Salcomp

POWERING THE MOBILE WORLD

Annual Report 2007

Powering The Mobile World

Salcomp's promise is about leading the way forward. Globally, we are recognized above all as a company that produces high-quality products, as well as for our active research and development, together with close interaction with our customers from all over the world. These, together with local service, superior production and effective logistics, are the factors that have enabled us to achieve our pioneering position and, we believe, will enable us to maintain it.

As one of the leading developers and manufacturers of mobile phone and other electronic device chargers, we are creating opportunities for new ways to use technology and for the effective use of innovations, both for work and leisure. We believe that through our sustained work effort we can be involved in taking the world in a more mobile direction. Therefore, we can proudly stand behind our promise.

Salcomp

Annual Report 2007

SALCOMP PLC

Salcomp is a global developer, manufacturer and marketer of chargers whose main customers include the major mobile phone manufacturers. In 2007, Salcomp manufactured over 262 million chargers, meaning that nearly one in four of the world's mobile phone chargers were manufactured by Salcomp. In addition, Salcomp manufactures chargers for other electronic devices.

PRODUCTS

- Salcomp manufactures chargers for mobile phones and other hand-held electronic devices, such as cordless fixed-line phones and bluetooth headsets, as well as MP3 players.
- Salcomp specializes in switch mode chargers that are technically more advanced, energy efficient, fast and small.
- Salcomp's current switch mode charger range comprises four different product platforms: Eagle, Robin, Mini and Cosmo.
- All of these platforms are specified and developed by Salcomp, technologically-flexible and safety-approved chargers.

THE MARKET

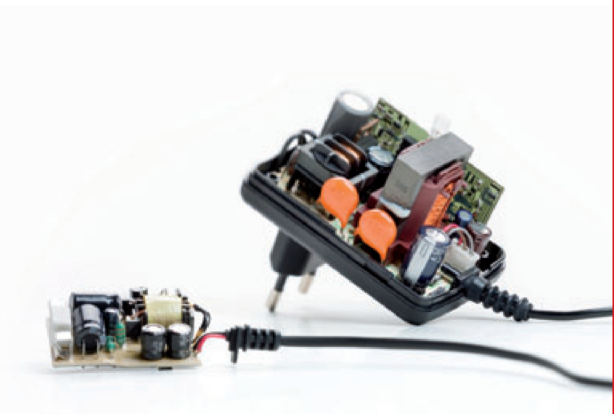
Salcomp primarily operates in the mobile phone market where growth in 2008 has been forecast as approximately 12% when expressed as the number of units sold. A total of approximately 1.3 billion mobile phones and, therefore, mobile phone chargers are estimated to be sold in 2008. In 2007, Salcomp's share of the global mobile phone charger market was approximately 23%. In addition, Salcomp has increasing operations in other charger segments. Salcomp has a strong market position: in the mobile phone charger market in 2007, Salcomp achieved the position of market leader, and in the combined market of all the various chargers Salcomp was among the five largest players.

SALCOMP'S GLOBAL OPERATIONS

Salcomp's headquarters are in Salo, Finland with production plants located in China, Brazil and India. At the end of 2007, Salcomp employed some 9,700 people: 70% in China, 16% in Brazil and 13% in India, as well as 1% in Finland and the United States.

THE JOURNEY TO ONE BILLION CHARGERS

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



Salcomp manufactured the first switch mode charger in 1988. Compared to the current Mini charger (on the left), the size, weight and number of components have decreased significantly due to active product development.

KEY MILESTONES

2007

Launching of a plant in India.
Annual volume 262 million chargers – in October, the billion charger milestone was exceeded at the Salcomp plant in China.

2006

Stock exchange listing.
Annual volume 230 million chargers.

2005

A production plant in Brazil.
Annual volume 156 million chargers.

2004

Transfer of production to China.
Annual volume 116 million chargers.

1999

Spin-off from Nokia and expansion of customer base to all major mobile phone manufacturers.
Annual volume 28 million chargers.

1998

Contract manufacturing begins in China.
Annual volume 23 million chargers.

1995

A strategic decision to focus on mobile phone power supplies.
Annual volume 7 million chargers.

1988

The world's first switch mode quick charger for mobile phones.
Annual volume 1,000 chargers.

1983

Acquired by Nokia.

1982

The manufacture of power supplies begins.

1975

Salcomp is founded.

2007 IN BRIEF

At Salcomp, 2007 was a year of positive development: net sales grew by some 10% and operating profit by 67%. The number of chargers delivered increased by 14%, and the market position remained strong. The market share in mobile phone chargers was approximately 23%. A new charger plant started operations in India, which balances and strengthens Salcomp's global production and logistics. Strategic focal points were directed at new charger segments where additional growth will be sought.

KEY EVENTS IN 2007

- The first chargers from the new charger plant constructed in Chennai, India, were delivered to customers in June.
- During the summer, the main ownership of Salcomp was transferred from EQT to the Swedish investment company Nordstjernan AB – by the end of the year, Nordstjernan owned 56.0% of Salcomp.
- At the Extraordinary General Meeting in September, the shareholders re-elected Kari Vuorialho, Andreas Tallberg and Jorma Terentjeff as members and elected Mats Heiman and Peter Hofvenstam as new members of the Board. The latter two are employed by Nordstjernan.
- During its history, Salcomp has manufactured over a billion chargers – the billion charger milestone was exceeded in October at the Salcomp plant in China.
- Salcomp introduced the new Cosmo charger platform, which enables the charging of mobile phones and other mobile devices via a USB cable – the Cosmo chargers open up opportunities to expand the customer base to cover those other than the mobile phone charger segment.

ALL SALCOMP'S RELEASES CAN BE FOUND ON THE COMPANY'S HOMEPAGE AT WWW.SALCOMP.COM

SALCOMP GROUP KEY FIGURES

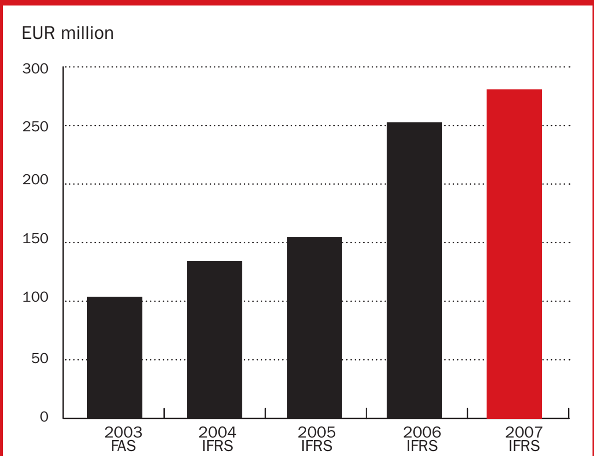
	2007	2006	Change, %
Net sales, EUR million	**286.2**	259.0	+10.5
Delivered chargers, million pcs	**262.4**	230.5	+13.8
Operating profit, EUR million % of net sales	**25.8** **9.0**	15.5 6.0	+66.7
Earnings per share, EUR*	**0.54**	0.28	+92.9
Personnel at the end of the year	**9,722**	7,910	+22.9
Equity ratio, %	**37.7**	30.5	
Gearing, %	**34.0**	83.7	
Market value, EUR million	**152.8**	101.3	+51.0

* Excluding the deferred tax

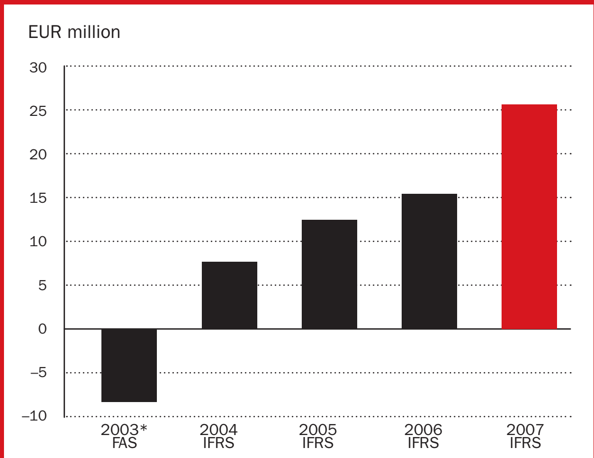
SHARE PRICE DEVELOPMENT

- Salcomp's shares are quoted on the Nordic Exchange in Helsinki in the Information Technology sector's Mid Cap.
- During 2007 the share price strengthened by 51%.

