Salcomp
POWERING THE MOBILE WORLD

STRONG GROWTH CONTINUED, PROFITABILITY SIGNIFICANTLY IMPROVED

April–June 2007:

-Net sales grew by 18% to EUR 69.5 million.
-The number of delivered chargers increased by 21% to 63.4 million.
-The market share in mobile phone chargers increased to approximately 24%.
-Operating profit grew to EUR 6.0 million.
-Earnings per share, excluding the calculative tax item, were EUR 0.13.
-The cash flow from business operations reached EUR 6.7 million.
-The outlook for the financial year remains unchanged: The 2007 net sales are expected to grow somewhat faster than the average market growth of the mobile phone charger market. It is estimated that both the operating profit and the earnings per share will clearly increase from the previous year.

Markku Hangasjärvi, President and CEO:
"Our business continued to develop positively in the second quarter of 2007. Net sales increased by 18% and the number of chargers sold by 21% compared with the corresponding period last year. At the exchange rates of the previous year, the increase in net sales would have been 27%. Profitability and cash flow also saw favorable development thanks to growth in net sales, enhanced productivity, and continued cost management.

According to market research companies' estimates, some 262 million mobile phones were sold in the second quarter of 2007, representing a year-over-year increase of approximately 14%. As a result of outperforming the market growth, our market share in mobile phone chargers, around 24%, increased from both the first quarter of 2007 and the second quarter of 2006.

Our charger production plant in Chennai, India, came on line as planned, and the first customer deliveries were made in early June. The plant will increase and balance our global production and give us a clear competitive edge in the rapidly-expanding mobile phone charger markets of India and its neighboring areas.

A Swedish family-owned investment company Nordstjernan became Salcomp's new major shareholder this summer. We are pleased to have such a significant owner that favors long-term ownership. We will continue with our growth strategy in both mobile phone chargers and other new charger segments. The goal is to achieve and maintain the position as a global market leader in mobile phone chargers.

The mobile phone market is expected to grow by some 12% in 2007, which translates to a sales volume of some 1.1 billion mobile phones and, consequently, chargers. This means a demand of approximately 0.6 billion mobile phone chargers during the second half of 2007. Market growth forms a good basis from which to continue increasing our net sales and, therefore, a favorable profitability development in 2007."

Financial Development in April–June 2007

Salcomp's net sales increased by 18% in April–June to EUR 69.5 million (EUR 59.0 million in 4–6/2006). The increase resulted from the number of chargers sold rising by 21% to 63.4 million (52.3 million). Salcomp's market share in mobile phone chargers grew slightly from the second quarter of 2006 and was approximately 24% (about 23%).

Operating profit increased to EUR 6.0 million (EUR 0.2 million). It was boosted by a higher gross margin and lower fixed costs than those in the comparison period. In 2006, the second-quarter operating profit was weighed down by the faster-than-planned rollout of production lines to meet increased demand, by material expenses that increased more than expected, and by the drawn-out customs strike in Brazil.

The second-quarter result amounted to EUR 4.6 million (EUR -1.5 million) and earnings per share, excluding the calculative tax item, were

EUR 0.13 (EUR -0.03). Basic earnings per share were EUR 0.12 (EUR -0.05).

Cash flow from operating activities was EUR 6.7 million (EUR 1.3 million) due to positive profit development.

Financial Development in January–June 2007
Net sales increased by 17% in January–June to EUR 131.7 million (EUR 113.0 million in 1–6/2006). The number of chargers sold increased by 19% to 119.0 million (100.4 million). At the exchange rates of the previous year, the increase in net sales would have been 25%.

The Group's operating profit in January–June totaled EUR 11.2 million (EUR 4.3 million). In addition to increased net sales, an increase in productivity and continued cost management also contributed to improved profitability. The result of the comparison period was negatively affected, among other things, by the higher-than-expected material expenses.

The Group's net financial expenses were EUR 1.2 million (EUR 2.3 million). Financial expenses for the period were reduced by the lesser amount of debt. Financial income increased as a result of the exchange rate differences of intra-group loans. Taxes for the period totaled EUR 1.9 million (EUR 1.6 million). They include a calculative item of EUR 1.5 million, resulting from the parent company's tax-deductible goodwill amortization.

Salcomp's net result totaled EUR 8.0 million (EUR 0.5 million) Earnings per share, excluding the calculative tax item, amounted to EUR 0.24 (EUR 0.05). Basic earnings per share were EUR 0.21 (EUR 0.01).

