administrative expenses	-2 122	-1 903	11.5%	-8 701
Research and development expenses	-1 236	-943	31.1%	-4 845
Other operating expenses	0	0		-117
<b>Operating profit</b>	<b>4 785</b>	<b>5 122</b>	<b>-6.6%</b>	<b>25 794</b>
Financial income	199	251	-20.7%	958
Financial expenses	-2 458	-1 045	135.2%	-4 203
<b>Profit before tax</b>	<b>2 526</b>	<b>4 328</b>	<b>-41.6%</b>	<b>22 549</b>
Income tax expense	-935	-887	5.4%	-4 281
<b>Profit for the period</b>	<b>1 591</b>	<b>3 441</b>	<b>-53.8%</b>	<b>18 268</b>
Basic earnings per share, EUR	0.04	0.09	-53.8%	0.47
Diluted earnings per share, EUR	0.04			0,47

## CONSOLIDATED BALANCE SHEET

(EUR 1 000)

	31.3.2008	31.3.2007	Change %	31.12.2007
<b>Non-current assets</b>				
Property, plant and equipment	23 491	22 386	4.9%	24 808
Goodwill	66 412	66 412	0.0%	66 412
Other intangible assets	536	340	57.5%	481
Deferred tax assets	3 183	2 997	6.2%	3 184
	93 622	92 136	1.6%	94 885
<b>Current assets</b>				
Inventories	28 194	22 106	27.5%	24 114
Trade and other receivables	44 946	44 587	0.8%	48 475
Cash and cash equivalents	10 579	14 708	-28.1%	14 611
	83 719	81 401	2.8%	87 200
<b>Total assets</b>	<b>177 341</b>	<b>173 537</b>	<b>2.2%</b>	<b>182 085</b>
<b>Equity</b>				
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	37 755	22 169	70.3%	36 773
	69 623	54 037	28.8%	68 641
<b>Non-current liabilities</b>				
Deferred tax liabilities	12 762	9 593	33.0%	12 075
Interest-bearing liabilities	28 344	43 188	-34.4%	28 542
Provisions	40	40	0.0%	40
	41 146	52 821	-22.1%	40 657
<b>Current liabilities</b>				
Trade and other payables	57 167	58 274	-1.9%	63 382
Interest-bearing current liabilities	9 405	8 405	11.9%	9 405
	66 572	66 679	-0.2%	72 787
<b>Total equity and liabilities</b>	<b>177 341</b>	<b>173 537</b>	<b>2.2%</b>	<b>182 085</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR 1 000)

Attributable to equity holders of the parent

	Share capital	Premium fund	Invested unrestricted equity	Translation differences	Retained earnings	Total equity
<b>Equity at January 1, 2007</b>	<b>9 833</b>	<b>22 035</b>	<b>0</b>	<b>226</b>	<b>20 887</b>	<b>52 981</b>
Translation differences	0	0	0	-46	0	-46
Profit for the period	0	0	0	0	3 441	3 441
Total recognized income and expense for the period	0	0	0	0	0	0
Dividends	0	0	0	0	-2 339	-2 339
<b>Equity at March 31, 2007</b>	<b>9 833</b>	<b>22 035</b>	<b>0</b>	<b>180</b>	<b>21 989</b>	<b>54 037</b>
<b>Equity at January 1, 2008</b>	<b>9 833</b>	<b>0</b>	<b>22 035</b>	<b>-219</b>	<b>36 992</b>	<b>68 641</b>
Translation differences	0	0	0	-680	0	-680
Profit for the period	0	0	0	0	1 591	1 591
Total recognized income and expense for the period	0	0	0	0	0	0
Option costs	0	0	0	0	71	71
<b>Equity at March 31, 2008</b>	<b>9 833</b>	<b>0</b>	<b>22 035</b>	<b>-899</b>	<b>38 654</b>	<b>69 623</b>

## CONSOLIDATED CASH FLOW STATEMENT

(EUR 1 000)