NET SALES DEVELOPMENT

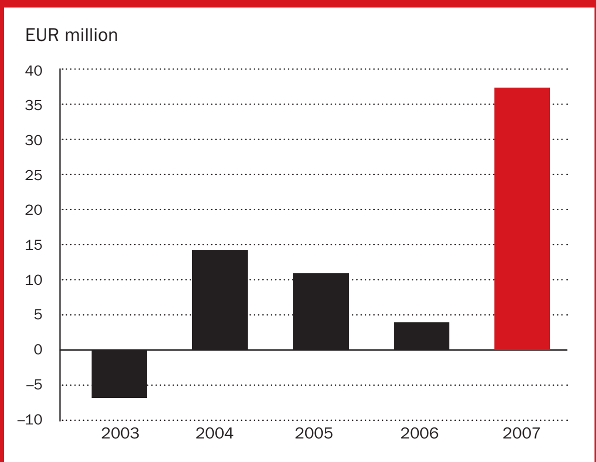


OPERATING PROFIT DEVELOPMENT

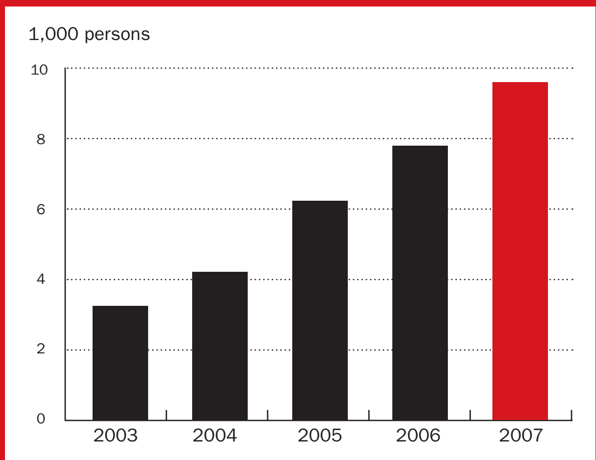


* Before goodwill amortization

CASH FLOW DEVELOPMENT



PERSONNEL ON 31 DECEMBER



CEO'S REVIEW

SOLID GROWTH – STRONG PROFIT

At Salcomp, 2007 was a year of solid growth and excellent profitability. We grew at a more moderate pace than the previous year, which in fact saw unusually strong growth. In turn, we focused on developing the efficiency in all our operations, for example by increasing the output of our production, strengthening our material sourcing and by improving the cost structure of our products. We had excellent success, and as a result we achieved the market leader position in mobile phone chargers and our profitability improved considerably.

A significant milestone in 2007 was the start-up of our new charger plant in India in June. During the first seven months, over 10 million chargers were manufactured at our India plant, and the total annual capacity grew to some 50 million chargers by the end of the year. We are very satisfied that the project progressed quickly and according to the budget set out for the plant construction. Presence in the growing Indian market gives us a competitive edge as so far Salcomp is the only major mobile phone charger manufacturer in India.

Another important milestone was reached in October when in the history of the company's manufacturing operations, Salcomp produced its billionth charger. Manufacturing one billion chargers and delivering them to customers around the world has also called for strong logistics, which is one of Salcomp's key success factors.

For Salcomp, 2007 was the first full year as a listed company. During 2007, we also got a new important shareholder when the family-owned Swedish investment company Nordstjernan became Salcomp's largest shareholder. We are pleased because Nordstjernan is in favor of long-term ownership. This will enhance our aim to continue the implementation of our growth strategy in mobile phone chargers, as well as other new selected charger segments.

The mobile phone market is expected to grow by some 12% in 2008, which translates into a sales volume of some 1.3 billion mobile phones, and, therefore, chargers. This forms a good basis to achieve further growth in our delivered charger volumes as well as in net sales.

Our strategic target for 2008 is to maintain the global market leader's position in mobile phone chargers and in addition to broaden our customer portfolio in selected other charger segments, such as bluetooth headsets and cordless fixed-line phones. Our long-term target is also to achieve entry into selected medium power range charger segments.

2007 was the first full year that I acted as the President and CEO of Salcomp. I have been pleasantly surprised by the sound skills and knowledge of Salcomp's employees, its excellent customer relations, its pioneering in R&D innovations as well as its cost-effectiveness in operations and superior logistics. I am particularly happy to see the high motivation of all at Salcomp as well as the true commitment to common financial and operational targets, the proof of which was the significant increase in our profitability in 2007. I do indeed strongly believe that with this personnel and these competitive edges, Salcomp has every possibility to continue to grow and to develop, and thus become a more versatile power supply equipment industry player.

I wish to say thank you to our entire personnel, our customers, material suppliers, shareholders and other stakeholders for the good work carried out over the past year and for their trust in us. Let us continue powering the mobile world.

Markku Hangasjärvi
President and CEO

"Our strategic target for 2008 is to maintain the global market leader's position in mobile phone chargers and in addition to broaden our customer portfolio in selected other charger segments, such as bluetooth headsets and cordless fixed-line phones. Our long-term target is also to achieve entry into selected medium power range charger segments."

VISION, STRATEGIC GOALS AND VALUES

Salcomp's vision is to strengthen the global market leadership in mobile phone chargers and to achieve a strong market position in other selected charger segments. In 2007, Salcomp implemented its strategy by increasing its production capacity, improving its profitability and cash flow, and by further enhancing its operations, as well as seeking to gain further growth in new charger segments.

STRATEGIC COMPETITIVE ADVANTAGES

Salcomp's strategic competitive advantages are derived from its customer base, long-term experience and technology leadership, as well as the efficiency of its global operations.

In mobile phone chargers, Salcomp focuses on the five largest mobile phone manufacturers and on acting as their key supplier, which enables the company to outperform market growth. In other charger segments, the focus is on cordless fixed-line telephones and bluetooth headsets. Salcomp is also a pioneer in research and development, as well as production, due to its very long-term experience in the design and mass production of power supplies. In fact, Salcomp is the largest manufacturer of chargers based on the switch mode technology which has captured the market, and Salcomp's efficient purchasing and production operations are superior when compared with competitors. This enables scaling benefits in production and logistics. Salcomp has production plants near customer operations in China, Brazil and India.

STRATEGIC STEPS IN 2007

- The start-up of the plant in India which balances global production and logistics.
- Operational enhancements, which improved the company's profitability and increased its cash flow.
- Maintaining the company's market position in mobile phone chargers.
- The search for additional growth in new charger segments – as a primary example, the Cosmo charger product platform, which is compliant with the USB charging standard, will enhance opportunities to expand the customer base outside the mobile phone charger segment.

STRATEGIC TARGETING

In the 1980's, Salcomp made a strategic decision to focus primarily on mobile phone chargers, which has provided the company with extensive experience and enabled it to achieve a technological leadership position. Although the annual mobile phone market is forecast to continue its growth at 10 per cent over the next few years, the growth has, nevertheless, slowed down. Therefore, Salcomp aims to seek further growth from within new charger segments and to balance its customer and product portfolio.

For a number of years, Salcomp has been providing chargers for the lower voltage segment, i.e. chargers of less than 15 watts. This segment includes, among other things, cordless fixed-line phones and bluetooth headsets. Furthermore, Salcomp aims to establish a foothold in selected medium power range charger segments, i.e. the 15–50 watt segment.

THE IMPLEMENTATION OF STRATEGY PROGRESSING AS PLANNED

Salcomp's mission is to create added value for the customers by providing increasingly more competitive adapters and chargers for mobile phones and other electronic devices.

<table>
<tr><th>2003</th><th>2004</th><th>2005</th><th>2006</th><th>2007</th><th>2008–2010</th><th>Vision 2010</th></tr>
<tr><td colspan="5">Expansion of customer base</td><td rowspan="8">• To increase market share in mobile phone chargers by focusing on all the top-5 CMT manufacturers
• To achieve add-on growth from new charger segments and increase the product and customer portfolio
• To expand production capacity and component supplier base, especially in India and continue to develop also China and Brazil operations
• To sustain better profitability vs. competition by increasing efficiency in all functions
• To sustain better cash flow vs. competition by optimizing supply chain and increasing capacity with low capital expenditures</td><td rowspan="8">• To strengthen the global market leadership in mobile phone chargers
• To achieve strong market position in other selected low power range (<15 W) charger segments such as cordless fixed-line phones and bluetooth headsets
• To achieve entry to selected medium power range (15–150 W) charger segments</td></tr>
<tr><td colspan="5">Globalization of operations, production plants in strategically important and low-cost countries</td></tr>
<tr><td></td><td>CHINA</td><td>BRAZIL</td><td></td><td>INDIA</td></tr>
<tr><td colspan="5">Focusing on mobile phone switch mode chargers, which have captured over 90% of the market</td></tr>
<tr><td></td><td></td><td></td><td>Stock exchange listing</td><td></td></tr>
<tr><td colspan="5">Strengthening of market position – market share increased from 10% to 23%</td></tr>
<tr><td></td><td colspan="4">Enhancement of operations, improving profitability and increasing cash flow</td></tr>
<tr><td></td><td></td><td></td><td></td><td>First steps in seeking additional growth from new charger segments, such as the Cosmo charger product platform, which is compliant with the USB charging standard</td></tr>
</table>

VALUES

Values guide our daily operations and relationships with our customers and other cooperation 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.