R&D and Capital Expenditure
In January–June, the Group's R&D expenditure was EUR 2.3 million (EUR 2.8 million), or 1.8% of net sales (2.5%). R&D focused on developing new products for key customers and on improving the cost structure of existing products.

Capital expenditure in January–June amounted to EUR 6.8 million (EUR 2.8 million). It mainly involved the construction of the plant in India, where production started as planned in June. The first customer deliveries from the plant in Chennai were made on June 4, 2007.

Financing
Cash flow from operating activities in January–June amounted to EUR 17.1 million (EUR 6.1 million in the negative), favored by profit development and a decrease in working capital. Factors contributing to the reduction in sales receivables and, consequently, working capital, included a sales program for sales receivables. The assets released from the program, EUR 10.9 million, were used to repay interest-bearing loans.

The Group's equity ratio at the end of June was 35.1% (29.3%) and gearing was 60.1% (104.7%). Net interest-bearing debt totaled EUR 35.4 million (EUR 48.2 million) at the end of the period.

Personnel
The Group employed 7,697 (7,770) people at the end of June: some 6,200 in China, 1,200 in Brazil and 240 in India.

Heikki Turtiainen, CTO, retired as planned at the end of June, and his duties were assumed by Juha Raussi, Vice President, R&D. Juha Samsten, Vice President, Quality and Environment, passed away unexpectedly in July. His duties are handled through deputy arrangements for the time being. The Group management team consists of Markku Hangasjärvi (President and CEO), Päivi Luoti (Communications), Osmo Oja (Operations), Antero Palo (Sales and Marketing), Juha Raussi (R&D), Markku Saarikannas (Strategic Planning), and Antti Salminen (Finance).

Shares and Shareholders
Salcomp's share price fluctuated between EUR 2.63 and EUR 4.89. The closing price at the end of June was EUR 4.52. Share trading amounted to EUR 40.6 million and consisted of 11.5 million shares. According to the book-entry system, Salcomp had 1,222 shareholders at the end of the period. Foreign ownership at the end of June was 60.1%.

Based on the AGM's decision, Salcomp's Board of Directors decided in early May to grant a total of 587,500 stock options 2007A to the Group's key employees.

On May 24, 2007, DWS Investment GmbH, a subsidiary of Deutsche Bank AG, announced that its holding of Salcomp Plc's shares and voting rights had decreased under 1/20 as a result of transactions carried out on May 22, 2007. At the time of the announcement, DWS Investment GmbH held 1,755,000 shares, corresponding to 4.5% of Salcomp's shares and voting rights.

EQT II B.V., acting on behalf of Swedish Non-Registered Partnership, and Nordstjernan AB announced on June 25, 2007 that they had signed a sale and purchase agreement under which EQT sold 11,653,581 Salcomp shares to Nordstjernan AB. EQT's holding in Salcomp decreased from 52.3% to 22.4% and Nordstjernan AB's holding rose to 29.9%. Under the agreement, Nordstjernan AB has the option to acquire the remaining 8,728,550 shares held by EQT during the period from August 9, 2007 to August 16, 2007. Should Nordstjernan choose not to use this option, EQT has the option to sell the shares to Nordstjernan AB during the period from August 17, 2007 to August 24, 2007.

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, as well as significant changes in competition in the mobile phone charger markets. Risks are managed to the extent that the company has influence over them. Further details about risk management are available in the Annual Report 2006.

Outlook for the Financial Year 2007
According to the estimates published by Salcomp's main customers and to the various market research companies, the mobile phone market is expected to grow during 2007 by approximately 12%, compared with 2006. Measured by the number of units, this means approximately 1.1 billion mobile phones, and therefore chargers, to be sold during the current year.

The estimated growth in the mobile phone charger market, and the increasingly strong market position of Salcomp, form a good basis to achieve further increases in net sales. In line with the previous outlook, the 2007 net sales are expected to grow somewhat faster than the average growth of the mobile phone charger market. In line with the previous outlook, it is estimated that both the operating profit and the earnings per share will clearly increase from the previous year.

Helsinki, August 7, 2007

Salcomp Plc
Board of Directors

This interim report has been prepared in accordance with IAS34 Interim Financial Reporting, following the accounting principles described in the Annual Report. The report has not been audited.

