
2006
ANNUAL REPORT
Salcomp
POWERING THE MOBILE WORLD

POWERING THE MOBILE WORLD

2006 ANNUAL REPORT

INFORMATION FOR INVESTORS

BASIC SHARE INFORMATION

Listed on:	Helsinki Stock Exchange
Ticker:	SAL1V
List:	the Main List
Sector:	Information technology
ISIN code:	FI0009013924
GICS code:	45203010

GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Salcomp Plc will be held on Thursday, March 29, 2007 at 2 p.m. at the Marina Congress Center, Katajanokanlaituri 7, Helsinki. The right to participate belongs to all shareholders who by March 19, 2007 will be entered in the shareholders' register maintained by the Finnish Central Securities Depository and who will notify of their participation by no later than March 23, 2007 at 4 p.m. Notifications to be received by telephone +358 44 939 4669, fax +358 201 875 450, email agm2007@salcomp.com or by letter to Salcomp Plc, AGM/Päivi Luoti, P.O. Box 95, FI-24101 Salo.

PAYMENT OF DIVIDENDS

The Board proposes the payment of dividends worth EUR 0.06 per share.

Dividend ex-date	March 30, 2007
Dividend payment record date	April 3, 2007
Dividend payment	April 12, 2007

FINANCIAL REPORTING 2007

Financial Statements Release 2006	February 8, 2007
Annual Report 2006	week 11/2007
Annual General Meeting of Shareholders	March 29, 2007
Interim Report for January–March 2007	May 3, 2007
Interim Report for January–June 2007	August 7, 2007
Interim Report for January–September 2007	November 6, 2007

INVESTOR INFORMATION

The aim of the Investor Relations at Salcomp is to provide all capital market participants with regular and equal access to correct, sufficient and up-to-date information as a basis for the Salcomp share price.

Salcomp's website, www.salcomp.com, offers versatile investor information: financial reports, stock exchange and press releases, contact information of investment analysts following Salcomp, as well as the largest shareholders and the insiders of the company.

Salcomp has defined a silent period that covers two weeks preceding the publication of its full-year result and interim reports. During this period, Salcomp will not meet with capital market representatives.

Annual Reports can be ordered from www.salcomp.com – Investors – Publications and presentations, or from Salcomp Communications by email mari.kagan@salcomp.com.

INVESTOR INFORMATION CONTACTS

CFO Antti Salminen
Tel. +358 40 535 1216
antti.salminen@salcomp.com

Communications Manager
Päivi Luoti
Tel. +358 50 358 6012
paivi.luoti@salcomp.com

SALCOMP PLC

- Salcomp is a global developer, manufacturer and marketer of mobile phone chargers
- Customers include the major mobile phone manufacturers
- In 2006, nearly one in four of the world's mobile phone chargers was manufactured by Salcomp
- The number of chargers sold in 2006 totaled approximately 230 million units

MISSION

Salcomp's mission is

- To create added value for Salcomp's customers by producing increasingly more competitive chargers for mobile phones and other handheld electronic devices

VISION

Salcomp's vision is

- To achieve global market leadership in mobile phone chargers
- To strengthen Salcomp's growth by expanding to selected new business areas where it is possible to achieve a strong market position

KEY MILESTONES

FOUNDED IN 1975	ACQUIRED BY NOKIA IN 1983	SWITCH MODE CHARGERS IN 1988	SPIN-OFF FROM NOKIA IN 1999	MOVE TO CHINA IN 2004	IPO IN 2006
Leading track record in researching, developing and producing chargers	World-class processes, systems and culture built during 16 years as part of Nokia	Technology leadership with first mass market rapid chargers for mobile phones	Expansion of the customer base to cover all leading mobile phone makers	Global delivery capabilities and superior operating efficiency	Access to capital markets and improved credibility

THE MARKET AND PRODUCTS

- Salcomp's operations focus on the mobile phone charger market where growth in 2007 has been forecast as 10% when expressed as the number of units sold
- Salcomp's customers include the leading mobile phone manufacturers
- Salcomp is one of the three major global mobile phone charger manufacturers
- In 2006, Salcomp's global market share was approximately 23%
- Salcomp is a pioneer in mobile phone chargers based on the advanced switch-mode technology

SALCOMP'S GLOBAL OPERATIONS

- Salcomp's headquarters are in Finland
- The production plants are located in China and Brazil, and during 2007 a new production plant will be completed in India
- At the end of 2006, Salcomp employed 7,910 people: 86% in China, 13% in Brazil and a total of 1% in Finland, United States and India
- During 2007, India's share of the number of personnel will increase significantly

HISTORY

- The company originated from Salcomp Oy, which was founded in Uusikaupunki, Finland in the 1970s and which was initially a subsidiary of the television manufacturer Salora Oy
- Salcomp's history is considered to have begun when the Kemijärvi factory was established n 1975

2006 IN BRIEF


March 13


April 6


September 15

January 30	Salcomp investigates the opportunity to become listed on the Helsinki Stock Exchange
February 28	Salcomp Plc's Offering is launched
March 10	In the Offering, the subscription price was determined as EUR 3.20
March 13	Salcomp begins its journey as a Helsinki Stock Exchange listed company
April 6	A decision is made to found a new plant in India
August 22	The Indian plant investment is expanded, and it is decided to construct both stages of the plant at the same time
September 15	Markku Hangasjärvi is appointed as President and CEO

ALL SALCOMP'S RELEASES ARE PUBLISHED ON THE COMPANY WEBSITE AT WWW.SALCOMP.COM

SALCOMP GROUP KEY FIGURES

	2006	2005	Change, %
Net sales, EUR million	**259.0**	156.0	+66%
Operating profit, EUR million	**15.5**	12.5	+24%
% of net sales	**6.0**	8.0	
Earnings per share, EUR*	**0.28**	0.27	+4%
Equity ratio, %	**30.5**	19.1	
Gearing, %	**83.7**	194.6	
Market value on December 31, 2006, EUR million	**101.3**	–	
Number of personnel at year-end	**7 910**	6 304	+25%

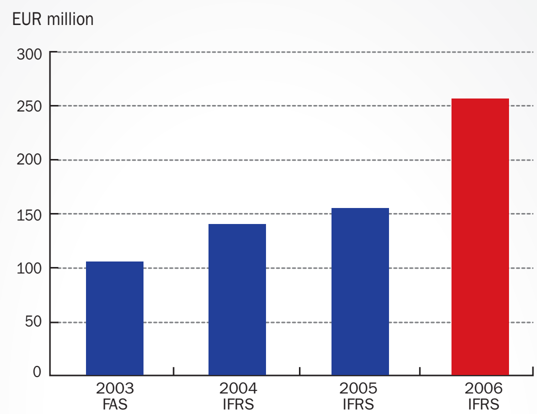
**Excluding the calculative tax item*

SHARE PRICE DEVELOPMENT

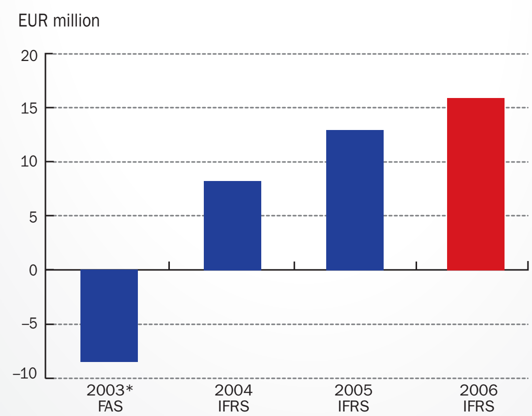
- On March 13, 2006, Salcomp became listed on the Helsinki Stock Exchange
- Salcomp's shares are quoted on the Main List of the Helsinki Stock Exchange in the Information Technology sector's Small Cap

NET SALES BY GEOGRAPHICAL AREA

NET SALES



OPERATING PROFIT



** Before goodwill amortization*

CEO'S REVIEW

A YEAR OF STRONG GROWTH

Salcomp's strong growth continued in 2006; the number of chargers sold and net sales reached record figures yet again. We clearly outperformed the market growth and strengthened our market position as the key supplier to major mobile phone manufacturers.

Our operating profit also increased, even though it was burdened by an increase in material prices in the spring, as well as the measures required to achieve growth. I am very pleased with the speed and agility with which Salcomp reacted to the changes that took place in the operating environment during the summer and autumn.

One significant milestone during the year was becoming listed on the Helsinki Stock Exchange. The shares issued in connection with the Stock Exchange listing strengthened the company's capital structure. The status as a listed company will further increase our credibility and, if necessary, will enable the acquisition of additional capital, which will help us strengthen our growth even further.

Another significant strategic step was the decision to construct a charger plant in Chennai, India. Chennai is developing into a significant center for the entire mobile phone industry, and several of our key customers have already commenced or are currently commencing their production in Chennai. To date, Salcomp is the only major charger manufacturer to have its own production in India. Our presence in India will give us a competitive edge, which we aim to utilize to the fullest.

"We continuously focus on the expansion of our customer base, enhancement of our operations and the reduction of the material and production costs."

It is estimated that in 2007 the mobile phone market will grow by approximately 10%, which translates into the sale of approximately 1.1 billion mobile phone chargers. Our aim is also during this year to outperform the market growth and to increase our market share. In addition to growth, another important goal is the improvement of profitability. We continuously focus on the expansion of our customer base, enhancement of our operations and the reduction of the material and production costs.

My time at Salcomp – less than six months – has been very exciting. I was handed a good company to lead, and I want to further enhance its many strengths. Therefore, I wish to say a special thank you to my predecessor, Mats Eriksson, for the fluent passing on of the baton and for effective co-operation. My thanks also go to the entire personnel, our customers, shareholders and financial institutes for the good work carried out over the past year and for their trust in us. This is a fine springboard for the future.

Markku Hangasjärvi
President and CEO

MISSION, VISION, STRATEGIC GOALS AND VALUES

MISSION

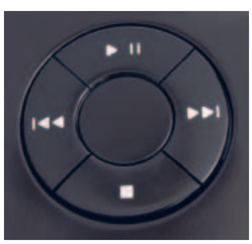
Salcomp's mission is

- To create added value for Salcomp's customers by producing increasingly more competitive chargers for mobile phones and other handheld electronic devices

VISION

Salcomp's vision is

- To achieve global market leadership in mobile phone chargers
- To strengthen Salcomp's growth by expanding to selected new business areas where it is possible to achieve a strong market position



STRATEGIC GOALS

- **To achieve a strategic key supplier's position to leading mobile phone manufacturers**
  Salcomp aims to increase its market share, as well as achieve and maintain the leading key supplier's position
- **To develop new charger technologies, create spearhead products and manage other charging-related additional technologies**
  Salcomp aims to increase its competitive edge in the advanced switch-mode technology and to take advantage of the development where this technology replaces linear technology
- **To ensure the adequacy, efficiency and flexibility of Salcomp's global manufacturing capacity**
  Salcomp aims to increase and optimize a globally efficient cost-level manufacturing capacity in China, India and Brazil and at the same time, provide the customers even more flexible service
- **To increase the company's customer base by expanding to selected new charger segments**
  Salcomp aims to become the leading charger supplier for major customers in selected new business sectors

SALCOMP'S STRENGTHS

- A strong market position in the rapidly growing mobile phone charger market
- Customers include the major mobile phone manufacturers
- Product development and innovation leadership in charger technology
- Efficient cost-level manufacturing close to customers
- Superior efficiency in global production and logistics
- Advanced processes, systems and culture

SALCOMP'S VALUES

Values guide our daily operations and relationships with our customers and other co-operation partners.

Customer satisfaction

- Customer satisfaction is the basis of all our operations
- We aim to fulfill the current and future needs of our customers and take into account their expectations in all our operations
- The continuous development of customer satisfaction is our aim
- Colleagues, shareholders, investors, authorities and other interest groups are also our customers

Achievement

- We are committed to the common vision and goals
- We understand that the company's profitability is the basis for continued operations, and promoting this is our responsibility
- We aim to increase company value through successful and profitable operations and by complying with good business practice

Respect and responsibility

- We respect human rights and generally accepted ethical principles
- We value our customers, colleagues and other co-operation partners
- We accept diversity and treat each and everyone equally
- We take responsibility for our products and operations, as well as the environment

Continuous learning

- We constantly develop our operations, skills and working methods
- We remain open to new ideas, methods and feedback, and we encourage individual and progressive thinking
- We identify any needs for change and development, reacting promptly to such needs
- We also accept mistakes and aim to learn from them

BUSINESS

BUSINESS

Salcomp is a global developer and manufacturer of mobile phone chargers, counting the major mobile phone manufacturers among its customers. In 2006, Salcomp produced over 230 million chargers. Its global market share increased to approximately 23%. Due to this growth, Salcomp drew even closer to the position of market leader in the number of units delivered. Focusing on mobile phone chargers, according to company strategy, has brought with it long and extensive experience, enabling the company to achieve this market leadership.

BUSINESS DEVELOPMENT

At Salcomp, 2006 was a year of intense growth: net sales grew by 66% to EUR 259 million (EUR 156 million) and the number of units sold to 230 million (152 million).

Profitability, expressed as operating profit, increased by 24% to EUR 15.5 million (EUR 12.5 million) and earnings per share excluding the calculative tax item to EUR 0.28 (EUR 0.27). Profitability was burdened by an increase in material costs in the spring of 2006, the actions required by growth and the unsatisfactory profitability development of the Brazilian operations, partly due to the customs strike in Brazil in the spring.

The estimated increase in the mobile phone charger market and the strong market position achieved by Salcomp form a good basis to achieve further increases in net sales in 2007. Salcomp also aims to increase its market share in mobile phone chargers even further in 2007. However, following the intense growth during 2006, net sales are expected to revert to a more moderate growth track and to grow somewhat faster than the average 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.

BUSINESS ENVIRONMENT

The size of the mobile phone charger market, calculated by the number of units sold, depends on global mobile phone deliveries, as the charger is always a part of the mobile phone package sold to the end customer. During 2006, the mobile phone market grew by approximately 20%. Approximately 980 million mobile phones were sold with sales of chargers slightly higher due to the sale of chargers as accessories. Market growth exceeded even customer expectations: both market research companies and customers raised their forecasts on the size of the market during the year.

Consolidation in the mobile phone market continued, and Salcomp's main customers, the major mobile phone manufacturers, increased their combined market share. Consolidation in the charger market also continued, and the combined market share of the three major manufacturers increased.

During spring 2006, several material costs that are essential in charger production increased further than expected. An increase in the global market price of oil and copper, in particular, resulted in higher component costs. During the autumn, the prices began to level off.

According to estimates published by Salcomp's main customers and various market research companies, the mobile phone market is expected to increase during 2007 by approximately 10% compared with 2006. Measured by the number of units, this would mean approximately 1.1 billion mobile phones, and therefore chargers, to be sold during 2007.

Customers

The manufacture of mobile phones is highly concentrated within the top five companies: Nokia, Motorola, Samsung, SonyEricsson and LG. In 2006, based on Gartner Research Institute's assessment, these five manufacturers accounted for approximately 80% of the world's mobile phones. The top five mobile phone manufacturers have continuously increased their combined market share since 1996.

Development in the mobile phone market continues to favor the major mobile phone manufacturers. Deepening the customer relationships with these players is Salcomp's primary goal.

In recent years, Salcomp has significantly increased the volume of its deliveries to new customers. As a result, in 2006, the proportional share of Salcomp's biggest customer, with regard to sales, was below 40%, whereas in 2003 the figure was approximately 78%. The increase in the proportional share of new customers is further emphasized by the fact that Salcomp's absolute total deliveries have grown significantly.

Major mobile phone manufacturers usually require highly tailored products to meet their own special requirements. As normal procedure, mobile phone manufacturers aim to spread the manufacture of the specific chargers they require, between 2 to 4 suppliers to whom the delivery orders are allocated.

The specifications of a new charger are usually developed in cooperation with a single charger manufacturer, after which this manufacturer can be the first to start mass deliveries. The specifications of a new charger will also be submitted to the competitors of the supplier responsible for the design, and they will aim to develop their own solutions to produce a charger with the required specifications. This will ensure that each new charger will be produced by more than one supplier who will be competing mainly on the basis of quality, delivery assurance and pricing.

Salcomp's market position

In 2006, Salcomp's market share increased to approximately 23%. In the previous year, the market share was approximately 18%. These estimates are based on the number of chargers delivered and Gartner Research Institute's assessment of all sales by mobile phone manufacturers.

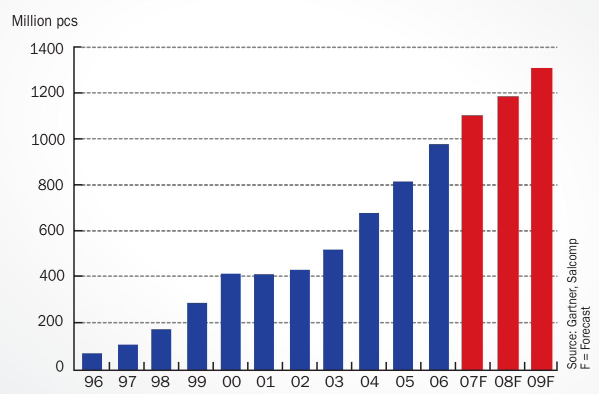
In 2006, Salcomp clearly outperformed the mobile phone charger market and strengthened its market position as the key supplier to major mobile phone manufacturers. Due to this growth, Salcomp drew even closer to the position of market leader in the number of units delivered.

Competition

The mobile phone charger business is consolidating because the major mobile phone manufacturers are following a trend of reducing the number of component suppliers in order to improve operational efficiency. In 2006, the combined market share of the top three mobile phone charger manufacturers was over 60%, whereas in 2000 it was only approximately 40%. The customers' demands for cost-efficient, large-scale production and global logistics services especially favor the major players such as Salcomp.

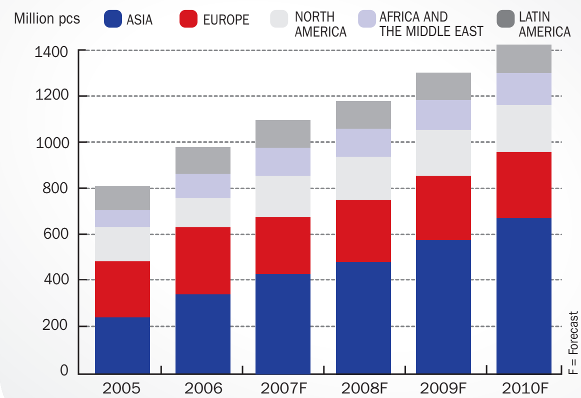
According to its strategy, Salcomp focused on mobile phone charger business, wherein the company has a good position as one of the three major charger suppliers. The other major suppliers are Friwo of Germany and Astec of America.

MOBILE PHONE MARKET DEVELOPMENT



Advanced switch-mode technology is taking over the mobile phone charger market. Salcomp was the first to begin the mass production of switch-mode chargers in 1988.

MOBILE PHONE MARKET DEVELOPMENT BY AREA



PRODUCTS

Salcomp mainly manufactures mobile phone chargers. In 2006, mobile phone chargers accounted for over 95% of Salcomp's sales volume and net sales. In addition to mobile phone chargers, Salcomp also manufactures chargers for other handheld devices, such as cordless phones and headsets, as well as MP3 players.

Most of Salcomp's products are tailored to meet the customers' exact needs. For Salcomp, one of its most important success factors is its skills and knowledge in demanding product development projects carried out in co-operation with the customers. Salcomp's product development knowledge is demonstrated both in its ability to optimize the devices to be designed for mass production, as well as creating new technological solutions, such as very small or water-tight chargers.

Salcomp's main product areas

Chargers made by Salcomp can be divided into two main areas by technological solutions: switch-mode and linear chargers. Salcomp's position is especially strong in the more advanced switch-mode technology, which is taking over the market of mobile phone chargers. Salcomp is a pioneer of this technology, having been the first to begin mass production of switch-mode chargers in 1988. In addition to the products tailored for specific customer needs, Salcomp has developed its own switch mode charger range, comprising of three different product platforms, Eagle, Robin and Mini.

Switch-mode chargers

- Smaller, lighter, more environmentally-friendly and with faster charging properties than those of linear chargers
- Global use independent of the local electric power voltage, which can vary from country to country
- In 2006, switch-mode chargers accounted for approximately 95% of Salcomp's sales volume and approximately 97% of net sales

Linear chargers

- Used in certain entry level mobile phones and cordless phones
- A cost-effective charger for low output power requirements
- Less suitable for higher output power applications, as it would of necessity be heavy and bulky

Salcomp's product groups

Salcomp's products can be divided into two groups: OEM products, i.e. tailored charger concepts determined by customers, and ODM products, i.e. charger concepts based on Salcomp's own product platforms.

OEM products

OEM (Original Equipment Manufacturer) products are chargers tailored specifically for customer needs. They are normally manufactured in large volumes and developed in co-operation with the customer. The majority of Salcomp's production is based on OEM solutions.

Typically, in one OEM product family, several variants are produced for different markets. On the other hand, one product family may well be designed to function with several phone models. OEM products may be constructed from the initial stages or, alternatively, Salcomp's technically flexible product platforms can be tailored to oblige the customer's specific requirements.