Achievement

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

Respect and responsibility

We respect human rights and the generally accepted ethical principles, and we value our customers, colleagues and other cooperation partners. We accept diversity and treat each and every person 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 whilst encouraging 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.

11 Business

Salcomp is a leading manufacturer of mobile phone chargers, as well as a strong player in other selected electronic device segments. Salcomp's strengths are the superior efficiency in global production and logistics as well as charger technology leadership in product development and innovation.

BUSINESS

Salcomp manufactures mobile phone chargers and chargers for other electronic devices. In 2007, Salcomp produced some 262 million chargers. Its global market share in mobile phone chargers was approximately 23%, and Salcomp also has a growing market position in other selected charger segments. Salcomp's strengths include superior efficiency in production and logistics as well as charger technology leadership in product development and innovation.

BUSINESS DEVELOPMENT

At Salcomp, 2007 was a year of positive development: net sales grew by 10% to EUR 286.2 million and the number of chargers sold to 262.4 million. Operating profit grew by 67% to EUR 25.8 million and earnings per share excluding the deferred tax to EUR 0.54. Operating profit was improved by an increase in the number of units delivered and a higher gross margin compared to last year, which was due to more effective production and purchasing operations and continuous improvements in product cost structure.

Net sales in 2008 are expected to continue to grow. However, due to declining mobile phone charger prices the operating profit in value is expected to grow only to some extent or to remain at the same level as 2007.

In addition to mobile phone chargers, Salcomp's target is to broaden the customer portfolio in other selected charger segments, such as bluetooth headsets and cordless fixed-line phones.

BUSINESS ENVIRONMENT

Market

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 a part of the mobile phone package sold to the end customer. The mobile phone market grew by approximately 14% in 2007, and some 1.1 billion mobile phones, and accordingly mobile phone chargers, were sold.

According to estimates published by Salcomp's main customers and various market research companies, the mobile phone market is expected to increase during 2008 by approximately 12% compared with 2007. Measured by the number of units, this would mean approximately 1.3 billion mobile phones, and therefore chargers, to be sold during 2008.

For a number of years now, the highest growth in the mobile phone market has been seen in the so-called developing markets, such as Asia. This growth is increasingly seen in lower price range mobile phones. The trend is forecast to continue unchanged.

Salcomp also manufactures chargers for cordless fixed-line telephones and bluetooth headsets. The market for cordless phones is growing steadily, but at a somewhat moderate pace. In the wireless bluetooth headset market, growth is more rapid; forecast to be approximately 50% in 2008.

Customers

The manufacture of mobile phones is highly concentrated within the top-5 companies: Nokia, Motorola, Samsung, SonyEricsson and LG. Consolidation in the market continued in 2007, and Salcomp's main customers increased their combined market share. According to Salcomp's estimates, the top-5 mobile phone manufacturers represented as much as 83% of the market in 2007.

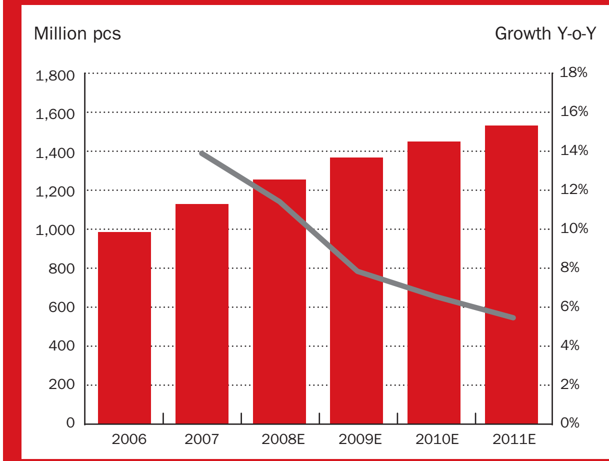
Development in the mobile phone market will continue to favor the major mobile phone manufacturers. Deepening the customer relationships with the top-5 companies is Salcomp's primary goal.

In recent years, Salcomp has balanced its customer portfolio. As a result, in 2007, 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 emphasized by the fact that Salcomp's absolute total deliveries have grown significantly.

The cordless fixed-line phone market is also headed by a few major players, such as Panasonic and Siemens. The market share held by major companies totals approximately 80%.

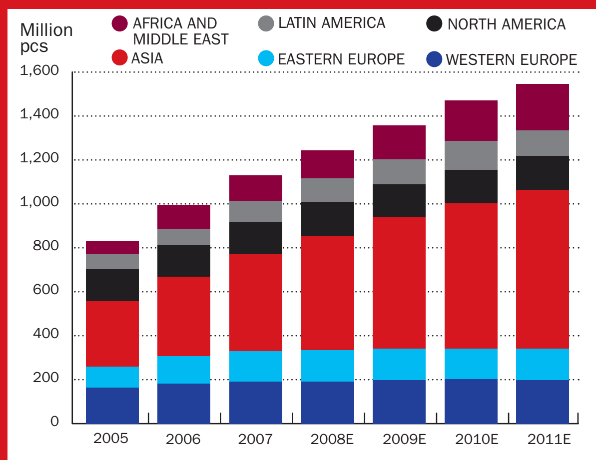
In addition to major mobile phone manufacturers, owners of proprietary brands of wireless bluetooth headsets also include Plantronics and GN.

MOBILE PHONE MARKET DEVELOPMENT



Source: Salcomp, companies. E = estimate

MOBILE PHONE MARKET DEVELOPMENT BY AREA



Source: Salcomp, companies. E = estimate

Salcomp's market position

In 2007, Salcomp's market share, approximately 23%, was at the same level as the previous year. These estimates are based on the number of chargers delivered and various companies' and research institutes' assessment of sales by mobile phone manufacturers.

Salcomp has a strong market position: in the mobile phone charger market Salcomp is the market leader, and in the combined market of all the various chargers, it is among the five largest players.

Salcomp's growing market position in the cordless fixed-line phone and bluetooth headset charger markets is based on long experience and knowledge of mobile phone chargers as well as tailored own product platforms.

Competition

The mobile phone charger business has been consolidating for several years, because the major mobile phone manufacturers are reducing the number of component suppliers in order to improve operational efficiency. However, in 2007, a few new manufacturers entered the market, which tightened the competition further. On the other hand, some of the smaller charger companies withdrew from the market.

In 2007, the combined market share of the top three mobile phone charger manufacturers was over 60%. Customers' demands for cost-efficient, large-scale production and global logistics services have further increased and especially favor major players such as Salcomp.

Salcomp is in a favorable position in the mobile phone charger market as one of the three major charger suppliers. The other major suppliers are Astec, an American company part of the Emerson Group, as well as a German company, Friwo, whose mobile phone charger business was sold to the Singapore-based Flextronics in February 2008.

The main players in the cordless fixed-line phone charger market are Friwo and some Chinese, Taiwanese and Japanese manufacturers. The wireless bluetooth headset charger market is fairly fragmented, and competitors primarily include small Chinese manufacturers and some other mobile phone charger manufacturers.

PRODUCTS

Salcomp manufactures mobile phone chargers and chargers for other electronic devices, such as cordless fixed-line phones and bluetooth headsets, as well as MP3 players. In 2007, mobile phone chargers accounted for over 95% of Salcomp's sales volume and net sales. Most of Salcomp's products are tailored to meet the customers' exact needs.

Salcomp's position is especially strong in the more advanced switch mode technology, which is used almost exclusively by mobile phone manufacturers. Salcomp is a pioneer of this technology, being the first to begin the mass production of mobile phone switch mode chargers in 1988.