CONSOLIDATED INCOME STATEMENT
(EUR 1 000)

	1-6/2007	1-6/2006	Change %	1-12/2006
Net sales	131 748	112 962	16.6%	259 049
Cost of sales	-113 172	-101 823	11.1%	-228 794
Gross margin	**18 576**	**11 139**	**66.8%**	**30 255**
Other operating income	294	235	25.1%	363
Sales and marketing expenses	-1 174	-932	26.0%	-1 981
Administrative expenses	-4 175	-3 313	26.0%	-7 503
Research and development expenses	-2 343	-2 817	-16.8%	-5 421
Other operating expenses	-8	-38	-78.9%	-240
Operating profit	**11 170**	**4 274**	**161.3%**	**15 473**
Financial income	891	239	272.8%	276
Financial expenses	-2 108	-2 489	-15.3%	-4 547
Profit before tax	**9 953**	**2 024**	**391.7%**	**11 202**
Income tax expense	-1 905	-1 566	21.6%	-3 573
Profit for the period	**8 048**	**458**	**1 657.2%**	**7 629**
Basic earnings per share, EUR	0.21	0.01	1 551.1%	0.20
Diluted earnings per share, EUR	0.21			

CONSOLIDATE INCOME STATEMENT
(EUR 1 000)

	4-6/2007	4-6/2006	Change %
Net sales	69 475	59 020	17.7%
Cost of sales	-59 172	-54 397	8.8%
Gross margin	**10 303**	**4 623**	**122.9%**
Other operating income	55	27	103.7%
Sales and marketing expenses	-630	-447	40.9%
Administrative expenses	-2 272	-2 360	-3.7%
Research and development expenses	-1 400	-1 610	-13.0%
Other operating expenses	-8	-13	-38.5%
Operating profit	**6 048**	**220**	**2649.1%**
Financial income	640	7	9042.9%
Financial expenses	-1 063	-1 189	-10.6%
Profit before tax	**5 625**	**-962**	
Income tax expense	-1 018	-529	92.4%
Profit for the period	**4 607**	**-1 491**	
Basic earnings per share, EUR	0.12	-0.05	
Diluted earnings per share, EUR	0.12		

CONSOLIDATED BALANCE SHEET
(EUR 1 000)

	30.6.2007	30.6.2006	Change %	31.12.2006
Non-current assets				
Property, plant and equipment	24 779	16 712	48.3%	20 139
Goodwill	66 412	66 412	0.0%	66 412
Other intangible assets	372	112	232.1%	229
Deferred tax assets	3 013	3 362	-10.4%	3 023
	94 576	86 598	9.2%	89 803
Current assets				
Inventories	22 443	24 222	-7.3%	21 918
Trade and other receivables	44 069	40 958	7.6%	54 923
Cash and cash equivalents	7 215	5 410	33.4%	7 845
	73 727	70 590	4.4%	84 686
Total assets	**168 303**	**157 188**	**7.1%**	**174 489**
Equity and liabilities				
Share capital	9 833	9 833	0.0%	9 833
Share issue	0	0		0
Premium fund	22 035	22 035	0.0%	22 035
Retained earnings	26 973	14 131	90.9%	21 113
	58 841	45 999	27.9%	52 981
Non-current liabilities				
Deferred tax liabilities	10 387	7 448	39.5%	8 915
Interest-bearing liabilities	33 173	43 742	-24.2%	43 797
Provisions	40	40	0.0%	40
	43 600	51 230	-14.9%	52 752
Current liabilities				
Trade and other payables	56 457	50 113	12.7%	60 351
Interest-bearing current liabilities	9 405	9 846	-4.5%	8 405
	65 862	59 959	9.8%	68 756
Total equity and liabilities	**168 303**	**157 188**	**7.1%**	**174 489**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(EUR 1 000)
Attributable to equity holders of the parent

	Share capital	Share issue	Premium fund	Trans-lation differ-rences	Retained earnings	Total equity
Equity at January 1, 2006	**8 285**	**105**	**5 934**	**618**	**13 258**	**28 200**
Translation differences	0	0	0	-203	0	-203
Profit for the period	0	0	0	0	458	458
Total recognized income and expense for the period	0	0	0	-203	458	255
Share issue	1 548	-105	16 101	0	0	17 544
Equity at June 30, 2006	**9 833**	**0**	**22 035**	**415**	**13 716**	**45 999**
Equity at January 1, 2007	**9 833**	**0**	**22 035**	**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 cost	0	0	0	0	43	43
Dividends	0	0	0	0	-2 339	-2 339
Equity at June 30, 2007	**9 833**	**0**	**22 035**	**334**	**26 639**	**58 841**

CONSOLIDATED CASH FLOW STATEMENT
(EUR 1 000)