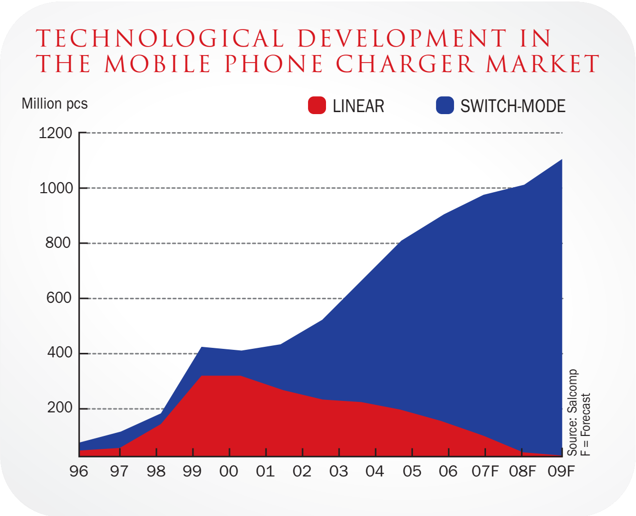
ODM products
ODM (Original Design Manufacturer) product platforms are specified and developed by Salcomp. They are technologically flexible and safety-approved chargers. ODM product platform chargers are sold as they are or with minor changes, made into a charger product family tailored for the specific needs of each individual customer. ODM products are cost-efficient and enable fast access to the market.

Charger price development

In recent years, chargers' costs per unit have decreased significantly. This has lowered the average sales price of each unit. The costs per unit for switch-mode chargers have decreased particularly due to technological development and reduced numbers of the components required, as well as lower raw material and component costs. Material costs usually account for approximately 70% to 80% of the total cost of each charger.

However, material costs can sometimes change quite rapidly, as was the case in spring 2006, when an increase in the global market prices, particularly of copper and oil, also raised the prices for charger materials.

Charger manufacturers have aggressively realigned their cost base and have benefited, among other things, from scale increases, optimization of logistics and the transfer of production to countries with lower cost levels. Due to these factors, the average price of chargers sold by Salcomp decreased by approximately 50% during 2003 and 2004. However, the decrease in the average sales price of Salcomp's chargers was clearly slower during 2005. In 2006, the average sales price even rose slightly due to tighter environmental demands, among other things.



RESEARCH AND DEVELOPMENT

Salcomp continuously provides customers with new ideas and solutions through close co-operation. The company's pioneering strategy also involves close co-operation with many research and educational institutions.

Salcomp's R&D focuses not only on the development of new products being launched, but also the research into power supply technology and manufacturing technology, as well as the planning of the necessary procedures to bring products into mass production.

Salcomp aims to meet customers' needs by discovering new, more cost-efficient solutions for the current charger technology without compromise on reliability, efficiency, safety or industrial design. At the same time, Salcomp's R&D continually researches alternative forms of energy and develops the charger technologies of the future.

Operating policy

A crucial competitive factor in Salcomp's business sector is the ability to respond quickly to customer demands during the critical phase when the customer solicits proposals for a new charger. Mobile phone manufacturers normally develop the specifications of a new charger in co-operation with one charger manufacturer.

Salcomp spends most of its R&D resources on charger products and technologies related to mobile phones. However, if required, the company also dedicates resources to other selected charger segments. This type of research is highly beneficial as it often has spill-over effects on mobile phone charger development. An example is Salcomp's own Mini product platform, which was developed using techniques originally developed for other charger segments. This has made it possible to significantly reduce the size of the charger and improve its functional durability.

Salcomp's R&D operations are carried out in four different processes: Research, Advance Development, New Technology Development and Concurrent Engineering. The majority of resources are dedicated to Concurrent Engineering.

Resources

During 2006, Salcomp's R&D function comprised 125 people on average. Salcomp's plant in China has a functional pilot production line reserved for product development work. This makes it possible to develop mass production capabilities for products while using equipment corresponding to those used in the actual production.

In 2006, research and development costs were EUR 5.4 million, or 2.1% of net sales.

RESEARCH AND DEVELOPMENT PROCESSES

RESEARCH	ADVANCE DEVELOPMENT	NEW TECHNOLOGY DEVELOPMENT	CONCURRENT ENGINEERING
• Focuses on broadening Salcomp's knowledge in areas such as new power supply concepts and energy sources, and develops technologies for future utilisation • In co-operation with external partners, such as university research departments, customers and suppliers	• Ensures that the advanced solutions comply with the relevant standards and regulations, and can be manufactured at low cost	• Tests and validates new production concepts • An intermediate step undertaken in order to confirm the feasibility of progressing to Concurrent Engineering	• Directed at developing and taking a product into mass production together with the equipment needed in the manufacturing process

PRODUCTION

The majority of Salcomp's own manufacturing capacity is located in Shenzhen, China. In November 2005, Salcomp acquired the manufacturing plant in Brazil at Manaus used by a contract manufacturer. During 2007, a production plant will be completed in Chennai, India in order to balance and strengthen Salcomp's global production and logistics. In addition, Salcomp uses outsourced contract manufacturing.

Salcomp is the only major mobile phone charger manufacturer with its own production in both China and South America. Salcomp will also be the first major charger manufacturer to have its own production plant in India.

Salcomp manufactured nearly one million chargers every weekday of the year; that is 7 chargers every second of the year.

Production resources

Shenzhen plant, China

- The number of personnel is approximately 6,800 with an annual capacity of over 250 million chargers at the end of 2006
- Highly optimized production system, enabling operations at very low working capital and small material inventories
- Manufactures chargers for mobile phones, cordless phones and headsets, as well MP3 players, etc.
- Still possible to achieve a fast and cost-efficient increase in the plant capacity

Manaus plant, Brazil

- The number of personnel is approximately 1,000 with an annual capacity of over 20 million chargers at the end of 2006
- Manufactures chargers for mobile phones, cordless phones and headsets

Chennai plant, India

- Ready to come on line in the first half of 2007
- Aiming to achieve an annual capacity of 100 million chargers

São Paulo, Brazil

- Contract manufacturing
- Manufactures chargers for mobile phones

Product safety

Product safety is one of the most important quality factors for Salcomp. Product safety is ensured at the planning stage, and each charger is designed to meet the necessary electrical and product safety standards in their market areas. Product safety is thoroughly verified at Salcomp's advanced test laboratories. In addition, Salcomp always uses an approval policy performed by a third party.

One of the most important criteria in the selection of power supply solutions is reliability. This means assured product safety, quality management and a low failure rate. Salcomp's good reputation in all these areas is based on long-term co-operation with mobile phone manufacturers.

Quality

Salcomp complies with extensive quality control systems and policies, which are applied not only to Salcomp's manufacturing processes but also to the processes of its suppliers and subcontractors. A wide range of quality performance metrics is continually collected and monitored.

In addition to its own quality control measures and internal audits, Salcomp's major customers and independent rating institutions regularly conduct quality audits of the company's operations. The production plants in China and Brazil are ISO 9001 certified, and certification for the plant in India is planned and scheduled for 2007 with a chosen co-operation partner.

In addition to Salcomp's standard tests, customers may require other specific tests at various stages of the production process.

Logistics

For Salcomp's customers, its ability to deliver large volumes globally and to function seamlessly as a part of their own logistics system, are essential selection criteria for suppliers. Efficient logistics and the ability to provide global services give Salcomp a crucial competitive edge.

As is common within the business sector, Salcomp's business is mainly based on non-binding volume forecasts received from customers and not on binding orders and agreements. Salcomp mainly supplies its products to customers through consignment stocks maintained by customers or third parties located in various geographical areas. The finished products remain the property of the company until the customer has taken them into use from the consignment stock. Salcomp manufactures chargers for these consignment stocks on the basis of volume forecasts given by the customers. Salcomp continues to work in close co-operation with its key customers and suppliers to ensure efficiency and high levels of customer service all along the supply chain.

RISKS AND RISK MANAGEMENT

The purpose of Salcomp's risk management is to identify the risks and possibilities that may have an impact on the implementation of Group strategy. The aim of risk management is to support the achievement of goals set out in the strategy by ensuring that the Group's risk-taking activities are in proper equilibrium with its risk-bearing capacity. Salcomp's risk management strategy, strategic choices and long-term financial goals form the basis of its risk management.

RISK MANAGEMENT STRATEGY

The Group's Board accepts a risk management strategy, which determines its risk-bearing capacity and risk-taking principles, as well as risk management principles. The risk management strategy also details the company's business risks, risk management functions, responsibilities and organization, risk management processes and risk management control.

RISK MANAGEMENT ORGANIZATION

Salcomp's Board oversees the company's risk management. Salcomp's management is responsible for organizing and overseeing the risk management process in day-to-day operations. The management is also responsible for customer relations and risk-taking activities within the limits set out in the risk management strategy.

RISK MANAGEMENT DEVELOPMENT

Risk management development is primarily based on business requirements. The Group aims to prevent risks by developing processes and personnel skills. During 2006, Salcomp carried out an extensive risk analysis with the help of an external adviser. This development work will continue during 2007.

RISK MANAGEMENT

Salcomp has adopted a holistic approach to risk management. Risk has been defined as any internal or external threat or uncertainty that can prevent or jeopardize operations and the achievement of goals. Risks are classified as strategic and business risks or financial risks. Further information on financial risk management can be found on page 65 of the Annual Report.

Risks related to the achievement of strategic goals and the implementation of company strategy are studied and analyzed annually as part of the strategic process, and also when necessary. At the same time, changes that have taken place or are expected to take place in the business environment and competitive situation are evaluated together with their possible effects on the implementation of the strategy.

The most significant operational risks at Salcomp are related to the general development of the mobile phone market, the ever-increasing competition, dependence on key customers, business activities in the developing market, price development in raw materials and components, as well as the availability of professional personnel and management.

MAJOR RISKS

Dependence on the general development of the mobile phone market

Approximately 95% of Salcomp's sales are derived from mobile phone chargers, with sales volumes following closely the number of new mobile phones sold. The mobile phone market trend over the last few years has been favorable, and research institutes expect this positive trend to continue. Approximately 75% of Salcomp's expenses are variable, which would limit the impact that a possible reduction in sales volume would have on the company's relative profitability.

Dependence on key customers

Although Salcomp's biggest customer's share of the Group's net sales is below 40%, the few major customers together account for over 95% of net sales. In addition, Salcomp is relatively small compared to its main customers. However, Salcomp's management believes that Salcomp is well poised to improve its position as a supplier to its key customers. Switching to a new supplier would result in significant transfer costs to the customer and would take some time because of the need to ramp up the capacity required to replace Salcomp.

Competition in the mobile phone market

Competition in the mobile phone market is fierce, and Salcomp's global competitors also include large enterprises. New companies with greater resources than those of Salcomp may also enter the market. Salcomp's most significant competitive factors include product quality, cost-efficiency, product development, global operations and flexibility.

Operations in the developing market

Salcomp has production operations in the developing markets of China, Brazil and India. Additional risks are involved when operating in these market areas, possibly causing extra expenses that are difficult to predict, or otherwise weakening the company's financial position. Such risks include changes made by the authorities to the regulations governing operations in the industry, interpretations placed on these regulations, exchange rate variations, unexpected changes to customs or trading regulations, energy availability, possible strikes, as well as political and financial instability.

Raw material and component price development

In the future, there may be an over-demand for some raw materials and components required for mobile phone chargers, or it may be that some materials can only be ordered from a limited number of suppliers. Salcomp aims to limit the risks related to the availability of raw material components by using at least two different suppliers for each component.

Dependence on professional management and personnel

Salcomp's success is largely dependent on the skills and contribution of its key personnel. The Group's future success is also dependent on its ability to strengthen the organization through the recruitment of new personnel.

PERSONNEL

Salcomp's main business is information technology, which is one of the most rapidly growing and developing sectors of industry. This places special importance on the need for development of the company and its personnel. Professional, motivated and skilled personnel committed to company goals is a significant factor in the realization of Salcomp's goals.

PERSONNEL MANAGEMENT

At Salcomp, personnel management is based on the company strategy, goals, personnel policy and performance reviews. The company aims to implement a participating management style, whereby the supervisor takes into account his/her team members' opinions in the decision-making. Personnel management creates the basis for operations, protects resources and controls operations to achieve goals.

The most important tool for the development of management and skills is the performance review, which at Salcomp is called a SAMPO discussion. The personal achievements of each employee will be evaluated and future targets set at the SAMPO discussions, organized at least twice a year. The purpose is to ensure that each person understands their agreed targets, receives feedback and, thereby, is able to develop his/her skills according to a personal development plan.

CHALLENGES FOR PERSONNEL MANAGEMENT

Global operations and the large number of personnel create challenges to Salcomp's personnel management. To ensure continued trouble-free operations, both during internal changes and in the changing environment, explicit and planned personnel management is required. The purpose within the varying cultures is to act according to Salcomp spirit and to observe the generally agreed "rules of the game", as well as local laws, statutes and current agreements.

DEVELOPMENT OF PERSONNEL SKILLS

The personnel's ability to perform their tasks well shall be maintained and improved by continuous skills development. The continuous development of personnel through training guarantees that Salcomp has skilled personnel, prepared to do well in new situations or with changing requirements. The purpose of training is to provide the personnel with opportunities to develop and improve their skills, which also enhances the advancement opportunity of each individual.

BONUSES

Salcomp has a salary-based personnel incentive system. The purpose of the incentive system is to enhance the commitment of personnel to the Group and to encourage them to peak performances by sharing the Group's success with the personnel. The incentive system indicators include the Group's operating profit, cash flow and various indicators linked to processes, personal targets and projects.

EQUAL OPPORTUNITIES

The basis for Salcomp's operations is fair treatment for all. At Salcomp, each individual is respected regardless of their gender, beliefs, age or other factors. Management and other leadership personnel are responsible for the development of the workplace in such a manner as not to set any limits to the implementation of equal opportunities. Gender, age, beliefs or family policy factors shall not disadvantage people with regard to remuneration, bonuses, reorganizations, training or recruitment.

ACTIONS IN 2006

Focus areas in 2006 included improving global communications and resourcing in order to ensure growth. The number of personnel increased by over 25%, which created its own challenges to induction and the embracing of corporate culture. Personnel recruitment for the plant under construction in India commenced in the autumn of 2006.

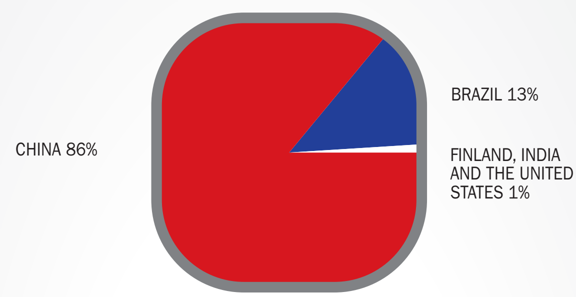
PERSONNEL IN 2006

Salcomp employed a total of 7,910 people at year-end: 66 of whom worked in Finland; 1,015 in Brazil; 6,815 in China; 11 in India; and 3 in the United States. The increase in the number of personnel was mostly due to increased production volumes.

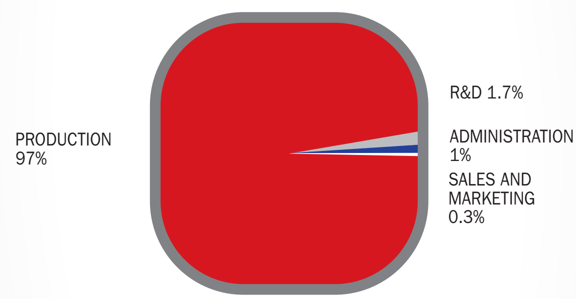
GOALS FOR 2007

In 2007, the goal continues to be the harmonization of the company's operating methods in the various countries. The opening of the plant in India will pose a special challenge, requiring the recruitment of a significant number of personnel. The setting up of personnel management for the Indian operations and the implementation of Salcomp's operating methods in the new culture will create their own challenge.

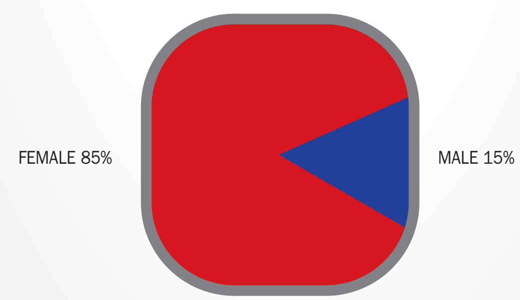
PERSONNEL BY GEOGRAPHICAL AREA



PERSONNEL BY OPERATIONS



PERSONNEL BY GENDER



ENVIRONMENT

Environmental issues are integral to all Salcomp's business operations. Corporate responsibility in environmental issues means the most efficient minimization of environmental effects and risks throughout the product's life cycle. The management of Salcomp's environmental issues is based on the Group's environmental policy, environmental programs and guidelines, as well as its risk management strategy.

THE PRODUCTS' EFFECTS ON THE ENVIRONMENT

Salcomp's chargers are energy-efficient, and the use of materials is tightly controlled. Environmental thinking has been extended to cover the entire life cycle of the products, and environmental and safety issues are considered from the outset, i.e. from the product design and development stages. The products and their packaging are continuously being improved to make them easier to recycle.

Due to continuous development, Salcomp's production processes are efficient, with continuous optimization ensuring the lowest possible environmental load per unit produced. This favorable trend can also be seen in all key figures obtained by monitoring the Group's environmental system, both globally and locally.

Salcomp operates in an industry sector where its customers are particularly well aware of environmental protection, which, for its part, encourages the company to exceed official requirements for the products and the company itself.

ENVIRONMENTAL CERTIFICATIONS AND PROGRAMS

The production plants in China and Brazil, their entire businesses, as well as personnel are covered by the ISO 14001 certification, and Salcomp holds the environmental permits required for its operations.

The implementation of environmental protection is regularly monitored through internal inspections as part of the standardized environmental system and through inspections performed by a third party. Moreover, many customers require a stricter application of environmental criteria than the official regulations and ISO standards. Salcomp requires that its goods and services suppliers commit to the same philosophy.

The production at Salcomp's plant in India will begin in the first half of 2007. Certification for the plant in India is planned and scheduled with a chosen co-operation partner according to the construction schedule. Salcomp has also applied for, and obtained, the required environmental permits in co-operation with local partners.

GENERAL ENVIRONMENTAL PRINCIPLES

- Successful business operations require sustained environmental activities, which take into account the entire life cycle of a product
- Regarding environmental issues, we operate openly, actively and ethically
- We are committed to comply with the laws and regulations governing environmental issues
- We aim to continuously improve our environmental activities by regularly setting new goals according to the principles of sustained development

KEY ENVIRONMENTAL FIGURES

Salcomp constantly monitors effects on the environment. The most significant environmental considerations at Salcomp relate to energy consumption, the use of materials and raw materials, as well as the generation of waste.

ENVIRONMENTAL EVENTS IN 2006

During 2006, Salcomp has launched several improvement procedures, which have helped reduce the amount of total energy consumption in product manufacturing by approximately one-quarter.

During the year, Salcomp has successfully implemented all product requirements related to environmental protection set by its customers, i.e. the world's leading mobile phone manufacturers. Moreover, the regular assessments performed by several customers on the environmental system, and the requirements aimed at continuous development, have been taken into account, and the system has been further developed to meet the growing customer demands.

During 2006, several investments related to environmental protection were made, including a new chemicals warehouse constructed for the China plant. In the design of the new warehouse, special attention was paid to eliminate environmental damages. In addition, the gradual replacement of plant machinery has been aimed at energy efficiency and an environmentally-friendly production model. The company has also improved the recovery of the excess amounts of tin used in soft soldering processes and has acquired refinement machinery for the China plant. The machinery has enabled a significant improvement in the reuse of soldering tin and at the same time, a reduction in the ensuing amount of hazardous waste.

In 2006, the company did not exceed the permitted limits, nor were any cases recorded where the company would not have complied with environmental regulations as appropriate.

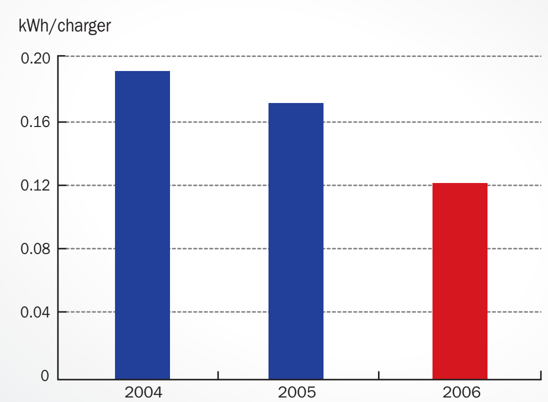
GOALS IN 2007

Salcomp annually aligns its Group-level environmental goals at the time when its strategy is formulated, with each unit actively applying and following these goals. Salcomp's management also regularly follows the trends in these key figures.