Switch mode chargers are smaller, lighter and faster to charge than linear chargers, which form the other charger technology. Particularly significant are the environmentally-friendly and energy-efficient aspects of the switch mode chargers: their energy and raw material consumption is approximately 60–70% lower than that of linear chargers. In addition, the smaller size of switch mode chargers enables lower transport costs. In 2007, switch mode chargers accounted for more than 98% of Salcomp's sales volume and net sales.

OEM and ODM products

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 to customer needs. They are normally manufactured in large volumes and developed in cooperation 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 or other electronic devices. OEM products may be constructed from initial stages or, alternatively, Salcomp's technically-flexible product platforms can be tailored to meet the customer's specific requirements.

Salcomp's switch mode charger range comprises four different product platforms: Eagle, Robin, Mini and Cosmo.

Salcomp's position is especially strong in the more advanced switch mode technology, which is used almost exclusively by mobile phone manufacturers. Switch mode chargers are smaller, lighter and faster than linear chargers, and particularly significant are the environmentally-friendly and energy-efficient aspects of the switch mode chargers: their energy and raw material consumption is approximately 60–70% lower than that of linear chargers.

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 to the specific needs of each individual customer. ODM products are cost-efficient and enable fast access to the market.

In addition to the products tailored to specific customer needs, Salcomp has developed its own switch mode charger range, comprising four different product platforms, Eagle, Robin, Mini and Cosmo.

The standardization of charger technologies

In the fall, Salcomp introduced its new Cosmo charger product platform, enabling the charging of mobile phones and many other electronic devices by a separate cable equipped with a USB connector. From July 2007, any new mobile phones sold in the Chinese market have had to support a USB charger instead of manufacturer-specific applications. This means that the charger has no fixed cable; instead, it has a USB connection, familiar from computer applications, with the corresponding separate cable to be found in the mobile phone package.

Another type of USB charger with a fixed cable and a micro or mini-USB connector can also be found in the market. This option has particular support from the mobile phone industry's OMTP (Open Mobile Terminal Platform) forum. Salcomp's Cosmo charger product platform will also support chargers equipped with a fixed cable and a micro or mini-USB connector.

Charger price development

The average sales prices in euros in 2007 decreased slightly particularly due to technological development and reduced numbers of the components required, as well as lower component costs. On the other hand, the decreasing price trend was slowed due to tightening environmental demands, which has led to more expensive material and component solutions. Material costs usually account for approximately 70% to 80% of the total cost of each charger. In 2008, a slight decline is expected in average sales prices.

Cosmo

R&D PROCESSES

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

RESEARCH AND NEW TECHNOLOGY DEVELOPMENT

- The aim is to expand knowledge of new power supply concepts and energy sources as well as develop technologies for future use
- In cooperation with customers, universities and suppliers
- New production concepts to be tested and validated
- The suitability of new concepts for engineering needs to be ensured

ENGINEERING

- A new product aimed at mass production is developed, together with its production process and tools

RESEARCH AND DEVELOPMENT

Salcomp's aim is to continue to provide customers with new ideas and solutions through close cooperation. The main aims of Salcomp's R&D are two-fold. Primarily, Salcomp serves customers' needs by seeking new, more cost-effective solutions for the current charger technology. At the same time, Salcomp's R&D looks to find alternative solutions and develop the power supplies of the future. The company's pioneering strategy also involves close cooperation with many research and educational institutions.

For Salcomp, one of its most important success factors are its skills and knowledge in demanding product development projects carried out in cooperation with the customers. Salcomp's product development knowledge is demonstrated both in its ability to optimize the devices to be designed for mass production and in creating new technological solutions.

Operating policy

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.

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.

Salcomp spends most of its R&D resources on charger products and technologies related to mobile phones. However, the company can also dedicate resources to other selected charger segments.

During 2007, Salcomp's R&D function comprised 110 people on average. Research and development costs were EUR 4.8 million, or 1.7% of net sales.

Focus areas and challenges

During 2007, the company focused on improving the cost structure of existing products, researching the new integrated circuit technology and strengthening the human resources in product development. Salcomp also developed a new charger product family, the Cosmo charger, which enables charging via a USB cable.

The future R&D challenges will include the development of faster and more efficient chargers, improvement in the energy-effectiveness of chargers and, especially, reducing the stand-by energy consumption. Requirements relating to the environmentally friendly aspect of chargers will also have an impact on their development, e.g. rFR issues (Restriction of Flame Retardants). Salcomp is also involved in the research into alternative energy sources, such as fuel cells and solar energy, even though they do not at present have considerable significance.

PRODUCTION

Salcomp's production plants are located in Shenzhen, China, Manaus, Brazil and Chennai, India. To some extent, Salcomp also uses outsourced contract manufacturing.

Salcomp is the only major mobile phone charger manufacturer with its own production in China, South America and India.

Production resources

Shenzhen plant, China

- The number of personnel was approximately 6,800, with an annual capacity of over 250 million chargers at the end of 2007
- Highly optimized production system, enabling operations at very low working capital and small material inventories
- Manufactures chargers for mobile phones, cordless fixed-line phones and bluetooth headsets, as well MP3 players
- Still possible to achieve a fast and cost-effective increase in the plant capacity

Manaus plant, Brazil

- The number of personnel was approximately 1,600, with an annual capacity of over 40 million chargers at the end of 2007
- Manufactures chargers for mobile phones, cordless fixed-line phones and bluetooth headsets

Chennai plant, India

- First customer deliveries in June 2007
- Over 10 million chargers manufactured during 2007
- Aiming to achieve an annual capacity of 100 million chargers during 2008
- The land where the production building stands allows for expansion if required

São Paulo, Brazil

- Contract manufacturing
- Manufactures chargers for mobile phones

Logistics

For Salcomp's customers, the 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, as opposed to 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 its customers. Salcomp continues to work in close cooperation with its key customers and suppliers to ensure efficiency and a high level of customer service all along the supply chain.

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 company's production plants in China, Brazil and India are ISO 9001 certified, as are its R&D, product development and sales and marketing globally.

ENVIRONMENT

With regard to the environment, Salcomp aims to develop both its products and operations to be as efficient as possible. 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 company's production plants in China, Brazil and India are ISO 14001 certified, as are its R&D and sales and marketing globally.

Chargers manufactured by Salcomp are energy-efficient, and the use of materials is tightly controlled. From the beginning, Salcomp has focused on chargers based on the environmentally-friendly switch mode technology.

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. Further information on environmental issues can be found on pages 24–25 of the Annual Report.

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 policy, strategic choices and long-term financial goals form the basis of its risk management.

RISK MANAGEMENT POLICY

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

RISK MANAGEMENT ORGANIZATION

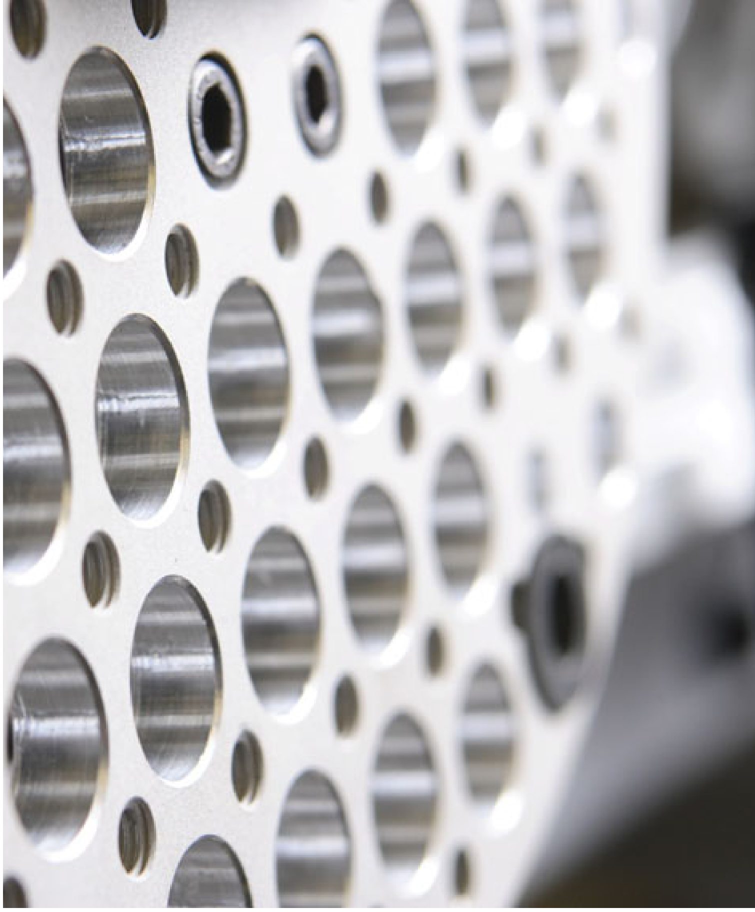
Salcomp's Board oversees the company's risk management. Salcomp's management is responsible for organizing and overseeing the risk management process in day-to-day operations. The management is also responsible for customer relations and risk-taking activities within the limits set out in the company's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

RISK MANAGEMENT DEVELOPMENT

Risk management development is primarily based on business requirements. The Group aims to prevent risks by developing processes and personnel skills.