	1-3/2008	1-3/2007	Change %	1-12/2007
Cash flow before change in working capital	6 099	6 389	-4.5%	30 690
Change in working capital:	-8 327	4 953	-268.1%	9 625
Financial items and taxes	-636	-965	-34.1%	-3 723
<b>Net cash flow from operating activities</b>	<b>-2 864</b>	<b>10 377</b>	<b>-127.6%</b>	<b>36 592</b>
Purchases	-833	-3 045	-72.6%	-11 053
Sales	44	1	4 300.0%	86
<b>Cash flows from investing activities</b>	<b>-789</b>	<b>-3 044</b>	<b>-74.1%</b>	<b>-10 967</b>
Cash flow before financing	-3 653	7 333	-149.8%	25 625
Withdrawal of borrowings	0	5 000	-100.0%	5 000
Repayment of borrowings	-198	-5 648	-96.5%	-19 611
Dividends	0	0		-2 339
<b>Net cash flow from financing activities</b>	<b>-198</b>	<b>-648</b>	<b>-69.4%</b>	<b>-16 950</b>
Change in cash and cash equivalents	-3 851	6 685	-157.6%	8 675
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	-181	178	-201.7%	-1 909
<b>Cash and cash equivalents at the end of the period</b>	<b>10 579</b>	<b>14 708</b>	<b>-28.1%</b>	<b>14 611</b>

## KEY FIGURES

	1-3/2008	1-3/2007	Change %	1-12/2007
Sold chargers, Mpcs	63,5	55.6	14.1%	262.4
Average sales price, EUR	1.05	1.12	-6.3%	1.09
Net sales, MEUR	66.8	62.3	7.3%	286.2
EBITDA, MEUR	6.1	6.4	-5.0%	30.6
EBITDA%, %	9.1%	10.3%		10.7%
Operating profit, MEUR	4.8	5.1	-6.6%	25.8
Operating profit percentage, %	7.2%	8.2%		9.0%
Basic earnings per share, EUR	0.04	0.09	-54.7%	0.47
Diluted earnings per share, EUR	0.04			0.47
Earnings per share excluding deferred tax, EUR	0.06	0.11	-44.1%	0.54
Equity per share, EUR	1.79	1.39	28.8%	1.76
Return on equity, %	9.2%	25.7%		30.0%
Return on capital employed, %	18.6%	20.4%		25.3%
Return on net assets, %	51.4%	60.3%		72.3%
Equity ratio, %	39.3%	31.3%		37.7%
Gearing, %	39.0%	68.3%		34.0%
Capital expenditure, MEUR	1.4	3.6	-61.1%	11.3
Capital expenditure, % of net sales	2.1%	5.8%		3.9%
Personnel on average	9 989	7 605	31.3%	8 622
Personnel at the end of period	10 440	7 786	34.1%	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			39 075 819
Highest share price, EUR	4.17	3.40		5.03
Lowest share price, EUR	3.15	2.63		2.63
Average share price, EUR	3.63	3.04		3.76
Traded shares, Mpcs	6.1	4.5		19.0
Traded shares, MEUR	22.1	13.7		72.1

## LIABILITIES

(EUR 1000)

	1-3/2008	1-3/2007	Change %	31.12.2007
For own dept				
Company and real estate mortgages	170 000	170 00	0.0%	170 00
Others	195	364	-46.4%	209
Leasing and rental liabilities	9 636	7 891	22.1%	8 311
	179 831	178 255	0.9%	178 520

## QUARTERLY INFORMATION

	1-3/08	10-12/07	7-9/07	4-6/07	1-3/07	4/07-3/08
Sold chargers, kpcs	63 451	81 534	61 827	63 363	55 632	270 175
Net sales, kEUR	66 834	84 005	70 478	69 475	62 273	290 792
Operating profit, kEUR	4 785	8 324	6 300	6 048	5 122	25 457
Operating profit percentage, %	7.2%	9.9%	8.9%	8.7%	8.2%	8.8%
Average sales price, EUR	1.05	1.03	1.14	1.10	1.12	1.08

## 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 not granted option rights to Group key personnel during the financial year. The share based incentives are conditional. The vesting conditions 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 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 period	0	0	0
Options forfeited during the current financial period	0	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		
Exercise price	3.03		
Share price at grant date	3.51		
The fair value of option at grant date	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 taxes + interest charges and other financial costs) 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 for the period: Weighted average number of shares outstanding

Equity per share = Equity : Number of shares outstanding on 31 December

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