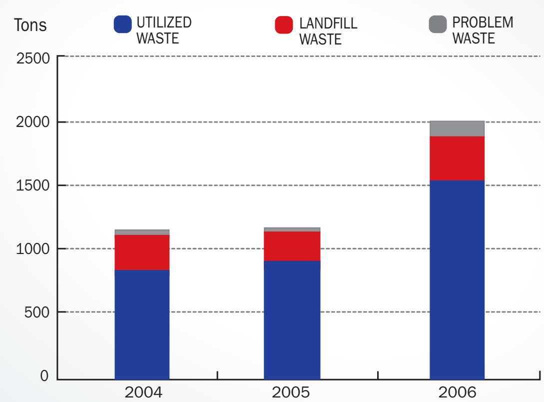
In product development, the company focuses on further improving the environmentally-friendly properties of its products. The most important targets are idling efficiency and the selection of environmentally-friendly raw materials. These include PVC-free materials, environmentally-friendly fire prevention solutions and the recyclability of materials in the goods suppliers' own production processes.

REACH, the European Union chemicals regulation, became effective as of the beginning of 2007. The new regulation significantly increases the registration, testing and risk evaluation costs for chemical products to be sold in or imported to the EU and those already in general use. Currently, Salcomp is not manufacturing or importing to the EU any materials covered by REACH.

ENERGY CONSUMPTION



WASTE



SHARES AND SHAREHOLDERS

UPDATED INVESTOR INFORMATION CAN BE FOUND ON SALCOMP'S WEBSITE
WWW.SALCOMP.COM – INVESTORS

SHARES AND SHAREHOLDERS

- The shares of Salcomp Plc are quoted on the Helsinki Stock Exchange in the Information Technology sector's Small Cap.
- Trading on the Helsinki Stock Exchange Prelist commenced on 13 March 2006 and on the Main List on 17 March 2006.
- The market value of Salcomp on 31 December 2006 was EUR 101.3 million.
- The closing price on 31 December 2006 was EUR 2.60 and the mean price EUR 2.88.
- Overall trading totalled EUR 88.7 million.
- The Board proposes the payment of dividend of EUR 0.06 at the spring 2007 Annual General Meeting of Shareholders.
- The Annual General Meeting of Shareholders shall be held on 29 March 2007. Further details can be found on page 1.

LISTING

On 30 January 2006 Salcomp's Board of Directors decided to investigate the opportunity to broaden the company's ownership structure. One option was to seek listing. On 27 February 2006 the Board decided to seek listing Salcomp's shares on the Helsinki Stock Exchange Main list.

In the initial public offering, organised between 28 February and 9 March 2006, a total of 17 million Salcomp shares were sold at EUR 3.20 per share. Of these, 6 million were new shares. The shares sold in the IPO represented in total approximately 44% of the total number of shares of Salcomp Plc after the offering.

The net proceeds subscribed for in the share issue totalled approximately EUR 17 million after deducting the related fees and commissions.

The Salcomp Plc shares were quoted on the Helsinki Stock Exchange Prelist on 13 March 2006 and the Main list on 17 March 2006. After the listing, Salcomp had a total of 591 shareholders. Foreign ownership accounted for 67.8% of the shares with 52.3% being held by a private equity fund called EQT II Swedish Non-Registered Partnership, administered by EQT II B.V.

SHARE CAPITAL AND SHARES

Pursuant to the Articles of Association, the company's issued share capital may be no less than EUR 5,000,000 and no more than EUR 35,000,000. Within these limits, the company's share capital may be altered without amending the Articles of Association. Pursuant to the Articles of Association, the minimum number of shares in the company may be 20,000,000 and the maximum number 138,000,000. The company's registered share capital amounts to EUR 9,832,735.12 divided into 38,975,190 fully paid shares.

The company has one series of shares, and all the shares entitle to equal rights in the company. The share has no nominal value.

Since March 2006, Salcomp shares have been quoted on the Helsinki Stock Exchange Main list in the Information Technology sector's Small Cap. The ticker is SAL1V and the ISIN code FI0009013924.

The company's shares have been incorporated into the Finnish book-entry system. At the end of 2006, the company or its subsidiaries did not hold any company shares nor has the General Meeting of Shareholders authorised the company to acquire any own shares.

TRADING WITH SALCOMP SHARES

The listing price of Salcomp shares on 13 March 2006 was EUR 3.20. During the year, the Salcomp share price fell by 19%, whilst the OMX Helsinki general index increased by 3.7%. At its highest, the Salcomp share price was EUR 3.69 and at its lowest, EUR 2.13. The mean price was EUR 2.88 and the closing price at the end of the year EUR 2.60. The total for the shares sold was EUR 88.7 million and the number of shares sold 29.2 million shares. The market value for the total number of shares at the end of the year was EUR 101.3 million.

OWNERSHIP

At the end of 2006, Salcomp Plc had 949 registered shareholders. Foreign ownership accounted for 62.2% of Salcomp's shares, 52.3% held by a private equity fund called EQT II Swedish Non-Registered Partnership, administered by EQT II B.V. Another large ownership group comprised investment funds and insurance companies with a 19.8% holding.

On September 1, 2006, DWS Investment GmbH, a subsidiary of Deutsche Bank AG, announced that it had increased its ownership of the share capital and voting rights of Salcomp Plc to more than 5%. At the time, DWS Investment GmbH had acquired a total of 2,039,000 shares, which represents 5.23% of the share capital and voting rights.

DIVIDEND POLICY

On 14 February 2006 the company's Board of Directors adopted a dividend policy whereby the Board of Directors intends to annually propose to the General Meeting of Shareholders a distribution of dividend of no more than one-third of the average long-term earnings, provided this will not jeopardize the growth requirements stated in the company's strategy. The amount of dividend, if any, will be subject to the company's future earnings, financial position, cash flow, working capital needs, investments, and terms and conditions, as well as covenants of financing agreements and other factors.

DIVIDEND DISTRIBUTION PROPOSAL 2006

The Board has decided to propose to the General Meeting of Shareholders a distribution of dividends for 2006 of EUR 0.06 per share. Dividends determined at the General Meeting of Shareholders shall be distributed to all shareholders who, on the record date 3 April 2007, have been entered in the shareholders' register, maintained by the Finnish Central Securities Depository.

SHARE-BASED INCENTIVE SYSTEMS

In 2006, Salcomp did not have any share-based incentive systems.

MANAGEMENT SHAREHOLDING

On 31 December 2006, the Board members and the CEO of Salcomp held a total of 586,309 shares, i.e. 1.5% of the voting rights. The holdings of the Board and the Management Team can be found on the homepage of the company's website www.salcomp.com – Investors – Insiders.

SHAREHOLDER AGREEMENTS

Salcomp is not aware of any shareholder agreements associated with the company's shareholding and voting rights.

THE BOARD'S AUTHORITY TO INCREASE SHARE CAPITAL

The Annual General Meeting 7 February 2006 authorised the Board to decide on an increase in share capital by a new issue. This authorisation, valid until 7 February 2007, included the right to deviate from the shareholders' pre-emptive right to subscribe new shares.

Based on this authorisation, the share capital may be increased in total by a maximum of EUR 1,663,787 and 6,595,000 new shares. Based on this authorisation, in connection with the offering of 24 February 2006, the company Board decided to increase the share capital by EUR 1,513,691.42. The Board's remaining unused authorisation was EUR 150,107 and 595,000 shares at the end of the financial year.

IR PRINCIPLES

The aim of the Investor Relations at Salcomp is to provide all capital market participants with regular and equal access to correct, sufficient and up-to-date information as a basis for the Salcomp share price.

Salcomp has defined a two-week silent period preceding the publication of its full-year result and interim reviews. During this period, Salcomp will not meet with capital market representatives.

SHAREHOLDERS BY THE NUMBER OF SHARES 31 DECEMBER 2006

Shares	Shareholders		Shares	
	Number of	%	Number of	%
1–1 000	571	60.2	301 030	0.8
1 001–5 000	250	26.3	639 232	1.6
5 001–10 000	50	5.3	411 495	1.1
10 001–50 000	41	4.3	976 894	2.5
50 001–	37	3.9	36 646 539	94.0
Total	949	100.0	38 975 190	100.0

SHAREHOLDERS

The largest shareholders according to the 31 December 2006 shareholders' register

Shareholder	Number of shares	Holding, %
EQT II B.V. on behalf of EQT II Swedish Non-registered Partnership	20 382 131	52.30
Sampo Life Insurance Company	3 724 000	9.55
OP-Finland Small Firms Fund	1 785 000	4.58
Kaleva Mutual Insurance Company	1 280 000	3.28
Varma Mutual Pension Insurance Company	1 000 000	2.57
Odin Förvaltnings AS	796 560	2.04
Assetman Oy	650 000	1.67
Finanssi-Sampo Ltd	598 000	1.53
Ilmarinen Mutual Pension Insurance Company	500 000	1.28
Vuorialho Kari Tapio	447 286	1.15
Laakkonen Mikko Kalervo	300 000	0.77
Laine Mika	250 000	0.64
Aktia Secura Fund	200 000	0.51
FIM Securities	187 283	0.48
Aktia Capital Fund	170 000	0.44
Optiomi Ltd	102 800	0.26
Rausanne Ltd	102 200	0.26
Veikko Laine Ltd	100 000	0.26
Halvari Risto Juhani	96 230	0.25
Oja Osmo	96 230	0.25
Nominee registered	2 951 990	7.57
Others	3 255 480	8.35
Total	38 975 190	100.00

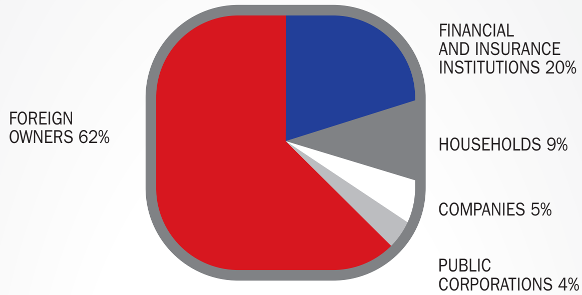
SHARE INDICATORS

	2006
Earning per share, EUR	0.20
Earning per share excluding the calculative tax item, EUR	0.28
Equity per share, EUR	1.36
P/E ratio	12.9
Average share price, EUR	2.88
Highest share price, EUR	3.69
Lowest share price, EUR	2.13
Share price on 31 December 2006, EUR	2.60
Market value on 31 December 2006, EUR million	101.3
Share trading, EUR million	88.7
Number of shares traded, million pcs % of total	29.2 74.9

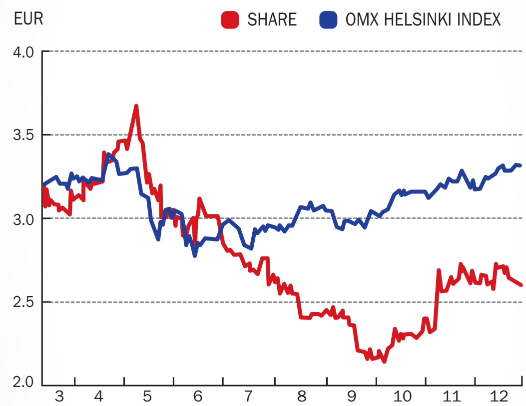
CALCULATION OF SHARE INDICATORS

Earning per share	Result for the year / Average number of shares
Equity per share	Equity / Number of shares on 31 December
P/E ratio (price per earnings)	Closing price / Earnings per share
Market value	Closing price x number of shares on 31 December

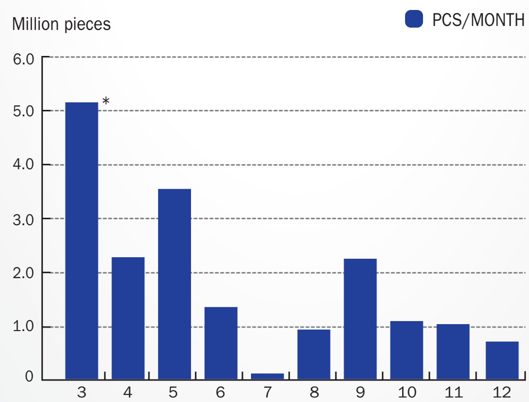
OWNERSHIP DISTRIBUTION BY SECTOR 31 DECEMBER 2006



SHARE PRICE DEVELOPMENT



SHARE TRADING VOLUME



** Excluding the 11 million shares sold in the initial public offering*

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Salcomp Plc is a public limited liability company, which, in its decision-making and administration, complies with the Finnish Companies Act, other regulations concerning public companies and Salcomp's Articles of Association. In addition, Salcomp complies with the Guidelines for Insiders by the Helsinki Stock Exchange and the Corporate Governance Recommendation for Listed Companies issued by Hex Plc, the Central Chamber of Commerce of Finland, and the Confederation of Finnish Industry and Employers in 2003.

GENERAL MEETINGS

The highest decision-making power at Salcomp is exercised by the company's shareholders at General meetings convened by the company's Board of Directors. These meetings consist of Annual General Meetings and, if necessary, Extraordinary General Meetings.

The Annual General Meeting must be held by the end of May each year and is to deal with all matters that fall under its authority according to the Articles of Association, as well as other proposals made to the General Meeting. When considered necessary, an Extraordinary General Meeting is convened to discuss a specific proposal made to a General Meeting.

Usually, a General Meeting deals with all matters included in the agenda by the Board of Directors. Major matters subject to the decision-making power of a general meeting include:

- amendments to the Articles of Association
- increases and decreases in the share capital
- decisions of the number, election and remuneration of all Board members
- the adoption of the financial statements
- the distribution of profit

According to the Finnish Companies Act, a shareholder may present a written request to the company's Board of Directors to place a matter on the agenda of the next General Meeting. If a shareholder, or shareholders, holding a minimum of 10 per cent of all shares, or the company's auditor, request in writing for the discussion of a specified matter at a General Meeting, the Board of Directors shall, without delay, convene the General Meeting to deal with the requested matter.

In 2006, the Annual General Meeting of Salcomp was held on 7 February and the Extraordinary General Meeting on 27 January.

Advance Information

Shareholders are invited to a General Meeting by publishing the notice to convene in two newspapers with nation-wide circulation in Finland or by sending the notice to convene via registered mail or by delivering it in an otherwise verifiable method to the address of the shareholder entered into the share register at least seventeen days before the meeting. The notice to convene shall state the matters to be discussed at the General Meeting.

The notice to convene the March 29, 2007 General Meeting of Shareholders has been published in the newspapers Helsingin Sanomat and Kauppalehti.

The prospective candidates for the Board of Directors notified to the Board should be disclosed in the notice to convene or, if the notice has already been published, by some other method before the General Meeting, provided that they have given their written consent for their election and are supported by at least 10% of the total votes of all the company shares.

The candidates proposed after the delivery of the notice to convene should be disclosed separately. In addition, the proposal for the election of an external auditor proposed by a majority shareholder or prepared by the Board should be disclosed in the notice to convene.

Attendance

A shareholder who has been registered as a shareholder in the company's shareholders' register, held by the Finnish Central Securities Depository Ltd, ten days prior to the meeting, has the right to participate in a General Meeting. A shareholder wishing to attend a General Meeting must register in advance before the date stated in the notice to convene.

Shareholders may exercise their right at the General Meeting, either in person or through an authorized representative. Each shareholder or representative may also have one assistant at the meeting.

Minutes are kept at the General Meeting, and they are made available to shareholders within two weeks of the General Meeting taking place. The decisions made by the General Meeting are published in a stock exchange release after the meeting.

Attendance of the Members of the Board and the Managing Director

The Managing Director, Chairman of the Board and the members of the Board should attend the General Meetings unless there are well-founded reasons for their absence.

A person proposed for the first time as a member of the Board should participate in the General meeting which will decide on his/her election unless there are well-founded reasons for the absence.

Decision-making

The company has one series of shares. Each share entitles its holder to one vote at the General Meeting. Generally speaking, resolutions of the General Meeting require the support of a simple majority of the votes cast at the meeting in question. In the case of a tie, the Chairman will have the casting vote. In an election, the person receiving the highest number of votes shall be deemed as elected. However, prior to an election, the General Meeting may decide that in order to be elected, a person should receive more than half of the votes cast. In an election, a tie will be decided by drawing lots. However, according to the Finnish Companies Act, there are several matters, such as an amendment to the Articles of Association or an increase of share capital by deviating from the shareholders' pre-emptive right to subscribe new shares, in which any decision requires the support of 2/3 of the votes cast and of the shares represented at the meeting. The Articles of Association of Salcomp do not include voting limitations or redemption clauses.

BOARD OF DIRECTORS

Composition and term

According to the Articles of Association, Salcomp's Board of Directors consists of at least three and at the most six members with a maximum of six deputy members. According to the Articles of Association, the term of each Board member expires at the close of the next Annual General Meeting following the election.

The General Meeting elects all members of the Board of Directors. The Articles of Association set no upper age limit on Board members nor restrict in any other way the decision-making power of the General Meeting in electing Board members. However, the General Meeting shall, in accordance with the Corporate Governance Recommendation, take into account the fact that a person has the qualifications required to take care of the duties of a member of the Board and the availability to devote sufficient time for the work.

Duties

The duties of the company's Board of Directors are set forth in the Companies Act and other applicable legislation. The Board has also approved internal rules of procedure.

The Board shall devote time and resources to increase the value of the shareholders' holdings in the long run and to look after the interests of the company and all of its shareholders. More specifically, Salcomp's Board of Directors is responsible for the company's management and the proper arrangement of the operations of the company. In addition, the Board is responsible for the proper arrangement of the accounting and for the supervision of its financial management.

According to the rules of procedure and the Finnish Companies Act, the task of Salcomp's Board of Directors is to:

- decide on company strategy and values
- confirm and follow the company's business plan and budget
- deliberate on and approve interim reports, the annual report and the Board's report
- decide on individual investments, acquisitions or divestments and contingent liabilities that are strategically or financially significant
- approve the Group's financing policy
- confirm risk management and reporting procedures
- decide on bonus and incentive schemes for the company's management
- decide on the company's structure and organization
- appoint the company's Managing Director and decide on his remuneration
- assume responsibility for all other such duties as have been stipulated for Boards of Directors in the Companies Act and elsewhere

Decision-making

The Chairman of the Board of Directors is responsible for convening the Board meetings and for the meeting agenda. A meeting of the Board of Directors constitutes a quorum when more than half of the members of the Board of Directors are present. Presence of the Chairman or the deputy Chairman of the Board of Directors is also a condition for the quorum.

The Board of Directors is always obliged to act in the company's interests and in such a manner that its acts or measures are not likely to produce unjustified benefit to any shareholder or other third party. A Board member may not participate in the decision-making process where a contract between the Board member and the company is being discussed. When votes are cast, the majority opinion will be the Board's decision and, in the case of a tie, the Chairman will have the casting vote. In an election, a tie will be decided by drawing lots.

Meeting practice and self-evaluation

Salcomp's Board of Directors meets approximately ten times a year. The Board has not allocated any special areas of focus in terms of business monitoring to its members.

According to the rules of procedure of the Board of Directors, the Managing Director ensures that the company provides the Board with sufficient information to assess the operations and financial situation of the Group, supervises the implementation of Board decisions and reports to the Board on any deficiencies or problems in implementation. The secretary of the Board of Directors is the company's CFO.

The Board of Directors evaluates its operations and working procedures regularly and by carrying out an annual self-evaluation.

In 2006, Salcomp's Board held 20 meetings, 9 of which were telephone conferences. The Board members' attendance at meetings amounted to 95.6%.

Remuneration and other benefits

The Annual General Meeting decides on the remuneration and compensation for costs to be paid to the members of the Board of Directors.

In accordance with the resolution made at the 2006 Annual General Meeting, the members of the Board for the term of office expiring at the Annual General Meeting 2007 are remunerated as follows:

- EUR 30,000 to the Chairman of the Board
- EUR 25,000 to the Deputy Chairman of the Board
- EUR 20,000 to the ordinary members of the Board

In addition, the Chairman of the Board of Directors shall be entitled to a compensation of EUR 1,000 per each business day during which he has performed additional services, not part of the usual duties of the members of the Board and the Chairman pursuant to the Companies Act, as the Board of the company may determine from time to time. Additionally, at the presentation of the appropriate receipts, the company shall compensate to the members of the Board any costs incurred due to attending Board meetings.

A total of EUR 199,500 was paid to the Board as fees in 2006.

Committees

Salcomp's Board of Directors has not established any Committees. This is because, according to the Board, in Salcomp's case, the function of the Board is at its most efficient when the entire Board takes part in the so-called Committee work.

Year 2006

Salcomp's Annual General Meeting held on February 7, 2006 decided that the Board of Directors shall consist of six ordinary members and that no deputy members would be elected. Their term commenced on February 7, 2006 and expires at the close of the 2007 Annual General Meeting. At the 2006 General Meeting, Mr. Kari Vuorialho, Mr. Timo Leinilä, Mr. Andreas Tallberg, Mr. Jorma Terentjeff, Mr. Petri Myllyneva and Mr. Panu Halonen were elected as ordinary members of the Board of Directors. The Board elected Mr. Kari Vuorialho as Chairman of the Board and Mr. Jorma Terentjeff as Deputy Chairman of the Board.

The background and personal data of the current Board members are presented on the company's website and on page 36 of the Annual Report.

Evaluation of independence

Based on an evaluation, the majority of the Board members are independent of the company and two of the Board members representing this majority are independent of the company's significant shareholders. Based on the evaluation:

- the following Board members are independent of the company: Timo Leinilä, Andreas Tallberg, Jorma Terentjeff, Petri Myllyneva and Panu Halonen

- the following Board members are independent of the company's significant shareholders: Kari Vuorialho, Timo Leinilä and Jorma Terentjeff

MANAGING DIRECTOR

The Managing Director, in Salcomp referred to as the President and CEO, is responsible for the day-to-day management of the company in accordance with the instructions and rules given by the Board of Directors, also ensuring that the accounting of the company complies with the law and that the financial management of the company has been arranged in a reliable manner.