RISKS AND 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 categorized as strategic and business risks or financial risks. Further information on financial risks and their management can be found on pages 68–71 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 whenever deemed necessary. At the same time, changes that have taken place or are expected to take place within the business environment and the 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, standardization of the charger technology, 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 closely following 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.

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 logistics, as well as flexibility.

Standardization of charger technology

The standardization of mobile phone chargers, including USB-type chargers, could, in the future, lead to a development where the charger is not always necessarily included in the mobile phone sales package. This could have an impact on Salcomp's current business model. Salcomp also manufactures chargers based on the USB charger standard. These include Salcomp's own Cosmo charger platform products, as well as customer-specific USB chargers. Further information on the standardization of the charger technology can be found on page 15 of the Annual Report.

Dependence on key customers

Salcomp's customer base is concentrated and deterioration in the financial position of a major customer may have a negative impact on Salcomp's sales and profitability. 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 key supplier to its current 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.

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. In each country, Salcomp aims to be an attractive employer and by various ways to encourage a low turnover of personnel.

CORPORATE RESPONSIBILITY

Responsibility is the cornerstone of Salcomp's operations and an integral part of everyday activities. Salcomp develops its business operations according to the principles of sustainable development and carries out international competition according to accepted ethical principles. In 2007, the company focused particularly on the development of interest group cooperation and continued to harmonize and streamline practices and guidelines.

GUIDING THE RESPONSIBILITY

Responsible operations at Salcomp are based on compliance with both international and national laws and regulations, as well as respect for international human rights and employees' rights.

As part of the harmonization of Salcomp's practices, at the end of 2007, upgrading and recording the Code of Conduct guidelines was started. These guidelines lay down ethical operating methods and principles that comply with good business practice. The Code of Conduct was completed and introduced at the beginning of 2008.

Salcomp's operations are guided by

- Corporate Governance Statement
- Code of Conduct
- Mission, Vision and Values
- Policy Statements
- Standard Operating Procedures
- Global Working Instructions
- Local Working Instructions

The Code of Conduct can be found on Salcomp's website at www.salcomp.com – Corporate Responsibility.

RESPONSIBILITY WITHIN THE VARIOUS INTEREST GROUPS

Salcomp aims to be a reliable and responsible partner with all interest groups.

Customers and customer satisfaction are the basis of all Salcomp operations. Customer satisfaction is monitored by the customer satisfaction survey, carried out twice a year. The results from these surveys are used for the continued development and improvement of Salcomp's processes and procedures.

Salcomp is a significant purchaser of raw materials, components and services: in 2007, Salcomp purchased approximately 16 billion components. Salcomp aims to use only suppliers who are committed to following ethical operating methods and legislation. This is monitored by visits to suppliers and auditing. Suppliers are also met during annual supplier events.

Salcomp is a significant local player in China, Brazil and India. Regular and open cooperation with local authorities and other local communities ensures that both parties benefit from the operations.

Personnel is one of Salcomp's most important interest groups. Through cooperation and communication, Salcomp aims to increase the personnel's motivation, skills and commitment to common goals. Special attention has also been given to working and living conditions which are particularly important at the plant in China, where the majority of the employees live in dormitories near the plant. Renovations of dormitories continued and free-time activities were increased.

In addition, theme-based training programs aimed at all employees and covering subjects as health, hygiene and safety were launched.

Practical examples of interest group cooperation in 2007

In connection with the launch of the plant in India, Salcomp was involved in the organization of a training program aimed at young mothers in the state of Tamil Nadu. The aim of the program is to support the well-being of mothers by increasing their knowledge of health-impacting factors.

In their Christmas campaign, the Brazil plant personnel in Manaus collected foodstuffs and gifts to be donated to those with limited means.

In June, Salcomp's plant in Shenzhen received recognition from the regional authorities as a responsible employer for the conscientious compliance with the laws and regulations pertaining to the labor market.

PRODUCT SAFETY

Product safety is a significant part of corporate responsibility and 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 of their market areas. Product safety is verified at Salcomp's test laboratories. In addition, Salcomp always uses an approval policy performed by a third party.

PERSONNEL

Professional, motivated and skilled personnel committed to company goals is a significant factor in the realization of Salcomp's goals. In 2007, the focus was especially on securing growth; among other things, over 1,200 people were hired at the plant in India, which began operations in June.

HUMAN RESOURCES MANAGEMENT

At Salcomp, human resources management is based on company strategy, goals, human resources policy and performance reviews, as well as interaction at different levels. The objective of human resources management is to create a basis for operations, secure resources and guide operations in order 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. At these discussions, organized at least twice a year, the personal achievements of each employee will be evaluated and future targets set. The purpose is to ensure that each person understands their agreed targets, receives feedback and is thereby able to develop his/her skills according to a personal development plan.

CHALLENGES FOR HUMAN RESOURCES MANAGEMENT

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

DEVELOPMENT OF PERSONNEL SKILLS

Salcomp's main business is information technology, which is one of the most rapidly growing and developing sectors. This places special importance on the need for development of the company and its personnel. The personnel's ability to perform their tasks well is 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 opportunities of each individual.

INCENTIVE SYSTEM

An incentive system, or a so-called Bonus System, which rewards good performance, applies to all Salcomp employees. The aim of the incentive system is to encourage employees to achieve peak performances by sharing the Group's success with the personnel, and to enhance the commitment of personnel to the established goals. The incentive system indicators include the Group's operating profit, cash flow and various indicators linked to processes, personal targets and projects. In 2007, Salcomp paid a total of EUR 36.2 million in salaries and fees.

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. The workplace is developed in such a manner that it will not set any barriers 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.

PERSONNEL IN 2007

At the end of 2007, Salcomp employed a total of 9,722 people, of whom 65 worked in Finland; 1,586 in Brazil; 6,815 in China; 1,253 in India; and 3 in the United States. The increase in the number of personnel was mostly due to increased production volumes and the start-up of the plant in India.

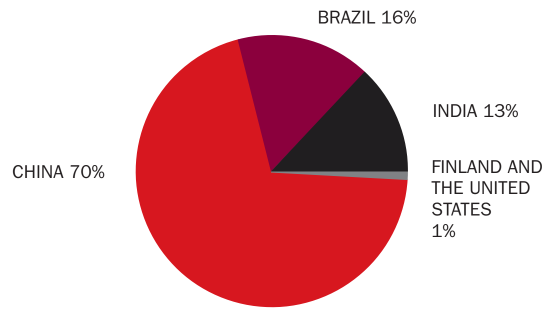
FOCUS AREAS IN 2007

In 2007, human resources management at our various sites were enhanced. In October, Niilo Oksa was appointed as Vice President of Human Resources and a member of the Management Team. The number of personnel increased by over 20%, which created its own challenges in regard to the induction and embracing of corporate culture. Over 1,200 employees were recruited for the new plant constructed in India. At each site, training was organized for both new and existing employees.

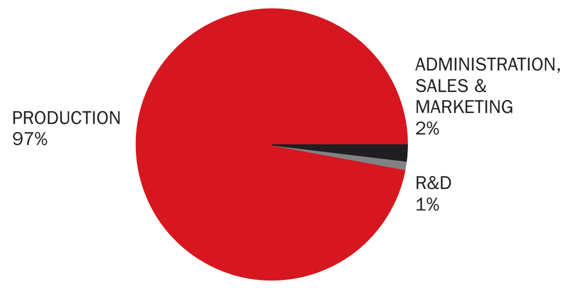
GOALS FOR 2008

The Global HR Management Team, which was created at the end of the year, has set as its goal the creation of common operating guidelines and human resources management processes for the entire Group. In addition to Group representatives, the HR Management Team comprises the HR Managers from all Salcomp's production plants. The work has already started and ethical operating principles have been recorded in the common Code of Conduct document. Also, a common HR Policy has been created for the Group, and the key performance indicators relating to 2008 have been agreed upon. These include: reducing the turnover of personnel, further enhancing recruiting methods and quality, as well as enhancing training activity. The aim is also to carry out a personnel survey of the entire Group concerning the positive aspects of Salcomp's corporate culture, as well as any areas that require further development. Furthermore, the aim is to continue the development of operations according to the company values, enhance the management practices and methods, determine the needs for skills development by function and area, enhance internal interaction and communication, as well as human resources management, especially at Group level, and to harmonize the expatriate administration.