	1-6/2007	1-6/2006	1-12/2006
Cash flow before change in working capital	13 613	6 806	20 618
Change in working capital	5 445	-8 937	-10 765
Financial items and taxes	-1 948	-3 922	-6 000
Net cash flow from operating activities	**17 110**	**-6 053**	**3 853**
Purchases	-6 145	-4 187	-8 893
Sales	2	45	319
Cash flow from investing activities	**-6 143**	**-4 142**	**-8 574**
Cash flow before financing	**10 967**	**-10 195**	**-4 721**
Withdrawal of borrowings	5 000	65 000	68 993
Repayment of borrowings	-14 861	-72 027	-77 615
Dividends	-2 339	0	0
Paid share issue	0	16 962	16 962
Net cash flow from financing activities	**-12 200**	**9 935**	**8 340**
Change in cash and cash equivalents	-1 233	-260	3 619
Cash and cash equivalents at the beginning of the period	7 845	5 726	5 726
Translation correction to cash and cash equivalents	603	-56	-1 500
Cash and cash equivalents at the end of the period	**7 215**	**5 410**	**7 845**

KEY FIGURES

	1-6/2007	1-6/2006	Change %	1-12/2006
Sold chargers, Mpcs	119.0	100.4	18.5%	230.5
Average sales price, EUR	1.11	1.12	-1.1%	1.12
Net sales, MEUR	131.7	113.0	16.6%	259.0
EBITDA, MEUR	13.6	7.0	93.8%	20.7
EBITDA%, %	10.3%	6.2%	66.1%	8.0%
Operating profit, MEUR	11.2	4.3	161.3%	15.5
Operating profit percentage, %	8.5%	3.8%		6.0%
Basic earning per share, EUR	0.21	0.01	2 000.0%	0.20
Diluted earnings per share, EUR	0.21			0.28
Earnings per share excluding calculative tax item, EUR	0.24	0.05	380.0%	
Equity per share, EUR	1.51	1.26	19.8%	1.36
Return on equity, %	28.8%	2.5%	1 052.0%	18.8%
Return on capital employed, %	23.4%	9.6%	143.8%	16.2%
Return on net assets, %	62.0%	32.7%	89.6%	54.1%
Equity ratio, %	35.1%	29.3%	19.8%	30.5%
Gearing, %	60.1%	104.7%	-42.6%	83.7%
Capital expenditure, MEUR	6.8	2.8	142.9%	9.4
Capital expenditure, % of net sales	5.1%	2.4%	112.5%	3.6%
Personnel on average	7 638	7 260	5.2%	7 567
Personnel at end of period	7 697	7 770	-0.9%	7 910
Number of shares on average	38 975 190	36 621 599		37 808 067
Number of shares at the end of period	38 975 190	38 975 190		38 975 190
Diluted number of shares on average	38 988 207			
Highest share price, EUR	4.89	3.69		3.69
Lowest share price, EUR	2.63	2.76		2.13
Average share price, EUR	3.50	3.18		2.88
Traded shares, Mpcs	11.5	23.2		29.2
Traded shares, MEUR	40.6	74.4		88.7

LIABILITIES

(EUR 1 000)

	1-6/2007	1-6/2006	Change %	1-12/2006
For own debt				
Company and real estate mortgages	170 000	170 000	0.0%	170 000
Others	364	364	0.0%	254
Leasing and rental liabilities	2 295	7 700	-70.2%	5 291
	172 659	178 064	-3.0%	175 545

QUARTERLY INFORMATION

	4-6/07	1-3/07	10-12/06	7-9/06	4-6/06	7/06-6/07
Sold chargers,kpcs	63 363	55 632	69 587	60 464	52 255	249 046
Net sales, kEUR	69 475	62 273	78 642	67 445	59 020	277 835
Operating profit, kEUR	6 048	5 122	6 694	4 405	220	22 369
Operating profit percentage, %	8.7%	8.2%	8.5%	6.7%	0.4%	8.1%
Average sales price, EUR	1.10	1.12	1.13	1.12	1.13	1.12

OPTION RIGHTS

During the financial year the General Meeting of Shareholders established an option program with totally 2,047,500 option rights that entitles to subscribe of the same amount of new shares of the company. The option program is divided to symbols 2007A, 2007B and 2007C. The Board of Directors granted at the beginning of May 587,500 options to the Group key personnel. 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 by using the Cox-Ross-Rubinstein binomial model.

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	0	0	0
Options granted during the current financial year	587 500	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	1.43		

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 of the period attributable to the equity holders of the parent : 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