The Managing Director presents the matters to be discussed at Board meetings and is responsible for preparing draft resolutions. The Managing Director may, at his discretion, choose to appoint another member of the Group's Management Team to present a matter at a Board meeting or to prepare a draft proposal.

The Board of Directors elects the Managing Director and decides on the remuneration and other terms of the Managing Director's contract. The terms of duty of the Managing Director have been agreed upon in writing. The Managing Director is elected until further notice.

Until November 5, 2006, Salcomp's President and CEO was Mr. Mats Eriksson and with effect from November 6, 2006, Mr. Markku Hangasjärvi.

In 2006, Mr. Eriksson's salary, fees and benefits in kind totaled EUR 278,340 and those of Mr. Hangasjärvi EUR 29,579.

The Managing Director may convert a part of his salary so as to benefit from the use of a company car. In addition, the Managing Director is entitled to certain customary benefits, such as healthcare and travel insurance.

Upon termination of the Managing Director's agreement by the company, and in the absence of any breach of duties by the Managing Director, the Managing Director is entitled to twelve months' salary. When giving notice to the Managing Director, the notice period is six months.

MANAGEMENT TEAM

Salcomp has a Management Team consisting of the Managing Director (President and CEO) and the heads of the most important company operations. The President and CEO acts as the chairman for the Management Team.

The Management Team is not a separate company organ, but an advisory body, which assists the Managing Director in the management of the company.

The background and personal data of the members of the Management Team are presented on the company's website and on page 37 of the Annual Report.

Retirement age and benefits

There is no mandatory retirement age or retirement benefit system for the Managing Director or other members of the Management Team.

BONUS PROGRAM

The company has approved a salary-based bonus program for its employees. The Board decides on the application of the bonus program. No share or share option-based incentive system is applied.

AUDITING

The main function of the statutory auditing is to verify that financial statements provide true and sufficient information on the Group's performance and financial position for the financial year. Salcomp's financial year is the calendar year.

The auditor is obliged to audit the correctness of the company's accounting and closing of accounts for the financial year, and to provide the General Meeting with an auditor's report. In addition, Finnish law requires that the auditor also monitors the legality of the company's administration. The auditor reports to the Board of Directors at least once a year.

Auditor

According to the Articles of Association, Salcomp has one auditor elected by the Annual General Meeting. The term of an auditor terminates at the close of the Annual General Meeting following the election. The Auditor shall be a firm of auditors authorized by the Central Chamber of Commerce.

The 2006 Annual General Meeting of Salcomp elected the Authorized Public Accountants KPMG Oy Ab as the auditor of the company. Mr. Tapio Raappana, APA, has been appointed as the responsible auditor.

The auditors are paid based on an approved invoice. In 2006, the compensation for auditing services was EUR 129,200 and for other services EUR 484,600.

INTERNAL CONTROL

The objective of internal control is to provide reasonable assurance concerning the achievement of the company's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

The Managing Director, other members of the Management Team and the management of the subsidiaries ensure that the accounting and governance in their sphere of responsibility comply with the law, Group operating principles, as well as instructions and rules given by the Board of Directors. The duties and responsibilities of the Board of Directors and Managing Director are set forth in the Finnish Companies Act. The business operations of Salcomp are managed and supervised in line with the governance and management system described above.

Internal Audit

Currently the Group does not have an internal audit function, as the Board of Directors does not consider that the scale of Salcomp's operations warrants the establishment of a separate internal audit function. The Board of Directors assesses the status of internal control at least once a year.

RISK MANAGEMENT

The purpose of Salcomp's risk management is to identify the risks and possibilities that may have an impact on the implementation of Group strategy. The aim of risk management is to support the achievement of goals set out in the strategy by ensuring that the Group's risk-taking activities are in proper equilibrium with its risk-bearing capacity.

Salcomp's values, strategic choices and long-term financial goals form the basis of its risk management.

Salcomp's Board oversees the company's risk management. It accepts a risk management strategy, which determines its risk-bearing capacity and risk-taking principles, as well as risk management principles. The risk management strategy also details the company's business risks, risk management functions, responsibilities and organization, risk management processes and risk management control. The Management Team is responsible for organizing and overseeing the risk management process in day-to-day operations. However, the Board of Directors recognizes that it retains the ultimate responsibility for risk management.

The Management Team regularly monitors the key financial figures and indicators on operations. Significant deviations from the budget or forecasts are reported to and handled by the Board. The Board monitors the risk management process, with risk management issues regularly being reported to the Board.

At Salcomp, a separate risk management function has not been established. Instead, risk management has been made an integral aspect of the business process.

Risk management and process development is primarily based on business requirements. The Group aims to prevent risks by developing processes and personnel skills. As far as possible, decision-making, implementation and monitoring are kept as separate entities within the risk management and process development.

Business risks have been described on pages 18–19 and financial risks on page 65 of the Annual Report.

INSIDERS AND INSIDER ADMINISTRATION

The Insider Rules of Salcomp observe the Insider Guidelines of the Helsinki Stock Exchange, yet setting somewhat more stringent requirements in certain respects. Salcomp's Insider Rules are updated and compliance therewith monitored on a regular basis.

Pursuant to Salcomp's Insider Rules, the shareholding data of the so-called Public Insiders are in the public domain and accessible either via the Finnish Central Securities Depository or via Salcomp's website.

Under the Insider Rules, the following persons belong to the Group of Public Insiders: the members of the Board of Directors, the Managing Director, the members of the Management Team and the Responsible Auditor.

Public Insiders, together with the other key persons designated as permanent insiders of Salcomp, form the Group of so-called Permanent Insiders of Salcomp. Three principal rules govern any trading by Permanent Insiders in Salcomp's securities or derivatives. First, trading is generally permitted only during the three-week period following the date of publication of the annual results or of an interim report (the "Open Window"). Second, trading may be exceptionally permitted outside of the Open Window upon prior approval to such effect by Salcomp's Insider Officer. Third, trading is always prohibited during the four-week period preceding the release of the annual results or of an interim report and on the date of publication itself (the "Closed Window"). In addition, specific trading restrictions apply to project-specific insiders.

BOARD OF DIRECTORS

Salcomp's Board of Directors comprises Petri Myllyneva (front left), Chairman Kari Vuorialho and Deputy Chairman Jorma Terentjeff as well as Timo Leinilä (rear left), Panu Halonen and Andreas Tallberg.

Kari Vuorialho – Chairman
Born: 1952
Education: B.Sc. Eng.
Present position: –
Relevant work experience: CEO of Salcomp Oy 1996–2005, management positions at Salcomp 1977–1996
Board membership: Chairman since 2005
Relevant present positions of trust: member of the Board of Directors of Perlos Corporation, Aspocomp Group and Mekajohtotiet Oy
Ownership in Salcomp: 447,286 shares
Fees in 2006: EUR 94,500

Timo Leinilä
Born: 1950
Education: M.Sc. Tech.
Present position: –
Relevant work experience: CEO of Perlos Corporation 1997–2003
Board membership: member since 1999
Relevant present positions of trust: member of the Board of Directors of Perlos Corporation, Incap Oyj and Evac Oy
Ownership in Salcomp: 64,730 shares
Fees in 2006: EUR 20,000

Jorma Terentjeff – Deputy Chairman
Born: 1949
Education: M.Sc. Tech.
Present position: –
Relevant work experience: CEO of JOT Automation Group Oyj 1995–2000, CEO of Aspocomp Oy 1987–1993
Board membership: Deputy Chairman since 1999
Relevant present positions of trust: Chairman of the Board of Directors of Incap Oyj and Avanti Management Oy, member of the Supervisory Board of Kaleva Mutual Insurance Company
Ownership in Salcomp: 74,290 shares
Fees in 2006: EUR 25,000

Petri Myllyneva
Born: 1963
Education: M.Sc. Econ., Master of Laws
Present position: Senior Partner at EQT Partners Oy
Relevant work experience: Head of Roschier Holmberg, Attorneys-at-Law Ltd's offices in Turku 2003–2005 and managerial positions at the PerkinElmer Group 1993–2003
Board membership: member since 2006
Relevant present positions of trust: member of the Board of Directors of Hemocue AB, Gambro AB and Gambro BCT Inc.
Ownership in Salcomp: –
Fees in 2006: EUR 20,000

Panu Halonen
Born: 1972
Education: M.Sc. Econ.
Present position: Director at EQT Partners Oy
Relevant work experience: with EQT Partners since 1999 and previously employed by i.a. ABN AMRO
Board membership: member since 2006, deputy member since 1999
Relevant present positions of trust: –
Ownership in Salcomp: –
Fees in 2006: EUR 20,000

Andreas Tallberg
Born: 1963
Education: M.Sc. Econ.
Present position: CEO of GWS Group
Relevant work experience: with EQT Partners Oy 1997–2006
Board membership: member since 1999
Relevant present positions of trust: member of the Board of Directors of Perlos Corporation, Kyro Corporation and Finn-Power Oy
Ownership in Salcomp: –
Fees in 2006: EUR 20, 000

The secretary of the Board of Directors is CFO Antti Salminen, Salcomp Plc.
Jussi Nyrölä was a deputy member of the Board until February 7, 2006.
Shareholding of the Salcomp Board of Directors on December 31, 2006.

MANAGEMENT TEAM

Salcomp's Management Team comprises Markku Saarikannas (rear left), Antero Palo, Markku Hangasjärvi, Osmo Oja and Juha Samsten as well as Päivi Luoti (front left), Heikki Turtiainen, Antti Salminen and Juha Raussi.

Markku Hangasjärvi, born 1966
Education: M.Sc. Electrical Engineering
Position at Salcomp: President and CEO from November 2006
Relevant work experience: President and CEO of Efore Plc 2001–2006, Vice President, Thermal Power Business Unit of Fortum Engineering Ltd 2000–2001, Vice President, Marketing of Fortum Engineering Ltd 1996–2000, Regional Director, Russia and other CIS Countries of IVO International Ltd 1993–1996, Managing Director of Finnish Energy Conservation Group 1992–1996
Relevant present positions of trust: –
Ownership in Salcomp: –

Päivi Luoti, born 1962
Education: M.Sc. Econ.
Position at Salcomp: Communications Manager since January 2006
Relevant work experience: Information Officer for Raisio plc Corporate Communications 1998–2006, various communications and marketing positions at Raisio plc 1987–1998
Relevant present positions of trust: –
Ownership in Salcomp: –

Antero Palo, born 1961
Education: MBA (Henley)
Position at Salcomp: Vice President, Sales & Marketing since 2005
Relevant work experience: CEO of Salcomp's Brazilian Sales Company 2001–2005, managerial positions in sales and marketing at Finnair Plc 1989–2001
Relevant present positions of trust: –
Ownership in Salcomp: 23,603 shares

Juha Raussi, born 1963
Education: Engineer
Position at Salcomp: Vice President, Research and Development since June 2006
Relevant work experience: Senior Manager of technology development at Nokia Corporation 2004–2006, R&D Manager for Nokia Mobile Phones 1997–2004, various R&D positions at Nokia 1987–1997
Relevant present positions of trust: –
Ownership in Salcomp: –

Osmo Oja, born 1947
Education: B.Sc. Mechanical Engineer
Position at Salcomp: Vice President, Global Operations since 2003
Relevant work experience: managerial positions at Salcomp, amongst others in production, logistics and material operations 1994–2003, leading positions at Nokia Cable Harness 1980–1994
Relevant present positions of trust: –
Ownership in Salcomp: 96,230 shares

Antti Salminen, born 1963
Education: M.Sc. Econ.
Position at Salcomp: CFO since 2005
Relevant work experience: CFO of Raisio plc 2002–2004, CFO of Teleste Corporation 1997–2002 and various financial managerial positions at KCI Konecranes International Plc 1988–1997
Relevant present positions of trust: –
Ownership in Salcomp: 15,501 shares

Markku Saarikannas, born 1956
Education: LL.M., trained on the bench
Position at Salcomp: Vice President, Strategic Planning since 2005
Relevant work experience: CFO at Salcomp 2001–2005, Director at Fleming Aros/ArosMaizels investment banking operations 1998–2001, Director at ABN Amro Bank N.V. 1995–1998 and various expert and managerial positions at the Union Bank of Finland Group and Postipankki Group 1980–1995
Relevant present positions of trust: –
Ownership in Salcomp: 63,593 shares

Juha Samsten, born 1967
Position at Salcomp: Vice President, Quality and Environment since April 2006
Relevant work experience: Process Development Manager at Biolan Group 2005–2006, Quality and Technology Manager and Quality Engineer at Nokia Corporation 1997–2005
Relevant present positions of trust: –
Ownership in Salcomp: –

Heikki Turtiainen, born 1944
Education: M.Sc. Tech.
Position at Salcomp: CTO since 2005
Relevant work experience: managerial positions at Salcomp 1982–2005, Design Engineer and R&D Manager at Televa Oy and Fiskars Oy 1968–1982
Relevant present positions of trust: member of the Certification Board of SGS-Fimko
Ownership in Salcomp: 91,784 shares

In 2006, the Management Team also comprised Markku Kukkonen, Tapani Kiemunki and Mats Eriksson.
Shareholding of the Salcomp Management Team on December 31, 2006.


Salcom

FINANCIAL STATEMENTS

REPORT OF THE BOARD OF DIRECTORS

BUSINESS ENVIRONMENT

During 2006, the mobile phone market grew by approximately 20%. Approximately 980 million mobile phones were sold. Market growth exceeded even customer expectations: both market research companies and customers raised their forecasts on the size of the market during the year.

Market growth was reflected in increased demand for mobile phone chargers. Consolidation in the market continued, and Salcomp's main customers, major mobile phone manufacturers, increased their combined market share. Consolidation in the charger market also continued, and the combined market share of the three major manufacturers increased.

During spring 2006, several material costs that are essential in charger production increased more than expected. In particular, an increase in the global market price of oil and copper resulted in higher component charges. During the autumn, the prices began to level off.

NET SALES

Salcomp's net sales in 2006 increased by 66% to EUR 259.0 million (EUR 156.0 million in 2005). The increase in net sales was due to the number of chargers sold, growing to 230.5 million (152.2 million), and the average sales price rising to approximately EUR 1.12 (EUR 1.03). The market share in mobile phone chargers for the entire year increased to an estimated 23% (18%).

RESULT

The Group's operating profit increased by 24% to EUR 15.5 million (EUR 12.5 million). The operating profit was improved by an increase in the number of units delivered, more effective production and purchasing operations, as well as an improved product cost structure. The operating profit was burdened by an increase in material costs in the spring, the earlier than expected commissioning of new production lines to match the rapidly increased demand, and the unsatisfactory profitability development of the Brazilian operations, partly due to the customs strike in Brazil in the spring. The Group's operating profit percentage was 6.0% (8.0%).

The Group's net financial expenses were EUR 4.3 million (EUR 4.2 million). Financial expenses increased due to higher market interest rates, as well as costs related to the revamping of financial arrangements. Taxes for the period totaled EUR 3.6 million (EUR 2.5 million). They include a calculative item of EUR 3.0 million (EUR 3.0 million), resulting from the parent company's tax-deductible goodwill amortization.

Salcomp's net result totaled EUR 7.6 million (EUR 5.8 million) and earnings per share EUR 0.20 (EUR 0.18). Excluding the calculative tax item, earnings per share amounted to EUR 0.28 (EUR 0.27).

R&D

During the financial year, the Group's R&D expenditure was EUR 5.4 million (EUR 4.0 million), or 2.1% of net sales (2.6%). Over the year, an average of 125 people were working in R&D. The focus was on the development of new mobile phone chargers for the main customers and on the continued improvement of the product cost structure.

CAPITAL EXPENDITURE

Capital expenditure for the year totaled EUR 9.3 million (EUR 9.0 million). It mainly involved boosting the production capacity in China and Brazil, revamping the production control system in Brazil and commencing the plant construction in India, agreed in April.

Due to the unexpectedly rapid growth outlook for mobile phone chargers for 2007 to 2010, a decision was made in August to expand capital expenditure to cover the simultaneous construction of both phases of the plant in India. The value of this investment is approx. EUR 9 million. It is estimated that the plant will come on line at the end of the first half of 2007. The investment is progressing as planned.

FINANCING

The cash flow from business operations was EUR 3.9 million (EUR 10.8 million). The decrease in cash flow was mostly due to the increase in net working capital as a result of strong growth.

The Group's equity ratio at the end of the year was 30.5% (19.1%) and gearing was 83.7% (194.6%). The key figures of the balance sheet were improved by the offering, organized in March, as well as the result development. At the end of the year, interest-bearing net debt stood at EUR 44.4 million (EUR 54.9 million).

In February, Salcomp signed a new financial agreement with a banking syndicate arranged by Nordea Bank Finland Plc. The agreement consists of a loan of EUR 65 million and a credit facility of EUR 5 million. This financial arrangement replaced the previous interest-bearing credits and the sales program for receivables. In accordance with the loan agreement, EUR 12 million of the proceeds obtained in connection with the stock exchange listing were used for premature repayment. Furthermore, an equity-based additional remuneration of EUR 1.7 million was paid in accordance with the terms of the repaid Mezzanine loan agreement, which generated financial expenses to the amount of EUR 0.1 million in the financial year 2006.

CHANGES IN THE GROUP STRUCTURE

Salcomp continued to streamline the Group's management and reporting systems as planned. In May, the Group's subsidiary, Salcomp Industrial Eletrônica da Amazônia Ltd, which carries out the production operations in Brazil, was transferred from Salcomp Plc to Salcomp Manufacturing Oy. In March, a subsidiary called Salcomp Manufacturing India Pvt Ltd was founded in India.

ENVIRONMENT AND QUALITY

The management of Salcomp's environmental issues is based on the Group's environmental policy, environmental programs and guidelines, as well as its risk management policy. The focus in the management of environmental issues is to minimize the effects on the environment and people.

The total amount of harmful chemicals used in production is small, and no harmful emissions are caused by the process. The Group's production plants are ISO 14001 certified, and Salcomp has the environmental permits required for its operations.

The Group has an extensive ISO 9001 certified quality system. In addition to Salcomp's own quality control, customers regularly conduct quality audits.

GOVERNANCE, MANAGEMENT AND PERSONNEL

The Board of Directors was selected in February at the Annual General Meeting. For the duration of the financial year, the Board of Directors comprised Kari Vuorialho (Chairman), Jorma Terentjeff (Deputy Chairman), Timo Leinilä and Andreas Tallberg. From February 7, 2006, the Board also included Panu Halonen and Petri Myllyneva. Until February 7, 2006, Panu Halonen and Jussi Nyrölä acted as deputy members.

In September, Markku Hangasjärvi was appointed President and CEO of Salcomp, effective as of November 6, 2006, after Mats Eriksson's resignation at his own request.

The company auditor was Authorized Public Accountants KPMG Oy Ab, with APA Tapio Raappana as the responsible auditor.

The number of Group personnel at the end of the year totaled 7,910 (6,304): 6,815 were employed in China and 1,015 in Brazil. The increase in the number of personnel was mostly due to increased production volumes.

LISTING

On January 30, 2006, Salcomp's Board of Directors decided to investigate the various possibilities of broadening the company's ownership structure. One option was to seek listing. Following these investigations, the Board decided, on February 27, 2006, to seek listing of Salcomp's shares on the Helsinki Stock Exchange Main List.

In the Offering, a total of 17 million Salcomp shares were sold at EUR 3.20 per share. Of these, 6 million were new shares. The shares allocated in the Offering represented, in total, approximately 44% of the total number of shares of Salcomp Plc after the Offering.

The net proceeds subscribed for in the share issue totaled approximately EUR 17 million after deducting the related fees and commissions.

The Salcomp Plc shares were quoted on the Helsinki Stock Exchange Prelist on March 13, 2006 and the Main list on March 17, 2006. After the listing, Salcomp had a total of 591 shareholders. Foreign ownership accounted for 67.8% of the shares with 52.3% being held by a capital investment fund called EQT II Swedish Non-Registered Partnership, administered by EQT II B.V.

SHARES AND SHAREHOLDERS

Salcomp's registered share capital amounts to EUR 9,832,735.12, divided into 38,975,190 fully paid shares. The company has one series of shares, and all the shares entitle the shareholder to equal rights in the company.

Salcomp's share price fluctuated between EUR 2.13 and EUR 3.69 during the financial period. The closing price at the end of the year was EUR 2.60 and the mean price EUR 2.88. Share trading amounted to EUR 88.7 million and consisted of 29.2 million shares. According to the book-entry system, Salcomp had 949 shareholders at the end of the year. Foreign ownership at the end of the year was 62.2%.

SALCOMP GROUP KEY FIGURES

	2006	2005	2004
Net sales, EUR million	**259.0**	156.0	141.2
Operating profit, EUR million	**15.5**	12.5	7.9
% of net sales	**6.0**	8.0	5.6
Return on equity, %	**18.8**	23.3	1.0
Equity ratio, %	**30.5**	19.1	18.3
R&D expenditure, EUR million	**5.4**	4.1	3.6
% of net sales	**2.1**	2.6	2.5
Personnel on average	**7 567**	5 050	4 091
Total wages and salaries, EUR million	**24.9**	13.3	11.7

On September 1, 2006, DWS Investment GmbH, a subsidiary of Deutsche Bank AG, announced that it had increased its ownership of the share capital and voting rights of Salcomp Plc to more than 5%. At the time, DWS Investment GmbH had acquired a total of 2,039,000 shares, which represents 5.23% of the share capital and voting rights.