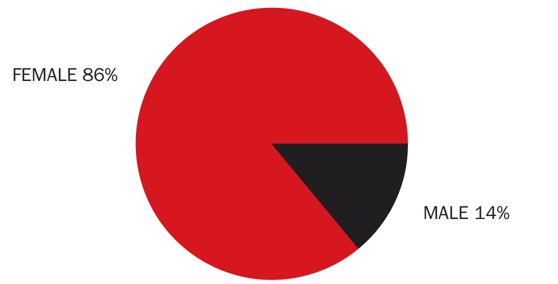
PERSONNEL BY GEOGRAPHICAL AREA



PERSONNEL BY OPERATIONS



PERSONNEL BY GENDER



ENVIRONMENT

Salcomp aims to develop both its products and operations to be as environmentally-friendly as possible. Corporate responsibility in environmental issues means the prevention and minimization of environmental effects and risks throughout the product's life cycle. In 2007, the company focused particularly on the environmental certification of the plant in India, the improvement of energy-efficiency of the machines at the plant in China and increasing the level of the recycling of plastic raw materials.

SALCOMP'S ENVIRONMENTAL POLICY

The management of Salcomp's environmental issues is based on the development programs and guidelines derived from the Group's environmental policy, as well as its risk management policy.

Key principles:

- Successful business operations require sustainable environmental activities, which take into account the entire life cycle of a product.
- We maintain an open, active and ethical approach to environmental issues.
- We are committed to complying 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 sustainable development.

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 issues, which also encourages Salcomp to exceed official requirements for the products and the company itself.

From the outset, Salcomp has focused on the manufacture of chargers based on the environmentally-friendly switch mode technology. First introduced by Salcomp in 1988, this charger technology has now almost completely replaced the older linear technology in mobile phone charging. Chargers based on the switch mode technology have the advantage of a better utilization ratio and clearly better stand-by energy consumption. In addition, the smaller size of switch mode chargers enables lower transportation costs and reduces the amount of materials to be used.

ENVIRONMENTAL CERTIFICATIONS AND PROGRAMS

The company's production plants in China, Brazil and India are ISO 14001 certified, as are its R&D and sales and marketing globally.

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

KEY ENVIRONMENTAL FIGURES

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

ENVIRONMENTAL EVENTS IN 2007

In 2007, the key focus was on the environmental certification of the new charger manufacturing plant in India. This progressed according to the planned schedule, and the certification was granted to Salcomp in September 2007. The improvement of the energy-efficiency of the machinery at the plant in China also went according to plan, achieving savings in power consumption of approximately 10% per charger produced.

Due to a project carried out together with a key customer, to increase the level of recycling of plastic materials, the amount of plastic materials used decreased by 5,000 kg during the year. As a knock-on effect of the project, the requirement for raw materials will be reduced by 170,000 kg in 2008.

During the year, Salcomp has successfully implemented all product requirements related to environmental protection set by authorities and its customers. Moreover, the regular assessments performed by several customers and authorities 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 growing customer demands.

In 2007, the company did not exceed the permitted limits, nor were there any cases recorded where the company would not have complied with environmental regulations as appropriate.

GOALS IN 2008

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 monitors the trends in these key figures.

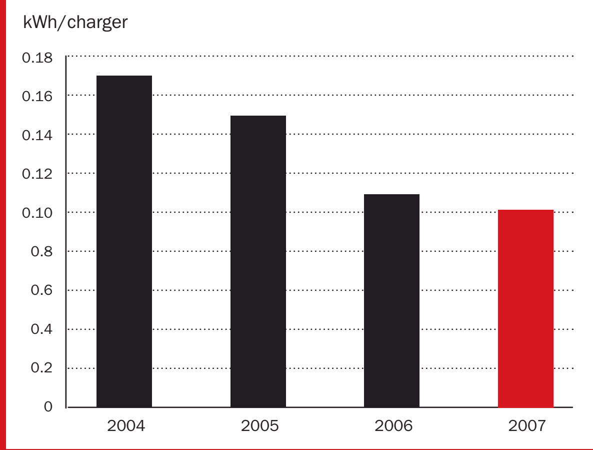
In product development, the company focuses on further improving the environmentally-friendly properties of its products. The most important targets are the utilization ratio, stand-by efficiency and the selection of environmentally-friendly raw materials.

The technology used in various key processes is reassessed in order to improve the level of raw materials use and to reduce the amount of waste. The energy consumption and amount of waste at Salcomp's plants are monitored monthly and assessed against set targets.

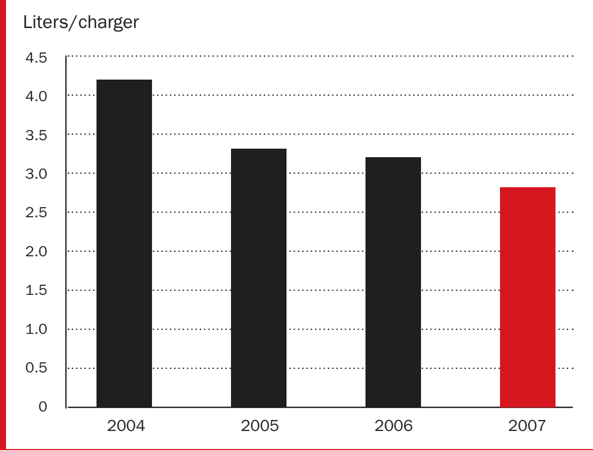
In addition, together with local suppliers, the company aims to reduce its use of packing board and adopt recyclable packaging.

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.