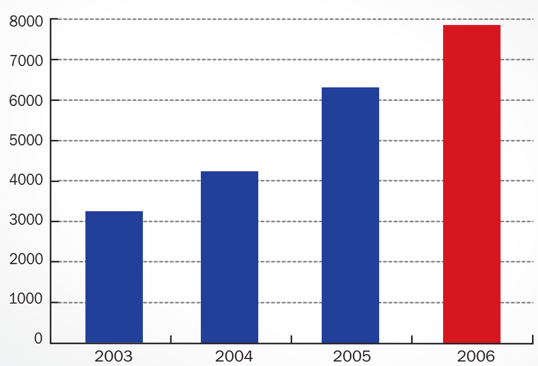
GENERAL MEETINGS

Salcomp held an Extraordinary General Meeting on January 27, 2006. Shareholders decided unanimously to make several amendments to the Articles of Association based on the Board of Directors' proposals: including decisions to increase the number of shares by lowering their counter-book value, to convert shares to form only one series of shares, to remove the redemption clause, to change the company form to a public limited company, to change the official name and to amend the sections regarding advance registration to the Annual General Meeting and the convening time.

At the Annual General Meeting held on February 7, 2006, matters specified in the Articles of Association were discussed. Accordingly, the income statement and the balance sheet were approved, members of the Board and the President and CEO were discharged from liability, members of the Board and auditors were selected, and the fees payable to members of the Board and to auditors were determined.

As proposed by the Board of Directors, a decision was made at the Annual General Meeting to change the company's domicile entered in the Trade Register to Salo and to authorize the Board of Directors to increase the company's share capital by a maximum of EUR 1,663,787 and by 6,595,000 new shares. The Board used part of the authorization to increase share capital in connection with the Stock Exchange listing. The Board's remaining unused authorization is EUR 150,107 and 595,000 shares.

NUMBER OF PERSONNEL ON 31 DECEMBER



THE BOARD'S PROPOSAL FOR PROFIT DISTRIBUTION

On February 14, 2006, the Board of Directors adopted a dividend policy whereby the Board intends to propose annually to the General Meeting of Shareholders that no more than one-third of the average long-term result be distributed as dividends, provided that the growth requirements stated in the company strategy are not jeopardized. The amount of future dividend, if any, will be subject to the company's future result, its financial position, cash flow, working capital needs, capital expenditure, terms and conditions of financial agreements and covenants and other factors.

The Board has decided to propose to the Annual General Meeting of Shareholders that a dividend of EUR 0.06 per share to be distributed, a total of EUR 2.3 million, and the remainder of the distributable equity to be carried over as retained earnings.

Dividends determined at the General Meeting shall be distributed to all shareholders, who on the balancing date of April 3, 2007 have been entered in the shareholders' register maintained by the Finnish Central Securities Depository.

OUTLOOK FOR 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 increase during 2007 by approximately 10%, compared with 2006. Measured by the number of units, this would mean approximately 1.1 billion mobile phones, and therefore, chargers, to be sold in 2007.

The estimated increase in the mobile phone charger market and the strong market position achieved by Salcomp form a good basis to achieve further increases in net sales in 2007. Salcomp also aims to increase its market share in mobile phone chargers even further in 2007. However, following the intense growth during 2006, net sales are expected to revert to a more moderate growth track and to grow somewhat faster than the average 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.

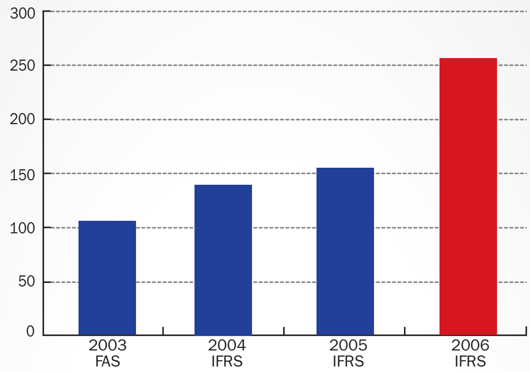
Helsinki, February 8, 2007

Kari Vuorialho	Jorma Terentjeff
Andreas Tallberg	Timo Leinilä
Petri Myllyneva	Panu Halonen

Markku Hangasjärvi, *President and CEO*

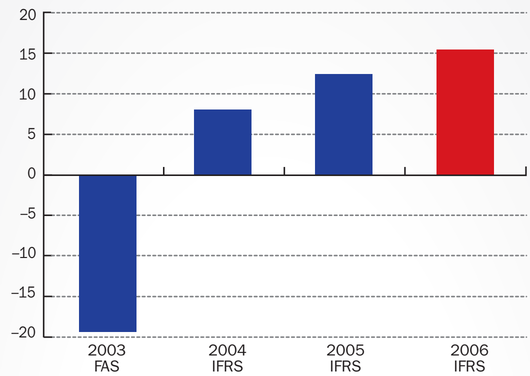
NET SALES

EUR million



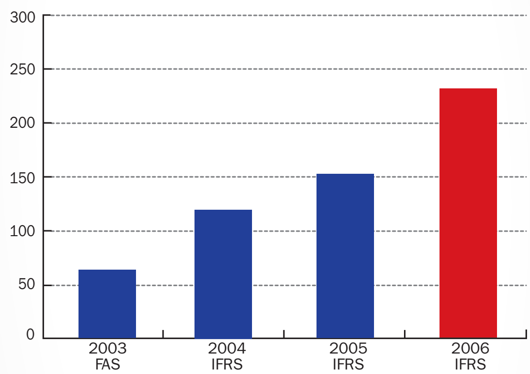
OPERATING PROFIT

EUR million



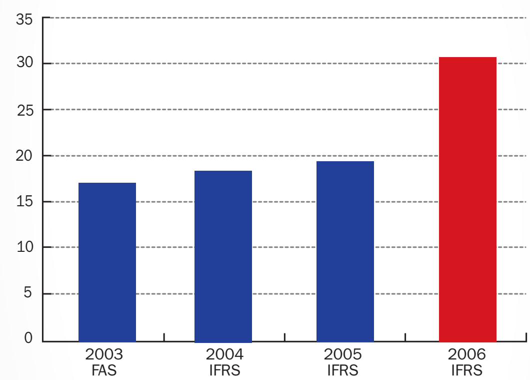
SOLD CHARGERS

Million pcs



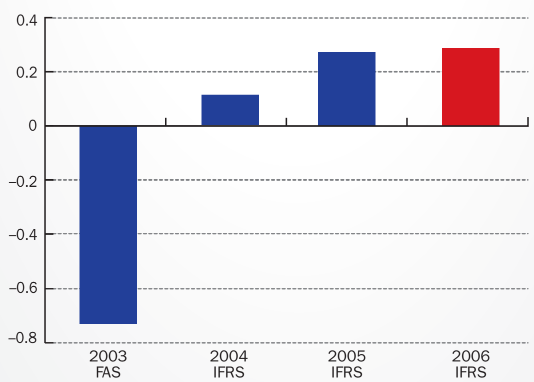
EQUITY RATIO

%



EARNING PER SHARE*

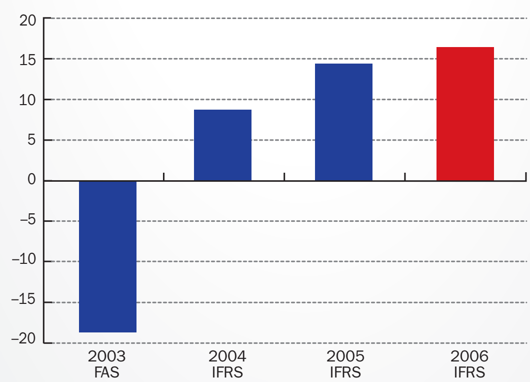
EUR



** Excluding the calculative tax item*

RETURN ON CAPITAL EMPLOYED

%



CONSOLIDATED INCOME STATEMENT

1 000 €	Note	2006	2005
Net sales		259 049	156 028
Cost of sales	3, 4	–228 794	–133 172
Gross margin		**30 255**	**22 856**
Other operating income	2	363	344
Sales expenses	3, 4	–1 981	–1 680
Administrative expenses	3, 4	–7 503	–4 989
Research and development expenses	3, 4	–5 421	–4 052
Other operating expenses	2	–240	–22
Operating profit		**15 473**	**12 457**
Financial income	5	276	143
Financial expenses	6	–4 547	–4 375
Profit before tax		**11 202**	**8 225**
Income tax expense	7	–3 573	–2 460
Profit for the period		**7 629**	**5 766**
Attributable to:	8		
Equity holders of the parent		7 629	5 766
Earnings per share for profit of the year attributable to the equity holders of the parent:			
Basic earnings per share		0.20	0.18

CONSOLIDATED BALANCE SHEET

1 000 €	Note	December 31, 2006	December 31, 2005
ASSETS			
Non-current assets			
Property, plant and equipment	9	20 139	12 753
Goodwill	10	66 412	66 412
Other intangible assets	10	229	4 618
Deferred tax assets	11	3 023	2 829
		89 803	86 612
Current assets			
Inventories	12	21 918	24 987
Trade and other receivables	13	54 923	30 722
Cash and cash equivalents	14	7 845	5 726
		84 686	61 435
Total assets		**174 489**	**148 047**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	**15**		
Share capital		9 833	8 285
Share issue		0	105
Premium fund		22 035	5 934
Retained earnings		21 113	13 877
Total equity		52 981	28 200
Non-current liabilities			
Deferred tax liabilities	11	8 915	6 012
Interest-bearing liabilities	17	43 797	0
Provisions	16	40	40
		52 752	6 052
Current liabilities			
Trade and other payables	18	60 351	53 180
Interest-bearing current liabilities	17	8 405	60 615
		68 756	113 795
Total liabilities		**121 508**	**119 847**
Total equity and liabilities		**174 489**	**148 047**

CONSOLIDATED CASH FLOW STATEMENT

1 000 €	2006	2005
Cash flow from operating activities		
Profit for the period	7 629	5 765
Adjustments:		
Non-cash transactions	5 268	4 752
Other income and expenses	–123	–224
Interest and other financial expenses	4 547	4 375
Interest income	–276	–143
Income taxes	3 573	2 460
Change in net working capital:		
Change in trade and other receivables	–24 752	–9 364
Change in inventories	2 568	–10 752
Change in trade payables and other liabilities	11 419	18 609
Change in provisions	0	202
Interest received	41	142
Interest paid	–5 576	–4 345
Income taxes paid	–465	–707
Net cash flow from operating activities	**3 853**	**10 769**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash	–1 658	–1 582
Acquisition of property, plant and equipment and intangible assets	–7 235	–5 295
Proceeds from disposal of property, plant and equipment	319	436
Net cash flow from investing activities	**–8 574**	**–6 441**
Cash flows from financing activities		
Withdrawal of borrowings	68 993	0
Repayment of borrowings	–77 615	–5 433
Paid share issue	16 962	105
Net cash flow from financing activities	**8 340**	**–5 328**
Change in cash and cash equivalents		
Net increase (+)/decrease (–) in cash and cash equivalents	**2 119**	**–409**
Cash and cash equivalents at January 1	5 726	6 135
Effect of exchange rate fluctuations	–1 500	591
Cash and cash equivalents at December 31	**7 845**	**5 726**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 000 €

Attributable to equity holders of the parent

	Share capital	Share issue	Premium fund	Translation differences	Retained earnings	Total equity
Equity at January 1, 2005	**8 236**	**150**	**41 110**	**–480**	**–27 785**	**21 231**
Translation differences				1 098		1 098
Profit for the period					5 766	5 766
Losses covered from Premium Fund			–35 277		35 277	0
Total recognised income and expenses for the period	0	0	–35 277	1 098	41 043	6 864
Share issue	49	–45	101			105
Equity at December 31, 2005	**8 285**	**105**	**5 934**	**618**	**13 258**	**28 200**
Translation differences				–392		–392
Profit for the period					7 629	7 629
Total recognised income and expenses for the period			0	–392	7 629	7 237
Share issue	1 548	–105	16 101			17 544
Equity at December 31, 2006	**9 833**	**0**	**22 035**	**226**	**20 887**	**52 981**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Group's parent company
Salcomp Plc, Salo
A copy of the consolidated financial statements is available from internet address www.salcomp.com or from the group's headquarters at Salorankatu 10, 24100 Salo, Finland.

Salcomp Plc's Board of Directors has in its meeting on February 8, 2007 approved these financial statements for publishing.

GENERAL ACCOUNTING POLICIES

Basic information of the company and description of the business

Salcomp Plc is a Finnish limited liability company domiciled in Salo, Finland and the registered address is Salorankatu 10, 24100 Salo. The parent company of the group is Salcomp Plc. Salcomp is a manufacturer of chargers for mobile phones. The company has global sales and distribution network and its production plants are situated in China and Brazil. The headquarters is located in Salo.

Basis of preparation

The Salcomp Group's Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB). The IFRSs include the IAS and IFRS standards as well as the SIC and IFRIC Interpretations. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRSs refer to the standards and to their interpretations adopted in accordance with the procedures laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the Consolidated Financial Statements also comply with the requirements of the Finnish Accounting Standards (FAS) and Companies Act.

The Consolidated Financial Statements are prepared on the historical cost basis except as disclosed in the accounting policies. The Consolidated Financial Statements are presented in euro, rounded to the nearest thousand.

The group has adopted the following standards and interpretations that came in force after January 1, 2006:

- Amendments made after March 31, 2004 to standard IAS 39 *Financial Instruments: Recognition and Measurement*:
  – Cash flow hedge accounting of forecast intra-group transactions
  – The fair value option
  – Guarantee contracts

- Amendment to standard IAS 19 *Employee Benefits:* Actuarial gains and losses, group plans and disclosure

- Amendment to standard IAS 21 *The Effects of Changes in Foreign Exchange Rates:* Net investment in a foreign operation

- Interpretation IFRIC 4 *Determining Whether an Arrangement Contains a Lease*

- Interpretation IFRIC 8 *Scope of IFRS 2*

The above mentioned standards or interpretations have not had a material impact on the Group's financial statements other than on the representation of the notes.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the latest available information, actual results may differ from these amounts. The estimates mainly relate to deferred tax assets, goodwill and impairment testing. Information on the judgements made and items that are effected most by management's judgment is provided in the accounting policies in the chapter Accounting policies requiring management's judgment and key sources of estimation uncertainty.

By the time of publishing the consolidated financial statements the Group management is not aware of any key assumptions concerning the future and such key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Principles of consolidation

The Consolidated Financial Statements incorporate the parent company, Salcomp Plc, and all subsidiaries in which it holds directly or indirectly over 50% of the voting rights, or in which the parent company otherwise has the control. Control is the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities. The subsidiaries acquired or established during the financial period are consolidated from the date that control was obtained by the Group until control ceases.

The subsidiaries are consolidated by using the purchase method. All intragroup transactions, receivables, liabilities and unrealized gains, as well as intragroup distribution of profits, are eliminated. Minority interests in the subsidiaries are shown as separate items in the consolidated income statement and balance sheet.

Translation of the foreign subsidiaries' financial statements

The Consolidated Financial Statements are presented in euro that is the functional currency of the Parent company. The functional currency is the currency that best reflects the economic circumstances of the company. The income statements and cash flows of foreign subsidiaries whose functional currency is not euro are translated into euro each month at the average monthly exchange rate published by the European Central Bank (ECB) while the balance sheets of such subsidiaries are translated at the exchange rate prevailing at the balance sheet date. Exchange differences resulting from the translation of income statement items at the average monthly rate and balance sheet items at the period-end rate are recognized as a separate component of the Group's equity. Also the exchange rate differences arising from the application of the purchase method of accounting are recognized into the Group's equity. The exchange rate differences arisen prior to January 1, 2004 were recorded against retained earnings in the transition to IFRSs as allowed by the exemption under IFRS 1. The exchange rate differences arising since January 1, 2004 are presented as a separate component of equity.

Business segments

Salcomp Plc has only one primary business segment as defined in IAS 14 *Segment Reporting*, chargers. Salcomp reports its geographical areas – Europe, Asia Pacific, North and South Americas – as its secondary segments.

Revenue recognition

Revenue from the sale of goods is recognized when the significant risks and rewards have been transferred to the buyer and no material uncertainties remain as to the payments, associated costs, or the possible return of the goods by the buyer. Usually this means the moment when goods have been handed over to the customer in accordance with the agreed of delivery terms.

Net sales are reported after indirect taxes, cash discounts and sales-related foreign exchange gains and losses.

Employee benefits

The pension plans of the Group companies are based on the local conditions and practices in the countries in which they operate. The Group has no defined benefit plans as defined in IAS 19 *Employee Benefits*. Payments related to defined contribution plans under IAS 19 are expensed in the period to which they relate.

Translation of items denominated in foreign currency

In their own day-to-day accounting the Group companies translate transactions in foreign currencies into their own functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of the accounting period the foreign currency receivables and liabilities are translated at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses related to sales and purchases are treated as adjustments to purchases. The Group companies mainly hedge sales and purchases in foreign currency, and the hedging instruments usually used are currency options. The effects related to the subsidiaries' hedging transactions are recognized as adjustments to the net sales and purchases. The Group does not apply hedge accounting as defined in IAS 39 *Financial Instruments: Recognition and Measurement*.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are carried at cost less accumulated depreciation and impairment losses. Subsequent costs are capitalized and depreciated over their estimated useful lives if the economic benefits flow to the company and the cost of the item can be measured reliably. If an asset consists of components with different useful lives these components are regarded as separate assets. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Land and water areas are not depreciated. Expenses related to ordinary repairs and maintenance are recognised in the income statement in the period in which they occur.

Goodwill arising from the consolidation of acquired subsidiaries and businesses whose purchase price exceeds the book value of their net assets, liabilities and contingent liabilities at the time of acquisition is recognized as goodwill on consolidation. Goodwill is allocated to the cash-generating units. The goodwill related to business combinations that took place before 2004 has been recognised according to Finnish Accounting Standards. This goodwill was used as deemed cost in the IFRS transition. Instead of amortization goodwill is tested annually for impairment.

Gains and losses on disposal are included in operating profit.

The expected useful lives of property, plant and equipment and intangible assets are as follows:

- buildings and constructions 25–33 years
- machinery and equipment 3–10 years
- other tangible and intangible assets 5–10 years

The residual values and useful lives are reviewed at each balance sheet date. If these differ significantly from the previous estimates the depreciation periods will be adjusted accordingly. If the asset is classified as held-for-sale under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, depreciation is ceased at the moment of classification.

Borrowing costs

Borrowing costs are charged to the income statement during the financial period in which they occur.

Research and development costs

Salcomp has research and development activities. In accordance with the principles of IAS 38 *Intangible Assets* the costs relating to research activities are expensed. The development costs that meet the special criteria of IAS 38 are capitalized. The development costs of Salcomp mainly relate to customer projects. The costs are included in the value of the inventories as an allocation of fixed costs, if they are caused by the customer projects occurred after a sales order. In the IFRS transition, no development costs were capitalized retrospectively.

Impairment

At each balance sheet date, the carrying amounts of the Group's assets are reviewed to determine whether there is any indication of impairment. For the purposes of impairment testing the business activities of the Salcomp Group are divided into cash-generating units which are smaller than segments, i.e. smallest identifiable group, which is independent from other units and whose cash flows are separable. If an indication of impairment exists the asset's or cash-generating unit's recoverable amount is estimated based on value in use or fair value less costs to sell. The Salcomp Group has used in its calculations the value in use that is determined by discounting the future cash flows expected to be derived from an asset or a cash-generating unit to their present value.

Goodwill, intangible assets with indefinite useful lives and assets that are not ready for use are tested annually for impairment. Group has no assets with indefinite useful lives. Impairment loss is recognized if the recoverable amount of an asset or cash-generating unit is less than its carrying amount. Impairment loss is recognized in the income statement. Impairment loss for cash-generating unit is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then other assets of the unit pro rata.

If there has been some favorable changes in the estimates for recoverable amount since the previous recognition of loss, the impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior periods. Impairment loss recognized for goodwill is not reversed.

Non-current assets held for sale and discontinued operations

Those non-current assets as well as the assets and liabilities relating to discontinued operations that are classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. The depreciation on these assets is ceased at the moment of classification. Discontinued operations are disclosed separately in the notes. At the date of the financial statements the Group had no such category of assets.

Inventories

Inventories are stated at the lower of acquisition and manufacturing cost and net realizable value which is the estimated selling price. Cost of inventory is determined on weighted average cost formula which is close to FIFO principle.

The cost of finished goods and work in progress includes materials, wages and salaries, social expenses, subcontracting expenses, other variable expenses, and an allocation of production overheads. Inventories are presented net of deductions for obsolete items.

Financial instruments

The Group's financial assets liabilities are classified as follows: financial assets and liabilities at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale investments. The classification is made on initial recognition and it is based on the nature of the item. For the moment the Group has no financial assets classified as held-to-maturity.