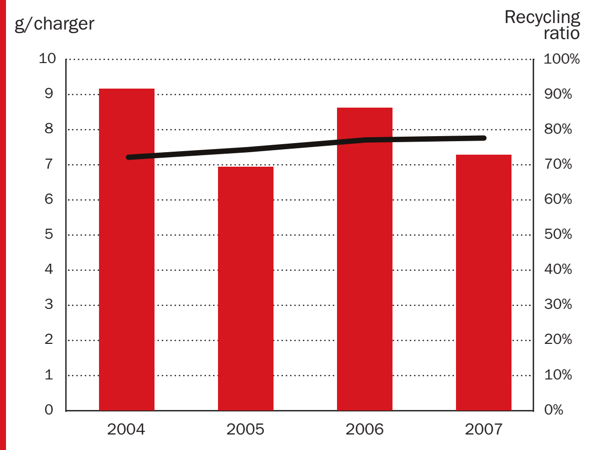
ENERGY CONSUMPTION



WATER CONSUMPTION

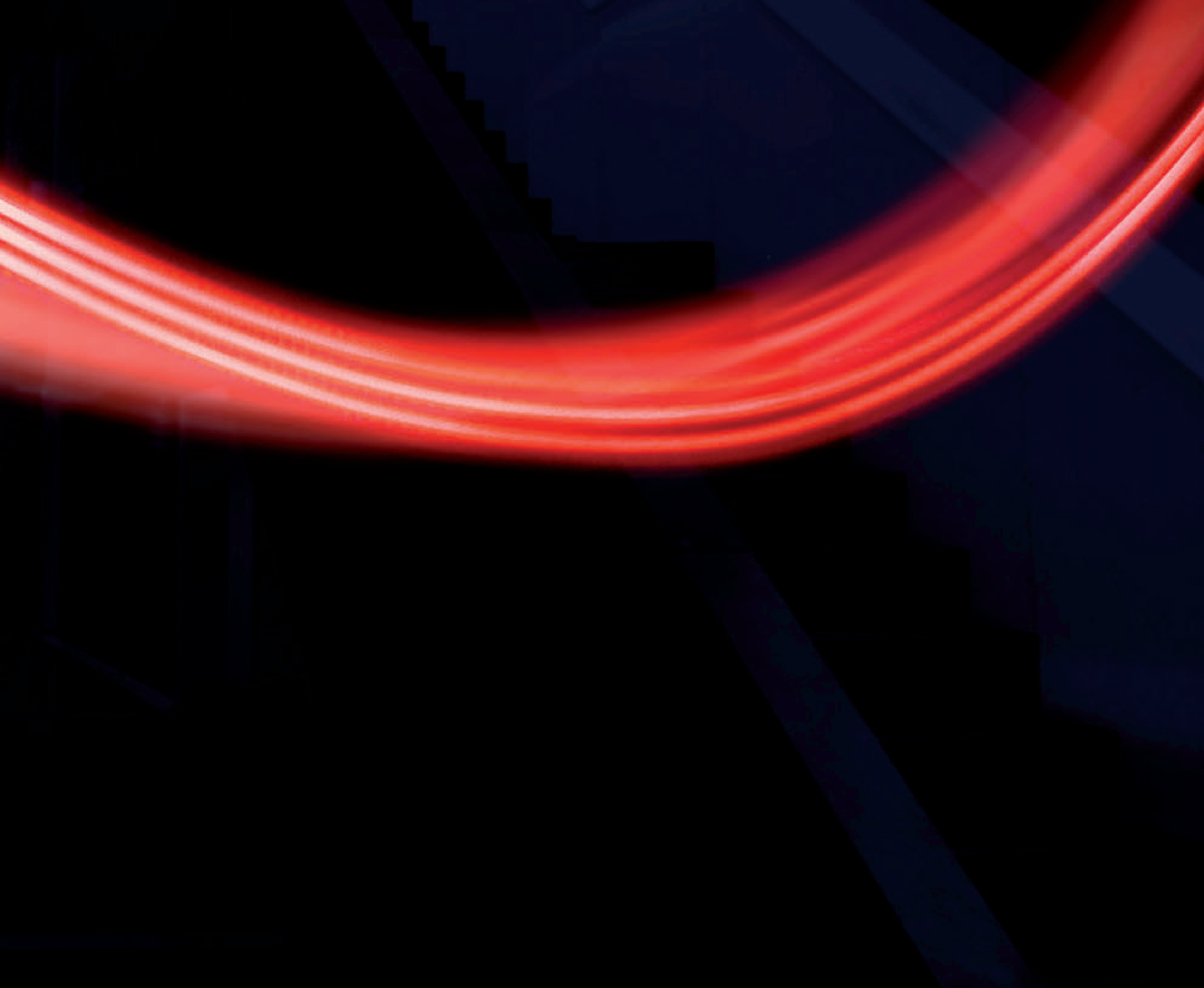


WASTE



27 Shares and shareholders

Salcomp's shares have been quoted on the Nordic Exchange in Helsinki since March 2006. During 2007, the share price strengthened by 51%. At the end of the year, Salcomp had 1,210 shareholders. Foreign ownership accounted for 60.0% of Salcomp's shares.



SHARES AND SHAREHOLDERS

Salcomp's shares are quoted on the Nordic Exchange in Helsinki. During 2007, the share price strengthened by 51%. The Annual General Meeting will be held on 10 April 2008, and the Board of Directors will propose to the General Meeting a distribution of dividends for 2007 of EUR 0.15 per share. Further details can be found on page 92.

BASIC INFORMATION OF THE SHARE

- The shares of Salcomp Plc have been quoted on the Nordic Exchange in Helsinki in the Information Technology sectors' Mid Cap from March 2006.
- The ticker is SAL1V and the ISIN code FI0009013924.
- The market value of Salcomp on 31 December 2007 was EUR 153 million.
- The average price in 2007 was EUR 3.76 and the closing price EUR 3.92 at the end of the year.
- Overall trading totaled EUR 72.1 million and 19.0 million shares.

SHARE CAPITAL AND SHARES

The company's registered share capital amounts to EUR 9,832,735.12 divided into 38,975,190 fully paid shares. At the Annual General Meeting in March, the Articles of Association were amended to include the possibility of increasing or reducing the share capital and increasing or reducing the number of shares without having to change the Articles of Association. This amendment was registered in the Trade Register on 23 April 2007.

The company has one series of shares, and all the shares entitle to equal rights in the company. The share has no nominal value. The company's shares have been incorporated into the Finnish book-entry system.

At the end of 2007, the company, or its subsidiaries, did not hold any company shares, nor has the General Meeting of Shareholders authorized the company to acquire any own shares.

TRADING WITH SALCOMP SHARES

During the year, the Salcomp share price fluctuated between EUR 2.63 and EUR 5.03. The average price was EUR 3.76 and the closing price at the end of the year EUR 3.92. The share price strengthened by 51% during the year.

The total for the shares sold was EUR 72.1 million and the number of shares sold 19.0 million shares. The market value for the total number of shares at the end of the year was EUR 152.8 million.

OWNERSHIP

At the end of 2007, Salcomp Plc had 1,210 registered shareholders. Foreign ownership accounted for 60.3% of Salcomp's shares, 56.0% held by the Swedish company Nordstjernan AB. Another large ownership group comprised Finnish financial and insurance institutions with a 21% holding.

Flagging

On May, 2007, DWS Investment GmbH, a subsidiary of Deutsche Bank AG, announced that its holding of Salcomp Plc's shares and voting rights had decreased to less than 5%. At the time of the announcement, DWS Investment GmbH held 1,755,000 shares, corresponding to 4.5% of Salcomp's shares and voting rights.

EQT II B.V., acting on behalf of EQT II Swedish Non-Registered Partnership, and Nordstjernan AB announced on 25 June 2007 that they had signed a sale and purchase agreement under which EQT sold 11,653,581 Salcomp shares to Nordstjernan. In addition, Nordstjernan had the option to acquire the remaining shares held by EQT and Nordstjernan used the option on 16 August 2007. After the relevant authority approvals had been received, the acquisition was completed on 12 September 2007. After this, Nordstjernan owned 20,382,131 Salcomp shares which corresponded to 52.3% of the share capital and votes. EQT's holding decreased to zero.

According to the Securities Market Act, Nordstjernan was obliged to make a mandatory bid for all outstanding shares and securities entitling to the shares in Salcomp at the highest price for which Nordstjernan had acquired shares in Salcomp during the previous six months, i.e. EUR 4.01 per share and EUR 0.98 per option right. The offer period of the tender offer commenced on 14 September 2007 and expired on 5 October 2007. Seventy shareholders, holding 850,622 shares in Salcomp and representing 2.2% of the shares and votes, tendered their shares in Nordstjernan's public tender offer. Nordstjernan's holding rose to 21,232,753 shares and 54.5% of the outstanding shares. At the end of the year, Nordstjernan's holding in Salcomp was 56.0%.

DIVIDEND PRINCIPLES

The Board of Directors of the company adopted dividend principles 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 among other factors.

DIVIDEND DISTRIBUTION PROPOSAL 2007

The Board has decided to propose to the General Meeting of Shareholders a distribution of dividends for 2007 of EUR 0.15 per share. Dividends determined at the General Meeting of Shareholders shall be distributed to all shareholders who, on the record date 15 April 2008, have been entered in the shareholders' register, maintained by the Finnish Central Securities Depository.

SHARE-BASED INCENTIVE SYSTEMS

The Annual General Meeting in spring approved the Board proposal of granting stock options to key personnel of the company and, as well as a fully-owned subsidiary of the company, Salcomp Manufacturing Oy. The options rights 2007A, 2007B and 2007C will give the right to subscribe for up to 2,047,500 new shares of the company.

A total of 610,000 stock options 2007A were distributed to the Group key personnel. The rest of the stock option 2007A, 47,500 option rights, were granted to Salcomp Manufacturing Oy.

The share subscription period for stock options 2007A will be 1 April 2010–31 March 2012, for stock options 2007B 1 April 2011–31 March 2013 and for stock options 2007C 1 April 2012–31 March 2014. In accordance with the Board resolution, the share subscription period for 2007A will begin on 1 April 2010, at the earliest, provided that the total shareholder return of Salcomp Plc (value increase + dividends) has been at least 8% per annum.

The share subscription price for stock option 2007A was EUR 3.03, i.e. the trade volume weighted average quotation of the company share on the Nordic Exchange in Helsinki during twenty trading days preceding the 2007 Annual General Meeting of Shareholders of the company held on 29 March 2007, EUR 0.06 dividend distributed for the financial year 2006 deducted, and for stock option 2007B, the trade volume weighted average quotation of the company share on the Nordic Exchange in Helsinki during twenty trading days after the publishing of the company's financial statements for the financial year 2007, and for stock option 2007C, the trade volume weighted average quotation of the company share on the Nordic Exchange in Helsinki during twenty trading days after the publishing of the company's financial statements for the financial year 2008. Dividends distributed annually will be deducted from the share subscription prices.