Transaction costs are included in the initial measurement of financial assets that are not measured at fair value through profit and loss. The purchases and sales of financial assets are accounted for at trade date.

A financial asset is derecognized when the Group has lost its contractual rights to the cash flows or it has transferred substantially all the significant risks and rewards of ownership of the financial asset to an external party.

Financial assets at fair value through profit or loss
This category is divided into two subgroups, assets held-for-trading and assets designated as at fair value through profit or loss upon initial recognition. Assets classified as held for trading have been acquired principally for the purpose of short-term profit-taking. Derivatives that do not qualify for hedge accounting have been classified as held for trading assets. Financial assets classified as held-for-trading and those maturing within 12 months are included in current assets. Financial assets in this category are measured at the fair value based on quoted prices in an active market. Both realized and unrealized gains and losses related to the changes in the fair value are recognized in profit or loss in the period in which they occur.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and they are not held for trading. This category includes Group's financial assets that arise from the transfer of cash, goods or services to a debtor. They are measured at amortized cost and they are recognized in current or non-current assets; non-current, if they mature after 12 months.

Available-for-sale investments
Available-for-sale assets are those non-derivative financial assets that are designated as available for sale or are not classified into any other category. They are included in non-current assets unless the Group has an intention to hold the instrument for less than 12 months from the closing date, in which case they are included in current assets. Available-for-sale investments consist of shares and interest-bearing investments and they are measured at fair value or when the fair value cannot be determined, at amortized cost. The fair value of these assets has been measured based on quoted market prices in an active market, being the bid price at the balance sheet date. Changes in the fair value of available-for-sale financial assets are recognized in the fair value reserve in equity. The cumulative gain or loss previously recognized in equity is released in profit or loss when the investment is sold or it is impaired.

Trade receivables
Trade receivables are measured at the value of the transaction date less any impairment losses. Trade receivables do not include cash flows from the sold receivables. The credit risk related to the sold trade receivables is transferred to the buyer at the moment of sale. The expenses related to the sale of receivables have been recognized as other financial expenses. The Group has not sold any trade receivables at the date of the financial statements. Credit losses are recognized in the income statement as other financial expenses.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, bank deposits on demand and other short-term, very liquid investments. Cash and cash equivalents have a maturity period of three months or less. The bank overdrafts are included in interest-bearing current liabilities.

Derivative instruments and hedge accounting
Derivatives are initially recognized at cost equal to their fair value. Subsequent to initial recognition derivatives are measured at fair value.

Although certain derivatives qualify for effective hedging as defined by the Group's risk management, they do not fully meet the requirements for hedge accounting as set in IAS 39, even though they are effective financial hedging instruments. As the company does not apply hedge accounting as defined in IAS 39 the changes in the fair values of derivatives are recognized in profit or loss in the period in which they occur even if the hedged item does not affect profit or loss within a future period. The changes in the fair value are included in operating profit.

The fair values of derivatives are determined on the basis of market prices and generally used valuation models. The data and assumptions used in the valuation models are based on verifiable market prices. The fair values of derivatives maturing within a year are presented within current receivables or liabilities. The fair values of derivatives with maturities in excess of a year are presented within non-current receivables or liabilities.

Financial liabilities

Financial liabilities are initially recorded at their fair value on the basis of consideration received. Transaction costs are included in the original cost. After the initial recognition all the financial liabilities are measured at amortized cost using the effective interest method. The financial liabilities are included in non-current and current liabilities and they may be either interest-bearing or non-interest-bearing.

Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event, the outflow of resources is probable and the amount of the obligation can be reliably estimated. When part of the provision is expected to be reimbursed by another party the reimbursement is treated as a separate asset. The reimbursement is recognized only when it is virtually certain that it will be received. Provisions are measured at the present value of the expenditure that is required to settle the obligation.

At the date of the financial statements the Group had no such probable warranty obligations that would have qualified for recognition as a warranty provision.

Leases

Leases are accounted for as finance leases in accordance with IAS 17 *Leases* when the lease transfers substantially all the risks and rewards incidental to ownership to the Group. The Group had no assets acquired under finance leases in 2005 or 2006.

In an operating lease substantially all the risks and rewards are retained by the lessor. Rental payments under operating leases are recognized as other operating expenses on a straight-line basis over the lease term.

Income taxes

Income taxes are based on the taxable earnings of the Group entities and are calculated in accordance with the local tax regulations of each country. Income taxes consist of the current taxes and the tax adjustments for the prior periods. Income taxes also include any changes in deferred tax liabilities and assets. The tax effect on items recognized directly in equity is also charged or credited directly in equity.

Deferred tax liabilities or assets are recognized on all temporary differences between the tax base of the entities' assets and liabilities and their carrying amounts for financial reporting purposes, and for differences relating to consolidation. Most significant temporary differences arise from tax losses carried forward. Deferred tax assets and liabilities have been computed using each country's statutory tax rate for the following fiscal period. A deferred tax asset is recorded on the basis of losses only if it is probable that the loss in question can be used to offset taxable income in future fiscal years. Deferred tax liabilities are reported in full.

Dividends

Dividends proposed by the Board are not recognized until they have been approved by the shareholders at the Annual General Meeting.

Accounting policies requiring management's judgment and key sources of estimation uncertainty

Management judgments made in the application of the accounting policies of the Group that have major impact on figures in the financial statements relate to impairment testing and deferred tax receivables recognized on tax losses.

Goodwill, unfinished intangible assets and other intangible assets with indefinite useful lives are tested annually for impairment and signs of impairment are evaluated according the basis of preparation presented earlier. The Group reviews these assets for impairment in accordance with the principles set out above. Recoverable amounts of the cash-generating units are based on value in use calculations. Preparation of these calculations requires management make judgments.

A deferred tax asset is recognized to the extent that it is probable that taxable profit will be available against which the unused tax losses can be utilized. The recognition of deferred tax assets is based on the calculations of the expected future profits. Preparation of such calculations requires management make judgments.

By the publication of the Consolidated Financial Statements the Group is not aware of any future key assumptions nor of any significant uncertainties regarding the estimates made at the balance sheet date that might have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Adoption of new or amended standards and interpretations

IASB has published during 2005 and 2006 the following improved or revised standards and interpretations that are not yet in force and the Group has not applied them before they come in force.

In 2007 the Salcomp Group will adopt the following standards and interpretations:

- IFRS 7 *Financial Instruments: Disclosures* (in force for the financial years starting on January 1, 2007 or later) will be adopted. The standard adds some new disclosures related to financial instruments and puts all financial instruments disclosures together in a new standard.

- Change in IAS 1 *Capital Disclosures* (in force for the financial years starting on January 1, 2007 or later)

- IFRIC 10 *Interim Financial Reporting and Impairment* (in force for the financial years starting on November 1, 2006 or later). This interpretation has not been approved for adoption in the EU.

- IFRIC 9 *Reassessment of Embedded Derivatives* (in force for the financial years starting on June 1, 2006 or later)

Other released new or amended standards and interpretations are not relevant to the Salcomp Group.

The Group expects that the adoption of IFRS 7 and application of new regulations of IAS 1 have effect mainly on the notes to the financial statements. Currently it is not expected the adoption of the new standards to have a material impact on the Group's financial statements.

A new standard IFRS 8 *Operating Segments* (in force for the financial years starting on January 1, 2009 or later) issued in November 2006 will be adopted in 2009. This standard has not yet been approved for adoption in the EU. The Group is currently evaluating the effects of the adoption of IFRS 8.

SEGMENT REPORTING

The Salcomp Group's primary reporting segments are business segments and secondary reporting segments are geographical segments. These segments are based on the Group's internal reporting and organisational structure.

Business segments

The Salcomp Group operates in the markets of power supplies for mobile electrical and electronic equipment. The power supplies include batteries, rechargeable batteries and chargers for them as well as kinetic power supplies, photocells and fuel cells. The Group's main market area is the mobile telecommunication devices. In practice the rechargeable batteries in this market area are the only power supply which is integrated to the device. The primary reporting segments of the Group consist of chargers that are used to charging these rechargeable batteries. The Group's products' profitability or risks does not differ from each other and so the Group does not monitor product-specific risks or profitability.

The customer profitability has the strongest effect on the Salcomp Group's risks and profitability. Because Salcomp operates globally the contracts with the customers are done globally. The location of the production is chosen on the grounds of what is the most expedient at the time, taking account of the production capacity and the geographical location of a global customer. The Group management does not monitor the profitability of the geographical segments.

Geographical segments

The secondary geographical segment is divided into three geographical areas:

- Europe
- Asia-Pacific
- North and South Americas

In the presenting information on the basis of geographical segments, segment sales are based on the geographical location of the customers. Segment assets and investments are based on the geographical location of the assets.

There are no inter-segment sales in the Group.

Segment assets

Segment assets include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Segment assets comprise tangible and intangible assets (including goodwill), inventories and non interest-bearing receivables (trade and other receivables as well as accrued income and other receivables).

1 000 €

	Europe	Asia-Pacific	North and South Americas	Unallocated items	Group Total
Geographical segments 2006					
Revenue	49 672	138 643	70 734	0	259 049
Assets	87 836	37 321	14 984	0	140 141
Capital expenditures	1 429	6 911	924	0	9 264
Geographical segments 2005					
Revenue	49 823	72 796	33 409	0	156 028
Assets	85 880	26 380	11 484	0	123 744
Capital expenditures	1 499	3 498	24	0	5 021

BUSINESS COMBINATIONS

No business combinations took place during the financial year.

During 2005, the Salcomp Group acquired from Flextronics a company, Salcomp Industrial Electrônica da Amazônia Ltda, located in Manaus free trade area in Brazil. The acquired company has been operating in business of contract manufacturing services. These services comprise mainly the manufacturing of CMT-chargers. The activities of the Flextronics Manaus started up in year 2000 mainly to serve Salcomp's manufacturing of chargers. The Salcomp Group acquired the entire share capital of Salcomp Industrial Electrônica da Amazônia Ltda for approximately EUR 3.7 million. The consideration has been paid in cash. 50% of the consideration was paid in 2006. The cost of acquisition also comprised directly attributable costs (experts' fees) for EUR 34,000.

In the one and a half month to December 31, 2005 Salcomp Industrial Electrônica da Amazônia Ltda contributed net loss of EUR –481,000 to the consolidated income statement for the year. The Group revenue and profit for the period if operations acquired had been consolidated since January 1, 2005, can not be definitely estimated due to the change of pricing model of manufacturing in the acquired company meanwhile the plant was transferred into Salcomp's ownership.

The following assets and liabilities were recognised in the acquisition:

1 000 €

	Recognised fair values on acquisition	Carrying amounts
Property, plant and equipment	1 446	1 412
Inventories	3 520	3 520
Trade and other receivables	3 042	3 042
Total assets	8 007	7 974
Other liabilities	–4 250	–4 250
Total liabilities	–4 250	–4 250
Net identifiable assets and liabilities	3 758	3 724
Total consideration	3 758	
Goodwill on acquisition	0	
Consideration paid in cash during 2005	–1 582	
Cash and cash equivalents in acquired subsidiary	0	
Total net cash outflow on the acquisition	–1 582	
Consideration paid in cash during 2006 that equals the cash flow effect	1 658	

1 000 €	2006	2005
1. OTHER OPERATING INCOME		
Gains on disposal of tangible and intangible assets	172	225
Rental income	72	11
Reversal of impairment losses on trade receivables	0	6
Other income	119	101
Total	**363**	**344**
2. OTHER OPERATING EXPENSES		
Losses on disposal of tangible and intangible assets and scrapping	32	1
Impairment losses on trade receivables	191	0
Other expenses	17	21
Total	**240**	**22**
3. EMPLOYEE BENEFITS		
Wages and salaries	24 895	13 280
Defined contribution plans	835	585
Other social expenses	3 876	1 962
Total	**29 605**	**15 828**
Information on the employee benefits of the Group management is presented in the note Related Party Transactions.		
The average number of personnel in the Group during the financial year		
Production	7 350	5 438
Sales	20	20
Administration	72	68
Research and Development	125	86
Total	**7 567**	**5 612**
4. DEPRECIATION, AMORTISATION AND IMPAIRMENT		
Depreciation and amortisation by asset type		
Tangible assets		
Buildings	38	37
Machinery and equipment	4 694	4 248
Other tangible assets	446	383
Total	**5 178**	**4 669**
Intangible assets		
Intangible rights	90	83
Total	**90**	**83**
Total depreciation and amortisation	5 268	4 752
Depreciation and amortisation by function		
Production	4 926	4 347
Sales	13	4
Administration	69	52
Research and Development	260	349
Total	**5 268**	**4 752**
Impairment		
In the financial years 2006 and 2005 no impairment losses were recognised in the income statement.		

1 000 €	2006	2005
5. FINANCIAL INCOME		
Interest income	38	105
Exchange gains	238	38
Total	**276**	**143**

Items above the operating profit include exchange gains EUR 5.4 million in 2006 (EUR 2.3 million in 2005).

1 000 €	2006	2005
6. FINANCIAL EXPENSES		
Interest expenses	–3 458	–4 238
Exchange losses	–661	0
Other financial expenses	–428	–136
Total	**–4 547**	**–4 375**

Items above the operating profit include exchange losses EUR 4.7 million in 2006 (EUR 2.4 million in 2005).

1 000 €	2006	2005
7. INCOME TAXES		
Income taxes in the income statement		
Current tax expense	–290	–610
Tax adjustments for prior years	8	0
Deferred tax expense	–3 291	–1 850
Total	**–3 573**	**–2 460**

Reconciliation of the income tax expense in the income statement and the income tax expense calculated using the Salcomp Group's domestic corporation tax rate:

1 000 €	2006	2005
Profit before tax	11 202	8 225
Income tax calculated using the parent company's tax rate (26%)	2 912	2 139
Effect of tax rate in foreign subsidiaries	–970	–306
Use of previously unrecognised tax losses	–582	0
Effect of unrecognised tax losses	2 078	672
Other items	135	–45
Income tax expense	**3 573**	**2 460**

8. EARNINGS PER SHARE

The basic earnings per share is calculated as follows:

$$\frac{\text{Profit for the year attributable to equity holders of the parent}}{\text{Weighted average number of shares outstanding during the financial year}}$$

Information on the changes in the number of the shares is provided in the note Capital and Reserves.

1 000 €	2006	2005
Profit for the year attributable to equity holders of the parent	7 629 278	5 765 510
Weighted average number of shares outstanding during the financial year	37 808 067	32 839 450
Basic earnings per share (€/share)	0.20	0.18

1 000 €

9. PROPERTY, PLANT AND EQUIPMENT

	Land areas	Buildings*	Machinery and equipment	Other tangible assets	Advance payments	Total
Cost Jan 1, 2006	**20**	**3 362**	**46 563**	**5 885**	**219**	**56 049**
Additions			7 086	1 363	884	9 333
Disposals and transfers between classes			–1 394		–106	–1 500
Exchange difference			–913	–378		–1 291
Cost Dec 31, 2006	**20**	**3 362**	**51 342**	**6 870**	**997**	**62 591**
Accumulated depreciations and impairments		–2 464	–34 946	–1 564		–38 974
Depreciation charge for the year		–38	–4 694	–446		–5 178
Disposals and transfers between classes			1 205			1 205
Exchange difference			428	66		494
Accumulated depreciations and impairments Dec 31, 2006		**–2 502**	**–38 007**	**–1 944**		**–42 452**
Carrying amounts Jan 1, 2006	20	898	11 617	4 322	219	17 075
Carrying amounts Dec 31, 2006	20	860	13 335	4 927	997	20 139

	Land areas	Buildings*	Machinery and equipment	Other tangible assets	Advance payments	Total
Cost Jan 1, 2005	**20**	**3 362**	**41 212**	**4 174**	**9**	**48 777**
Additions			3 928	1 083	449	5 460
Acquisitions through business combinations			1 363			1 363
Disposals and transfers between classes			–1 828		–239	–2 066
Exchange difference			1 888	628		2 516
Cost Dec 31, 2005	**20**	**3 362**	**46 563**	**5 885**	**219**	**56 049**
Accumulated depreciations and impairments		–2 427	–31 147	–1 041		–34 615
Depreciation charge for the year		–37	–4 248	–383		–4 669
Disposals and transfers between classes			1 332			1 332
Exchange difference			–883	–139		–1 022
Accumulated depreciations and impairments Dec 31, 2005		**–2 464**	**–34 946**	**–1 564**		**–38 974**
Carrying amounts Jan 1, 2005	20	935	10 066	3 133	9	14 162
Carrying amounts Dec 31, 2005	20	898	11 617	4 322	219	17 075

*The Group owns a property located in Kemijärvi, Finland. The property comprises production areas and office premises. The property has been partly unoccupied from the early 2004. The carrying amount of the property is EUR 0.9 million on December 31, 2006 (EUR 0.9 million December 31, 2005). The Group has no intention to use these facilities in production, but the property can not yet be classified as an asset held for sale. The property has not been classified as an investment property as the Group has no intention to keep the property as a non-current asset nor to earn rentals or for capital appreciation. The carrying amount of the property does not exceed its fair value at the end of year 2006.

1 000 €

10. INTANGIBLE ASSETS

	Goodwill	Intangible rights	Total
Cost at Jan 1, 2006	**66 412**	**1 847**	**68 259**
Additions		37	37
Exchange difference		–27	–27
Cost Dec 31, 2006	**66 412**	**1 858**	**68 270**
Accumulated depreciations and impairments Jan 1, 2006		**–1 445**	**–1 445**
Amortisation for the year		–90	–90
Exchange difference		–94	–94
Accumulated depreciations and impairments Dec 31, 2006		**–1 629**	**–1 629**
Carrying amounts Jan 1, 2006	66 412	296	66 709
Carrying amounts Dec 31, 2006	66 412	229	66 642

Cost at Jan 1, 2005	**66 412**	**1 717**	**68 129**
Additions		74	74
Exchange difference		56	56
Cost Dec 31, 2005	**66 412**	**1 847**	**68 259**
Accumulated depreciations and impairments Jan 1, 2005		**–1 446**	**–1 446**
Amortisation for the year		–83	–83
Exchange difference		–22	–22
Accumulated depreciations and impairments Dec 31, 2005		**–1 551**	**–1 551**
Carrying amounts Jan 1, 2005	66 412	271	66 683
Carrying amounts Dec 31, 2005	66 412	296	66 708

1 000 €

Impairment test for the cash generating units holding goodwill

For the purposes of impairment testing according to IAS 36 *Impairment of Assets*, goodwill has been allocated to the geographical segments of Europe and China. The goodwill was not allocated to other segments as the goodwill relates to the functions in Finland and China. The aggregate goodwill amount totalled EUR 66.4 million at December 31, 2006. The amount has not changed since previous closing date.

The assets of the cash-generating units December 31, 2006 were as follows:

	2006		2005	
	The assets on test	of which goodwill	The assets on test	of which goodwill
Finland	87 787	59 760	82 246	59 760
China	32 221	6 640	18 019	6 640
Total	**120 008**	**66 400**	**100 265**	**66 400**
Other Group assets	54 481			
Total	**174 489**			

In the impairment testing of the goodwill the recoverable amount of the business segments is based on value in use calculations, which have been calculated based on forecast discounted cash flows. Those calculations use cash flow projections based on actual operating profit and the five-year plans approved by the Group management. Cash flows for further periods beyond five years are extrapolated using an estimation of uniform 1.5 percent growth rate. From the Group management's point of view, this growth rate is consistent with the business development of the Group at a long-term forecast period for the industry. This growth rate has been used for all units. The discount rate used in the calculations is pre tax WACC; 13.8% in Europe and 17.9% in China. Based on the test there is no need for impairment of the goodwill. Besides the goodwill the group has not other intangible assets that have indefinite useful lives.

From the Group management's point of view, a reasonably estimable possible change in any key parameter used in the calculations would not cause the segment's carrying amount to exceed its recoverable amount.

1 000 €

11. DEFERRED TAX ASSETS AND LIABILITIES

	Dec 31, 2005	Recognised in the income statement	Recognized in the equity	Dec 31, 2006
Deferred tax assets and liabilities during 2006:				
Deferred tax assets:				
Effects of consolidation and eliminations	29	194		223
Tax losses carried forward	2 800	0	0	2 800
Total	**2 829**	**194**	**0**	**3 023**
Deferred tax liabilities:				
Taxable temporary differences	6 012	3 485		9 497
Taxes related to items recognized directly to equity	0		–582	–582
Total	**6 012**	**3 485**	**–582**	**8 915**
Net deferred tax liability	**3 183**	**3 291**	**–582**	**5 892**

	Dec 31, 2004	Recognised in the income statement	Recognized in the equity	Dec 31, 2005
Deferred tax assets and liabilities during 2005:				
Deferred tax assets:				
Effects of consolidation and eliminations	64	–35		29
Tax losses carried forward	1 647	1 153		2 800
Total	**1 711**	**1 118**	**0**	**2 829**
Deferred tax liabilities:				
Taxable temporary differences	3 020	2 992		6 012
Total	**3 020**	**2 992**	**0**	**6 012**
Net deferred tax liability	**1 309**	**1 874**	**0**	**3 183**

At December 31, 2006 the parent company had loss carry forward totalling EUR 45.9 million (EUR 44.8 million in 2005). Due to uncertainty of utilisation, only deferred tax assets of EUR 2.8 million have been recognised on tax losses carried forward. These losses carry forwards expire in 2009–2015.

Deferred tax liabilities comprise mainly of tax deductible goodwill amortisation in the financial statements of the parent company.

The change in deferred tax liabilities recognised in equity during 2006 is included in the transaction cost related to the share issue these transaction costs have been recorded as a deduction of equity and included in the share issue.

1 000 €	2006	2005
12. INVENTORIES		
Raw materials and consumables	6 060	6 782
Finished products	15 858	18 205
Total	**21 918**	**24 987**

The carrying amount of the inventories was reduced by recognising an impairment loss amounting to EUR 1.5 million (EUR 0.9 million 2005) to comply with the net realisable value of the inventories.

In 2006 or in 2005 the total value of inventories does not include reversals of previously recognised impairment losses.

1 000 €	2006	2005
13. TRADE AND OTHER CURRENT RECEIVABLES		
Trade receivables	48 817	25 891
Accrued income and deferred expenses	5 902	4 410
Other receivables	204	421
Total	**54 923**	**30 722**

During the current or previous financial year the Group has not recognised any impairment losses on trade receivables. The carrying amounts represent best its maximum credit risk exposure at the balance sheet date, without taking into account of the fair value of any collateral, in the event of other parties failing their obligations under financial instruments. There are no significant concentrations of credit risk with respect to the current receivables in the Group.

The material items included in accrued income and deferred expenses relate to advance payments paid to the subcontractors, EUR 1.9 million at the end of 2006 (EUR 0.8 million at the end of 2005). There are hedging instrument accruals EUR 0.1 million at the end of the financial year (EUR 0.0 million at the end of 2005). In addition accrued income and deferred expenses include a EUR 2.9 million deposit relating to taxation recognized in the Manaus company (EUR 2.9 million in 2005).

1 000 €	2006	2005
14. CASH AND CASH EQUIVALENTS		
Cash on hand and at bank	7 591	5 340
Short-term bank deposits	254	386
Total	**7 845**	**5 726**
Cash and cash equivalents in the statement of cash flows are as follows:		
Cash on hand, at bank and short term bank deposits	7 845	5 726
Total	**7 845**	**5 726**

1 000 €

15. CAPITAL AND RESERVES

	Number of shares (1 000)	Share capital	Share issue	Premium fund	Total
Dec 31, 2004	**3 265**	**8 236**	**150**	**41 110**	**49 496**
Registration of share issue	19	49	–150	101	
Share issue			105		105
Losses covered from Premium Fund				–35 277	
Dec 31, 2005	**3 284**	**8 285**	**105**	**5 934**	**14 324**
Registration of share issue	14	34	–105	71	0
Change in the counter value	29 677				
Share issue	6 000	1 514		16 030	17 544
Dec 31, 2006	**38 975**	**9 833**	**0**	**22 035**	**31 868**

According to the Salcomp Plc's Articles of Association, the company has one serie of shares. At December 31, 2006 the number of shares issued and fully paid was 38,975,190 pieces.

At December 31, 2006 the shares owned by the members of the Board, CEO and the Executive Board totalled 877,017 pieces (1,817,606 pieces at December 31, 2005).

According to the parent company's Articles of Association the maximum share capital is EUR 35 million (EUR 35 million in December 31, 2005) and the minimum share capital is EUR 5 million (EUR 5 million at December 31, 2005).

In addition, the Annual General Meeting authorized the Board to decide on an increase in share capital in total by a maximum of EUR 1,663,787 and 6,595,000 new shares. The Board used part of the authorization to increase share capital in connection with the Stock Exchange listing. The Board's remaining unused authorisation is EUR 150,107 and 595,000 shares.

16. PROVISIONS

The restructuring provision comprises the estimated building maintenance costs originated from the unoccupied production facilities located in Kemijärvi, Finland.

Jan 1, 2006	**40**
Provisions made during the year	0
Provisions used during the year	0
Provisions reversed during the year	0
Dec 31, 2006	**40**
Jan 1, 2005	**40**
Provisions made during the year	0
Provisions used during the year	0
Provisions reversed during the year	0
Dec 31, 2005	**40**

1 000 €	2006	2005
17. INTEREST-BEARING LIABILITIES		
Non-current		
Loans from financial institutions	43 797	0
Total	**43 797**	**0**
Current		
Bank overdrafts	0	6 268
Mezzanine loan	0	8 400
Non-current loans from financial institutions, current portion	8 405	45 947
Total	**8 405**	**60 615**

The interest-bearing liabilities are carried at amortised cost. The liabilities are comprised of floating rate loans denominated in euro, linked to the 3–6 month euribor.

The loans contain market-based financial and other covenants.

The non-current liabilities mature as follows:

	2008	2009	2010	2011	2012	Later
2006						
Floating rate bank loans	9 119	11 842	9 901	12 444	491	0
Total	**9 119**	**11 842**	**9 901**	**12 444**	**491**	**0**

The weighted averages of the effective interest rates of the Group's interest-bearing liabilities at the balance sheet date were as follows:

1 000 €	2006	2005
Bank loans	5.91%	4.94%
Other loans	6.96%	7.64%
Bank overdrafts	5.91%	4.14%

18. TRADE AND OTHER CURRENT LIABILITIES

	2006	2005
Trade payables	50 745	42 819
Accrued personnel, social security and pension expenses	1 967	1 300
Accrued interest expenses and other financial items	11	1 878
Advances received	645	575
Other accrued expenses and deferred income	4 371	6 574
Other liabilities	2 612	32
Total	**60 351**	**53 179**
Main items in other accrued expenses and deferred income		
Tax and tax related accruals	3 066	2 987
Derivative related accruals	0	157
Acquisition price debt		2 178
Accrued expenses (e.g. water, electricity and rents relating to properties)	938	324
Others	367	928
Total	**4 371**	**6 574**

FINANCIAL RISK MANAGEMENT

In normal business activities the Group is exposed to several financial risks. The objective of the Group Risk Management is to protect the company from changes occurring in the financial markets and thus to minimize the unfavorable effects in Group's profit. The most significant financial risks are foreign exchange risk, interest rate risk, credit risk and funding risk. The Group hedges its foreign exchange risks by using derivatives. The general risk management principles are approved by the Board. The Group Treasury together with the business divisions is responsible for the implementation of the general risk management principles in practice.

Foreign exchange risk

Finnish Group entities are exposed to foreign exchange risk due to that the major part of the sales and purchases are denominated in currencies. The principal currency in sales and purchases is USD. The foreign exchange positions in each currency are monitored regularly. According to the Group Risk Policy, the net position in each currency (after matching the fixed and forecasted revenues and costs) will be hedged. As hedging instruments the Group uses currency options maturing within 3–12 months.

Though the derivatives fulfill the requirements of hedge effectiveness defined by the Group Risk Management being the effective economical hedging instruments, they do not fully meet the hedge accounting requirements set up in IAS 39. After initial recognition the derivatives are measured at fair value. Both realized and unrealized gains and losses arising from changes in fair value are recognized through profit or loss as they occur.

Interest rate risk

The interest rate risk of the Group is relating mainly in the floating rate loan portfolio. The loans are tied to 3 months euribor. The changes in market rates have direct impact on the Group's future interest rate cash flows. Approximately half of the loan portfolio is hedged against the rise of market rates and both interest rate options and interest rate swaps are used for hedging.

Credit risk

The Group's risk policy defines the credit rating requirements for customers and counterparties related to the treasury transactions and derivative contracts. Products are sold only to high rated companies. The counterparties of the derivative contracts and treasury transactions have a good credit rating. The maximum amount of the Group's credit risk equals the carrying amount of the financial assets.

Liquidity risk

In order that the Group would have a sufficient liquidity position to finance its business activities and to make loan repayments, the Group strives continuously to estimate and monitor the amount of financing required in business activities. The company strives to safeguard the availability of its financial reserves through credit facility agreements and by using several banks in financing activities. The Group's loan agreements contain customary terms and conditions that are related to the position of the financiers, financial key figures and use of collaterals.

19. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial assets
For financial assets the fair value equals their initial carrying amount as the discounting has no material effect considering the short maturity of these items.

Financial liabilities
The maturities of all financial liabilities are maximum six years (last repayment in 2012). At the date of the closing the interests of the interest-bearing liabilities are tied to 3 months market rate. For these liabilities the fair values do not materially differ from their carrying amounts as the discounting has no material effect and the company-specific risk premium has not materially changed.

1 000 €	2006	2005
20. ADJUSTMENTS TO CASH FLOWS FROM THE OPERATING ACTIVITIES		
Non-cash transactions:		
Depreciation and amortisation	5 268	4 752
Total	**5 268**	**4 752**
21. OPERATING LEASES		
Group as lessee		
Minimum lease payments on non-cancellable operating leases are payable as follows:		
Less than one year	1 511	1 203
Between one and five years	2 653	3 634
More than five years	1 127	2 710
Total	**5 291**	**7 546**

The Group has leased factory facilities and office premises located in Salo, Finland, in China and in Brazil. These leases are classified as operating leases. The leases average run for a period of 5–7 years with an option to renew the lease after that date.

The land for the Indian factory has been leased for 33 years. The rent is paid in one installment. The aforementioned liability, EUR 1.0 million, is included in other payables in the balance sheet.

EUR 2.0 million was recognised as rental expense in the income statement in respect of operating leases during the year ended December 31, 2006 (EUR 1.1 million in 2005).

1 000 €	2006	2005
22. COMMITMENTS AND CONTINGENCIES		
Collateral for own commitments		
Company mortgage	170 000	114 000
Other collateral for own commitments	254	386
Other collaterals given		
Real estate mortgages	0	54 000

23. RELATED PARTY TRANSACTIONS

Salcomp Group has related party relationships with the Board members and CEO of the parent company and other key personnel of the Group. Other key personnel comprise the management team which consists of 8 persons and the CEO.

Companies owned by the Group and the parent company

	Group holding (%)	Group voting (%)
Parent company Salcomp Plc, Salo, Finland		
Salcomp Manufacturing Plc, Salo, Finland	100.0	100.0
Salcomp Ltda, São Paulo, Brazil	99.8	99.8
Salcomp (Shenzen) Co. Ltd, Shenzen, China	100.0	100.0
Salcomp Industrial Eletrônica da Amazônia Ltda, Brazil	100.0	100.0
Salcomp Manufacturing India Private Ltd, India	100.0	100.0

1 000 €	2006	2005
With related parties entered into transactions as follows:		
A) The increases of share capital		
The number of the parent company's shares the key management personnel have subscribed for:	0	6 464 pcs
The number of the parent company's shares the current key management personnel have sold:	448 833 pcs	0
The number of the parent company's shares the former key management personnel have sold:	491 756 pcs	0
The increases of share capital based on the subscription for the shares in 2005 are carried at fair value.		
B) The CEO of the parent company, Board members and other key personnel compensations		
Salaries and other benefits	1 336	1 400
Post-employment benefits (cost according to the Finnish Employees' Pension Act)	400	422
Total	**1 736**	**1 822**
Management remuneration		
Chairman of the Board Kari Vuorialho	94	0
Deputy Chairman of the Board Jorma Terentjeff	25	9
Members of the Board		
Andreas Tallberg	20	0
Panu Halonen	20	0
Timo Leinilä	20	9
Petri Myllyneva	20	0
CEOs		
Kari Vuorialho	0	325
Mats Eriksson	278	56
Markku Hangasjärvi	30	0
Total	**507**	**399**

There are no pension plans in the Group with terms deviating from the Finnish Employees' Pension Act.

C) Loans to related parties

There were no loans or commitments granted to the related parties.

24. EVENTS AFTER THE BALANCE SHEET DATE

After the date of the closing no material events that would have affected the financial statements presented here have been noticed.

PARENT COMPANY INCOME STATEMENT

1 000 €	Note	2006	2005
Net sales	**1**	**182 138**	**122 296**
Cost of goods sold	3, 4	–154 112	–105 519
Gross margin		**28 026**	**16 777**
Sales expenses	3, 4	–1 492	–1 258
Administrative expenses	3, 4	–6 209	–3 292
Research and development expenses	3, 4	–3 767	–2 914
Other operating income	2	235	344
Other operating expenses	2	–11 391	–11 377
Operating profit		**5 403**	**–1 720**
Financial income and expenses	5	–3 159	12 234
Profit before extraordinary items		**2 244**	**10 514**
Profit before appropriations and taxes		**2 244**	**10 514**
Income taxes	6	0	0
Other direct taxes	6	9	–6
Profit for the period		**2 252**	**10 508**

PARENT COMPANY BALANCE SHEET

1 000 €	Note	December 31, 2006	December 31, 2005
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	**7**		
Intangible rights		50	69
Goodwill		32 256	43 631
Other capitalized long-term expenditure		241	34
		32 547	43 735
Property, plant and equipments	**8**		
Land and water areas		20	20
Buildings and constructions		860	897
Machinery and equipment		3 148	3 758
Advances paid and assets under construction		119	151
		4 147	4 826
Investments	**9**		
Investments in Group companies		27 740	4 021
CURRENT ASSETS			
Inventories			
Materials and supplies		11 480	13 764
Receivables			
Non-current	**10**		
Receivables from Group companies		0	251
Prepaid expenses and accrued income		615	0
Current	**11**		
Trade receivables		31 092	17 948
Receivables from Group companies		13 239	27 292
Other receivables		191	347
Prepaid expenses and accrued income		2 417	849
		46 940	46 437
Cash in hand and at banks		**5 288**	**4 302**
Total assets		**128 758**	**117 335**
SHAREHOLDER'S EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	**12**		
Share capital		9 833	8 285
Share issue		0	105
Premium fund		23 691	5 934
Profit from previous financial years		10 508	0
Profit for the period		2 252	10 508
		46 284	24 831
LIABILITIES			
Non-current	**13**		
Loans from financial institutions		44 500	0
Current	**14**		
Loans from financial institutions		8 500	60 615
Advanced received		583	548
Trade payables		1 042	922
Payables to Group companies		26 236	24 628
Other payables		184	133
Accrued expenses and deferred income		1 429	5 658
		37 974	**92 504**
Total shareholders' equity and liabilities		**128 758**	**117 335**

PARENT COMPANY CASH FLOW STATEMENT

1 000 €	2006	2005
Cash flow from operating activities		
Profit before extraordinary items	2 244	10 621
Adjustments		
Depreciation according to plan	13 223	13 607
Other non-cash income and expenses	0	–15 452
Financial income and expenses	3 159	2 984
Other adjustments	–128	0
Cash flow before change in working capital	18 498	11 759
Change in working capital		
Increase (–)/decrease (+) in current non-interest-bearing receivables	–11 618	–4 409
Increase (–)/decrease (+) in inventories	2 284	–7 481
Increase (+)/decrease (–) in current non-interest-bearing payables	1 400	11 883
Cash flow from operating activities before financial items and taxes	10 564	11 751
Interests paid and other financial expenses	–6 588	–3 817
Dividend income from operating activities	0	1 280
Interest income from operating activities	120	67
Direct taxes paid	0	–6
Cash flow before extraordinary items	4 096	9 275
Cash flow from operating activities	**4 096**	**9 275**
Cash flow from investing activities		
Investments in property, plant and equipment and intangible assets	–1 429	–1 497
Gains on disposal of property, plant and equipment and intangible assets	201	436
Loans granted	–12 061	–252
Investments in shares of subsidiaries	–1 658	–1 593
Repayments of loan receivables	252	0
Cash flow from investing activities	**–14 695**	**–2 906**
Cash flow from financing activities		
Paid share issue	19 200	105
Withdrawals of current loans	0	2 067
Repayments of current loans	–60 615	0
Withdrawals of non-current loans	70 000	0
Repayment of non-current loans	–17 000	–7 500
Cash flow from financing activities	**11 585**	**–5 328**
Net change in cash and cash equivalents, increase (+)/decrease (–)	**986**	**1 041**
Cash and cash equivalents at the beginning of the financial year	**4 302**	**3 261**
Cash and cash equivalents at the end of the financial year	**5 288**	**4 302**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The parent company Financial Statements are prepared according to Finnish Accounting Standards (FAS). The Salcomp Group Consolidated Financial Statements are prepared according to IFRS (International Financial Reporting Standards) and the Financial Statements of the Parent company complies with the Accounting Policies of the Group wherever possible. Below are presented the Accounting Policies which differ from the Group Accounting Policies.

Income taxes

The Accounting Policies of the Group are applied into income taxes and deferred tax assets and liabilities whenever it is possible according to the Finnish Accounting Standards.

Property, plant and equipment and intangible assets

The Accounting Policies of the Group are applied into the property, plant and equipment and intangible assets. Contrary to the Group's Accounting Policies, the parent company continues to recognize depreciations of goodwill.

Research and development expenses

All research and development expenses are expensed as incurred.

NOTES TO THE PARENT COMPANY INCOME STATEMENT

1 000 €	2006	2005
1. NET SALES BY MARKET AREA		
Europe	49 417	49 823
Asia and the Pacific	94 420	50 513
North America	31 344	18 779
South America	6 957	3 181
Total	**182 138**	**122 296**
2. OTHER OPERATING INCOME AND EXPENSES		
Other operating income		
Rental income	71	11
Gains from disposal of property, plant and equipment and intangible assets	128	225
Other income	35	101
Recoveries of bad and doubtful debts	0	6
Total	**235**	**344**
Other operating expenses		
Other expenses	7	0
Amortization of goodwill	11 375	11 375
Losses from disposals of property, plant and equipment and intangible assets	8	1
Total	**11 391**	**11 377**
3. PERSONNEL EXPENSES AND THE AVERAGE NUMBER OF PERSONNEL		
Personnel expenses		
Wages and salaries	4 746	4 079
Pension expenses	835	585
Other indirect employee expenses	624	313
Total	**6 205**	**4 978**
Remuneration of board members	203	18
The company has made no special pension arrangements.		
Average number of personnel during the financial year		
Production	10	10
Sales	12	12
Administration	13	10
Research and Development	30	28
Total	**65**	**60**

1 000 €	2006	2005
4. DEPRECIATION AND IMPAIRMENT LOSSES		
Depreciation according to plan		
Intangible assets		
Intangible rights	22	29
Goodwill	11 375	11 375
Other capitalised long-term expenditure	0	34
Property, plant and equipment		
Buildings and constructions	41	41
Machinery and equipment	1 785	2 128
Total	**13 223**	**13 607**
Functional depreciation		
Production	1 693	1 970
Research and Development	143	248
Sales	3	3
Administration	9	11
Total	**1 848**	**2 232**
5. FINANCIAL INCOME AND EXPENSES		
Dividend income from Group companies	0	1 280
Dividend income, total	**0**	**1 280**
Gains from disposal of shares		
From Group companies	0	15 219
Total	**0**	**15 219**
Income from other investments in non-current assets		
From Group companies	11	42
Income from other investments in non-current assets, total	**11**	**42**
Other interest and financial income		
From Group companies	501	38
From others	252	30
Other interest and financial income, total	**753**	**69**
Interest and other financial expenses		
To others	3 923	4 375
Interest and other financial expenses, total	**3 923**	**4 375**
Financial income and expenses, total	**–3 159**	**12 234**
The item "Interest and financial income" includes exchange rate gains / losses (net)	**170**	**65**
6. INCOME TAXES		
Income taxes from actual operations	0	0
Income taxes, total	**0**	**0**
OTHER DIRECT INCOME TAXES		
Other direct income taxes	–9	6
Other direct income taxes, total	**–9**	**6**

NOTES TO THE PARENT COMPANY BALANCE SHEET

1 000 €

7. INTANGIBLE ASSETS	Intangible rights	Goodwill	Other long-term expenditure	Total
Acquisition cost Jan 1, 2006	**1 474**	**114 347**	**686**	**116 507**
Increases	0	0	209	209
Decreases	0	0	0	0
Acquisition cost Dec 31, 2006	**1 474**	**114 347**	**895**	**116 716**
Accumulated depreciation and impairment losses Jan 1, 2006	**1 405**	**70 716**	**651**	**72 772**
Amortisation for the year	19	11 375	3	11 397
Accumulated depreciation Dec 31, 2006	**1 424**	**82 091**	**654**	**84 169**
Carrying amounts Dec 31, 2006	50	32 256	241	32 547
Carrying amounts Dec 31, 2005	69	43 631	34	43 735

8. PROPERTY, PLANT AND EQUIPMENT	Land areas	Buildings	Machinery and equipment	Advance payment	Total
Acquisition cost Jan 1, 2006	**20**	**3 362**	**32 110**	**151**	**35 642**
Increases	0	0	1 252	6	1 258
Decreases	0	0	–1 240	–37	–1 277
Acquisition cost Dec 31, 2006	**20**	**3 362**	**32 123**	**119**	**35 623**
Accumulated depreciation and impairment losses Jan 1, 2006	**0**	**2 464**	**28 352**	**0**	**30 817**
Disposals and transfers	0	0	–1 167	0	–1 167
Depreciation for the year	0	37	1 789	0	1 826
Accumulated depreciation Dec 31, 2006	**0**	**2 501**	**28 974**	**0**	**31 476**
Carrying amounts Dec 31, 2006	20	860	3 148	119	4 147
Carrying amounts Dec 31, 2005	20	897	3 758	151	4 826
Carrying amounts of the production machinery and equipment					
Dec 31, 2006			2 922		
Dec 31, 2005			3 318		

1 000 €	
9. INVESTMENTS	**Shares in Group companies**
Acquisition cost Jan 1, 2006	**4 021**
Increases	23 720
Acquisition cost Dec 31, 2006	**27 740**
Carrying amounts Dec 31, 2006	27 740
Carrying amounts at Dec 31, 2005	4 021

Group companies	Company's holding, %
Salcomp Ltda, São Paulo, Brazil	99.8
Salcomp Manufacturing Oy, Finland	100.0

1 000 €	2006	2005
10. NON-CURRENT RECEIVABLES		
Loans from Group companies	0	251
Prepaid expenses and accrued income from other Group companies	615	0
Non-current receivables, total	**615**	**251**
11. CURRENT RECEIVABLES		
Current receivables		
Trade receivables	31 092	17 948
Receivables from Group companies		
Trade receivables	661	3 256
Loans receivable	12 061	24 000
Prepaid expenses and accrued income	518	42
Total	**13 239**	**27 298**
Other receivables	191	347
Prepaid expenses and accrued income		
Advance payments	1 949	761
Derivative receivable	143	0
Others	325	88
Current receivables, total	**46 940**	**46 443**

1 000 €	2006	2005
12. SHAREHOLDER'S EQUITY		
RESTRICTED EQUITY		
Share capital Jan 1	8 285	8 236
Increase of share capital	1 548	0
Share issue March 7, 2005	0	49
Share capital Dec 31	**9 833**	**8 285**
Share issue	0	105
Share issue Dec 31	**0**	**105**
Premium fund Jan 1	5 934	41 110
Issue premium	17 757	101
Profit/loss from previous financial years	0	–35 277
Premium fund Dec 31	**23 691**	**5 934**
UNRESTRICTED EQUITY		
Profit/loss from previous financial years Jan 1	0	–35 277
Decrease in premium fund	0	35 277
Profit/loss from previous financial years	10 508	0
Profit/loss from previous financial years Dec 31	**10 508**	**0**
Profit/loss for the year	**2 252**	**10 508**
Shareholder's equity, total	**46 284**	**24 831**
Distributable funds Dec 31		
Retained earnings	10 508	0
Income for the financial year	2 252	10 508
Total	**12 760**	**10 508**

	2006		2005	
Breakdown of share capital by share series	**pcs**	**EUR**	**pcs**	**EUR**
Shares (1 vote/share)	38 975 190	9 832 735		
A shares (20 votes/share)			853 576	2 153 417,66
B shares (1 vote/share)			46 741	117 919,08
C shares (1 vote/share)			1 859 037	4 690 013,67
D shares (2 votes/share)			119 669	301 903,22
E shares (20 votes/share)			41 293	104 174,80
F shares (1 vote/share)			91 031	229 654,83
G shares (2 votes/share)			17 326	43 710,38
H shares (1 vote/share)			167 683	423 034,02
I shares (2 votes/share)			87 589	220 971,28
Total	**38 975 190**	**9 832 735**	**3 283 945**	**8 284 799**

1 000 €	2006	2005
13. NON-CURRENT LIABILITIES		
Non-current loans		
Loans from financial institutions	44 500	0
Total	**44 500**	**0**
Non-current liabilities, total	**44 500**	**0**
14. CURRENT LIABILITIES		
Current loans		
Loans from financial institutions	8 500	60 615
Advances received	583	548
Trade payables	1 042	922
Payables to Group companies		
Trade payables	26 236	24 628
Total	**26 236**	**24 628**
Other payables	184	133
Accrued expenses and deferred income	1 429	5 658
Current liabilities, total	**37 974**	**92 504**
Material items in accrued expenses and deferred income		
Wages and salaries including employer contributions to social security	1 279	962
Interests	11	1 878
Other	139	2 818
Total	**1 429**	**5 658**

1 000 €	2006	2005
15. COLLATERALS AND CONTINGENT LIABILITIES		
Mortgages given for own debt		
Loans from financial institutions	53 000	60 615
Real estate mortgages	0	54 000
Corporate mortgages	100 000	100 000
Pledged subsidiary shares	27 487	0
Loan receivables from subsidiaries	8 000	0
Total	**135 487**	**154 000**
Other collateral given		
Other collateral for our own commitments	254	380
Total	**254**	**380**
Guarantees given on behalf of subsidiaries	1 291	1 438
Total		
Contingent liabilities		
Amounts payable on leases		
Payable during the next financial year	242	152
Payable later	417	156
Total	**659**	**307**
Rent liabilities		
Rent liabilities at the end of the financial year	79	79
Total	**79**	**79**
Derivative contracts		
Value of underlying currency options	4 750	5 282
Market value of currency options	41	–157
Value of underlying interest rate options	15 000	0
Market value of interest rate options	56	0
Value of underlying interest rate swap contracts	15 000	0
Market value of interest rate swap contracts	45	0

KEY FIGURES

	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
Net sales, EUR million	259.0	156.0	141.2	106.3
Change, %	66.0	10.5	32.8	–18.1
EBITDA, EUR million	20.7	17.2	13.1	4.8
% of net sales	8.0	11.0	9.3	4.5
Operating profit (loss), EUR million	15.5	12.5	7.9	–19.9
% of net sales	6.0	8.0	5.6	–18.7
Profit (loss) before taxes, EUR million	11.2	8.2	4.4	–23.5
% of net sales	4.3	5.3	3.1	–22.1
Profit (loss) for the period, EUR million	7.6	5.8	0.2	–25.1
% of net sales	2.9	3.7	0.2	–23.6
Capital expenditure, EUR million	9.3	9.0	4.5	6.9
% of net sales	3.6	5.8	3.2	6.5
Research and development costs, EUR million	5.4	4.1	3.6	4.8
% of net sales	2.1	2.6	2.6	4.5
Average number of personnel during the financial year	7 567	5 050	4 091	2 454
Return on equity, %	18.8	23.3	1.0	–81.0
Return on capital employed, %	16.2	14.3	8.8	–18.7
Return on net assets (RONA), %	54.1	68.0	38.8	–48.3
Equity ratio, %	30.5	19.1	18.3	17.4
Gearing, %	83.7	194.6	282.2	347.4
Interest-bearing net debts, EUR million	44.4	54.9	59.9	70.3
Shareholders' equity, EUR million	53.0	28.2	21.2	20.2
Balance sheet total, EUR million	174.5	148.0	116.2	116.6
Earnings per share, €	0.20	0.18	0.01	–0.83
Equity per share, €	1.36	0.86	0.65	0.68
Dividend per share, €	0.06*	0.00	0.00	0.00
Number of shareholders used when calculating key figures per share	37 808 067	32 839 450	32 660 610	30 286 730

** Board's proposal*

CALCULATION OF KEY FIGURES

Average personnel	Average of the number of personnel at end of each month
Return on equity (%)	$\dfrac{\text{Profit for the period}}{\text{Equity (on average)}} \times 100$
Return on capital employed (%)	$\dfrac{\text{Profit before taxes + interest charges and other financial costs}}{\text{Balance sheet total – interest-free debt (on average)}} \times 100$
Return on net assets (%)	$\dfrac{\text{Operating profit}}{\text{Non-current assets – goodwill and deferred tax assets + inventory + current receivables – current interest-free debt (on average)}} \times 100$
Equity ratio (%)	$\dfrac{\text{Equity}}{\text{Balance sheet total – received advance payments}} \times 100$
Gearing (%)	$\dfrac{\text{Interest-bearing debt – cash and cash equivalents}}{\text{Equity}} \times 100$
Earnings per share	$\dfrac{\text{Profit of the year attributable to the equity holders of the parent}}{\text{Weighted average number of shares outstanding during the financial year}}$
Equity per share	$\dfrac{\text{Equity}}{\text{Number of shares outstanding}}$

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SALCOMP PLC

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Salcomp Plc for the period 1.1.–31.12.2006. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

CONSOLIDATED FINANCIAL STATEMENTS

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

PARENT COMPANY'S FINANCIAL STATEMENTS, REPORT OF THE BOARD OF DIRECTORS AND ADMINISTRATION

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

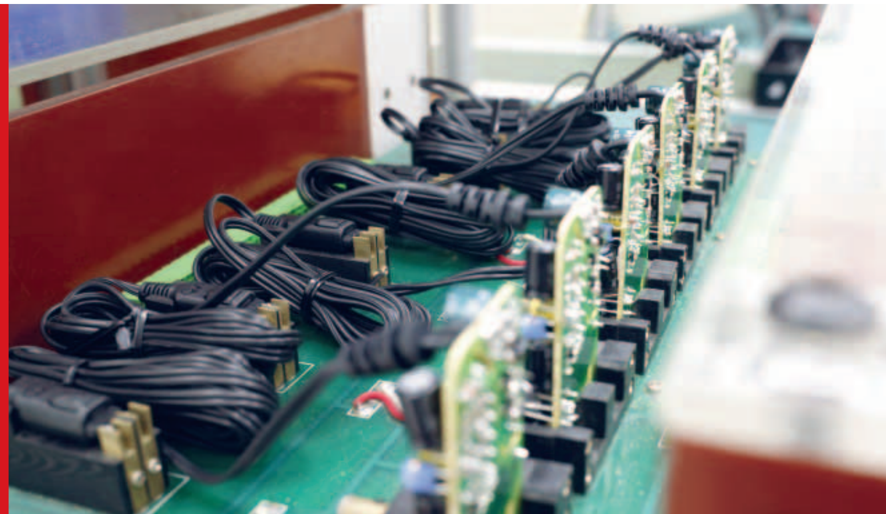
In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki, Finland, February 8, 2007
KPMG Oy Ab

Tapio Raappana
Authorized Public Accountant

GLOSSARY



EMC

Electro-Magnetic Compatibility; it ensures that different manufacturers' devices are compatible.

LINEAR CHARGER

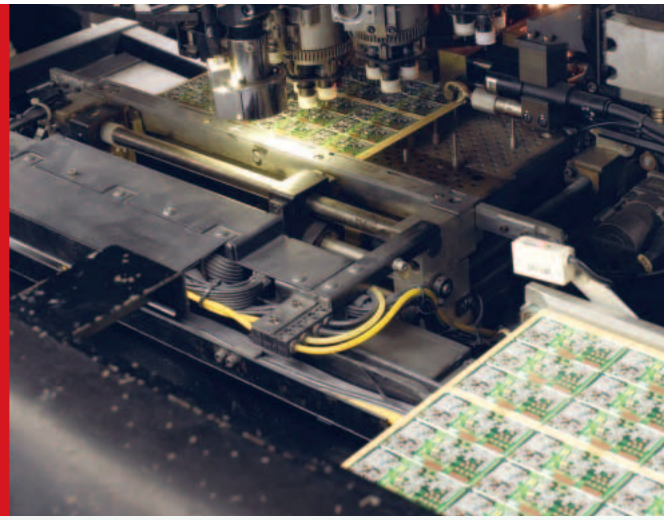
An inexpensive charger for low-voltage use, for instance in basic model and regular phones and in cordless phones.

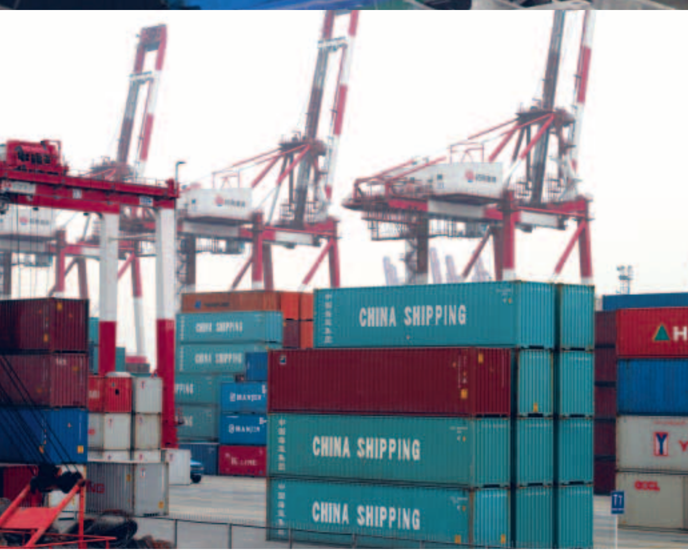
ODM SOLUTIONS

ODM product platforms feature Salcomp's specified and developed chargers that can be customised to meet the customer's particular needs (Original Design Manufacturer).

OEM SOLUTIONS

OEM products are chargers customised according to the customer's specific needs (Original Equipment Manufacturer).





REACH SYSTEM

The European Union chemicals regulation, effective as of 2007. In the REACH system (Registration, Evaluation and Authorisation of Chemicals), chemical manufacturers and importers are required to assess the risks from the use of their substances and to provide guidelines for their safe use.

SWITCH-MODE CHARGER

Technologically more advanced, small, light and fast chargers for high-performance mobile phones.

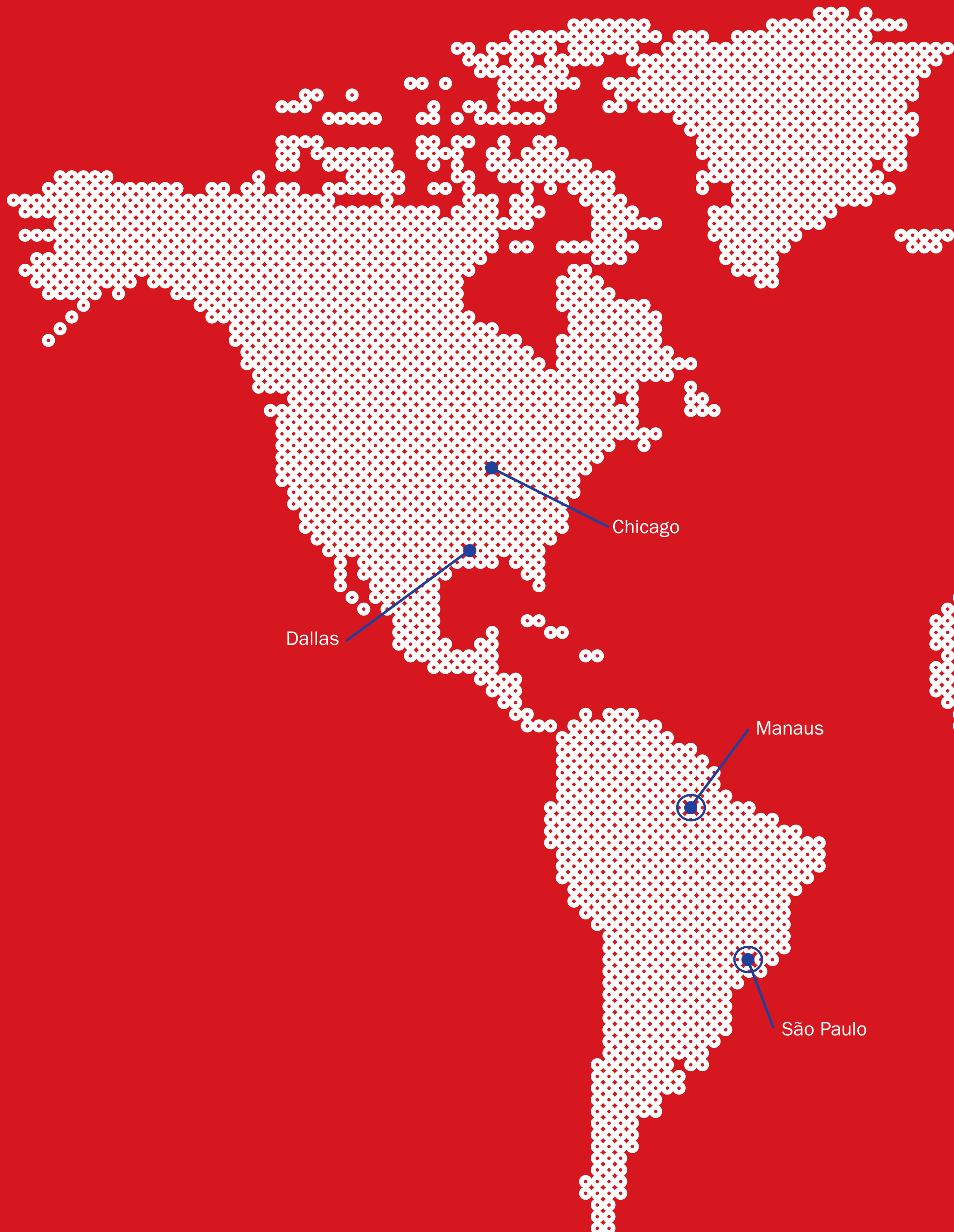
Design & production: Briiffi Oy
Cover photo: Mikko Tikka/Potkastudios
Photos: Mikko Tikka/Potkastudios, Rauno Johansson/Studio Pixart, Harri Pälviranta
Printed in: Painoprisma Oy

Salcomp

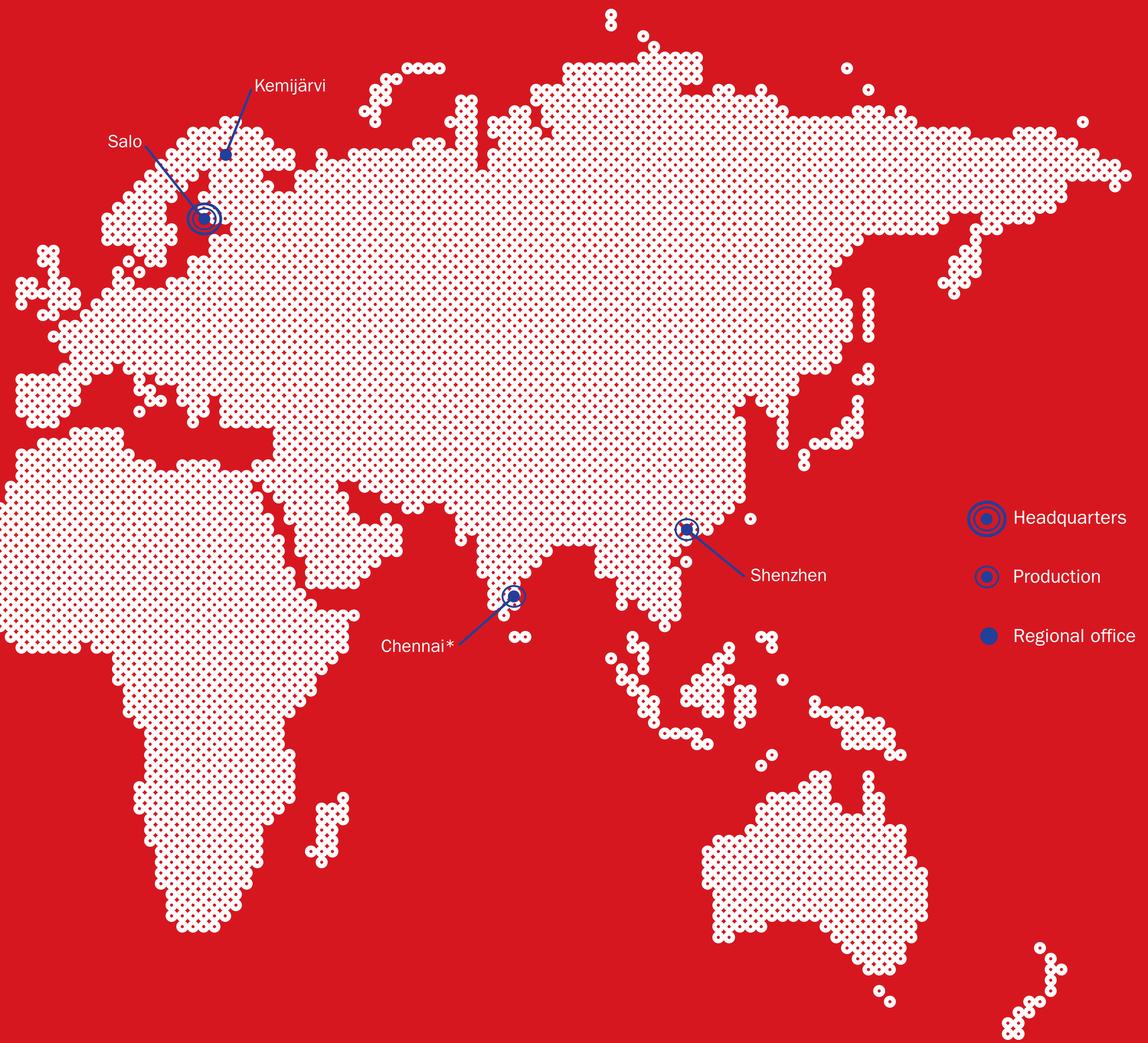
POWERING THE MOBILE WORLD

Headquarters

Salcomp Plc
P.O. Box 95, Salorankatu 10
FI-24101 Salo, Finland
Tel. +358 201 875 511
Fax +358 201 875 450
Domicile Salo, Finland
Business ID 1509923-4



MORE INFORMATION ABOUT SALCOMP AND CONTACT INFORMATION OF ALL SALCOMP'S OFFICES AND PRODUCTION PLANTS IS AVAILABLE AT WWW.SALCOMP.COM



* Production will come on line in the first half of 2007.

WWW.SALCOMP.COM

Salcomp

Powering The Mobile World