The terms and conditions of the stock options 2007 are available on the company's homepage at www.salcomp.com – Investors – Share Information. Information on option rights is also provided in the Notes to the Consolidated Financial Statements.

PREMIUM FUND

The AGM decided, in accordance with the Board's proposal, to reduce the premium fund on the Parent Company's balance sheet on 31 December 2006 by transferring the total amount of the premium fund, EUR 23,690,992.21, into the company's invested unrestricted equity. The realization of the decision required the implementation of publication proceedings according to Chapter 14 of the Companies Act, and it was completed in August 2007.

MANAGEMENT SHARE AND OPTION RIGHT HOLDING

On 31 December 2007, the Board members, the CEO and the Management Team members of Salcomp held a total of 650,607 shares, i.e. 1.7% of the voting rights.

At the end of 2007, the Company Management Team held 265,000 option rights 2007A in Salcomp. The Board members did not hold option rights at the year end.

The share and option right 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 AGM authorized the Board of Directors to decide on offering a maximum of 8,000,000 new shares for subscription through a share issue pursuant to Chapter 9, Section 2 (2) of the Companies Act or by granting options or other special rights entitling to shares referred to in Chapter 10 of the Companies Act. The Board has, based on the authorization, the right to deviate from the shareholders' pre-emptive right to subscribe new shares. The authorization is valid until 30 June 2008. The authorization has not been used.

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 Reports. During this period, Salcomp will not meet with capital market representatives.

SHAREHOLDERS

By the number of shares 31 December 2007

Shares	Shareholders		Shares	
	Number of	%	Number of	%
1–1,000	770	63.6	365,066	0.9
1,001–5,000	288	23.8	704,717	1.8
5,001–10,000	68	5.6	488,751	1.3
10,001–50,000	46	3.8	1,026,043	2.6
50,000–	38	3.1	36,390,613	93.4
Total	1,210	100.0	38,975,190	100.0

SHAREHOLDERS

The 20 largest shareholders according to the 31 December 2007 shareholders' register

Shareholder	Number of shares	Holding, %
Nordstjernan AB	21,841,753	56.04
Sampo Life Insurance Company Limited	3,724,000	9.55
OP-Finland Small Firms Fund	1,418,447	3.64
Kaleva Mutual Insurance Company	1,218,473	3.13
Thominvest Oy	802,284	2.06
Odin Förvaltnings AS	786,560	2.02
Carnegie Share Fund	735,378	1.89
Veikko Laine Oy	591,066	1.52
Ilmarinen Mutual Pension Insurance Company	500,000	1.28
Laakkonen Mikko Kalervo	500,000	1.28
Vuorialho Kari Tapio	447,286	1.15
SEB Gyllenberg Small Firm Fund	337,643	0.87
Sijoitusrahasto Aktia Capital	330,000	0.85
Laine Mika	300,000	0.77
Nordea Bank Finland Plc	250,000	0.64
Aktia Secura Fund	220,000	0.56
Onnivaatio Oy	199,948	0.51
FIM Securities Ltd	192,674	0.49
Onninen-sijoitus Oy	180,000	0.46
Suomen Outperform Oy	90,000	0.23
Nominee registered	837,136	2.15
Others	3,472,542	8.91
Total	38,975,190	100.00

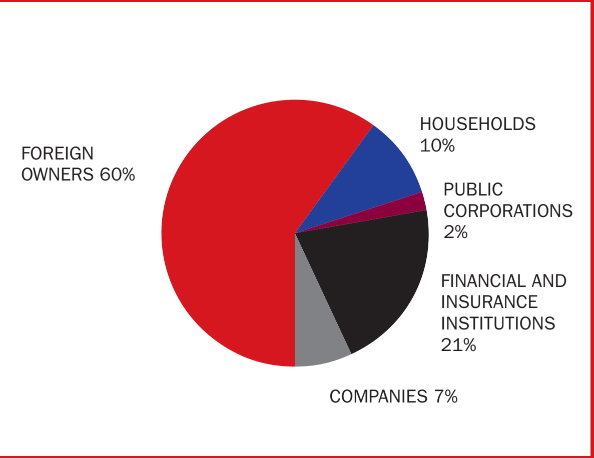
SHARE INDICATORS

	2007	2006
Basic earnings per share (EPS), EUR	**0.47**	0.20
Diluted earnings per share (EPS), EUR	**0.47**	
Earnings per share excluding the deferred tax, EUR	**0.54**	0.28
Equity per share, EUR	**1.76**	1.36
P/E ratio	**8.4**	12.9
Average price, EUR	**3.76**	2.88
Highest share price, EUR	**5.03**	3.69
Lowest share price, EUR	**2.63**	2.13
Share price on 31 December, EUR	**3.92**	2.60
Market value 31 December, EUR million	**152.8**	101.3
Traded shares, EUR million	**72.1**	88.7
Number of shares traded % of total	**18,985,963** **48.7**	29,208,378 74.9
Average number of shares	**38,975,190**	37,808,067
Number of shares at the end of period	**38,975,190**	38,975,190
Diluted weighted average number of shares	**39,057,819**	

CALCULATION OF SHARE INDICATORS

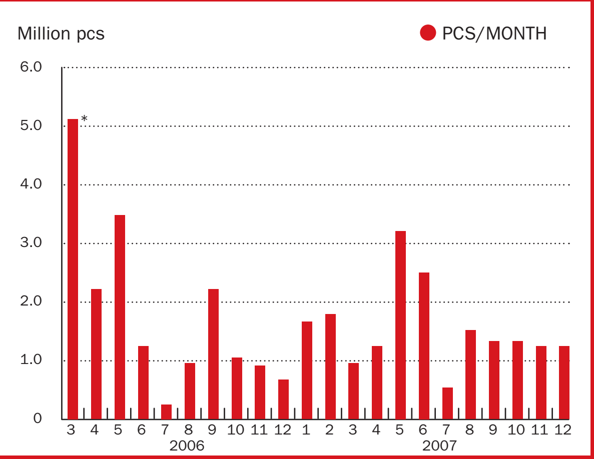
Earnings per share	Profit for the period / Weighted average number of shares outstanding
Earnings per share, diluted	Profit for the period / Weighted average number of shares outstanding, adjusted for the share issue
Equity per share	Equity / Number of shares outstanding on 31 December
P/E ratio (price per earnings)	Closing price / Earnings per share
Market value	Closing price x number of shares on 31 December

OWNERSHIP DISTRIBUTION 31 DECEMBER 2007



SHARE PRICE DEVELOPMENT

SHARE TRADING VOLUME



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

33 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 and recommendations concerning public companies and Salcomp's Articles of Association.

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 Nordic Exchange in Helsinki and the Corporate Governance Recommendation for Listed Companies issued in 2003 by Hex Plc, the Central Chamber of Commerce of Finland, and the Confederation of Finnish Industry and Employers.

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 the 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 to the share capital
- decisions on 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 2007, the Annual General Meeting of Salcomp was held on 29 March 2007 and an Extraordinary General Meeting on 4 September 2007.

Advance information

Shareholders are invited to a General Meeting by the publishing of a notice to convene in two newspapers with nationwide 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 10 April 2008 General Meeting of Shareholders has been published in the Finnish 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 given 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 their 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 a 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 eight 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.

Board composition in 2007

Salcomp's Annual General Meeting held on 29 March 2007 elected Kari Vuorialho, Timo Leinilä, Andreas Tallberg, Jorma Terentjeff, Petri Myllyneva and Panu Halonen as ordinary members of the Board. The Board of Directors elected Kari Vuorialho as Chairman of the Board and Jorma Terentjeff as Vice Chairman.

The Extraordinary General Meeting held on 4 September 2007 elected Kari Vuorialho, Andreas Tallberg and Jorma Terentjeff as members of the Board of Directors and elected Mats Heiman and Peter Hofvenstam as new members of the Board of Directors. At its organizing meeting following the EGM, the Salcomp Board of Directors elected Mats Heiman as Chairman of the Board and Kari Vuorialho as Vice Chairman. The term shall expire at the Annual General Meeting in 2008.

The background and personal data of the current Board members are presented on the company's website and on page 38 of this Annual Report.

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 business plan and budget
- handle and approve Interim Reports, the Annual Report and the Report of the Board of Directors
- decide on individual investments, acquisitions or divestments and contingent liabilities that are strategically or financially significant
- approve the Group financing policy
- confirm risk management and reporting procedures
- decide on bonus and incentive schemes for the management
- decide on the company's structure and organization
- appoint the Managing Director and decide on his remuneration, and
- 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 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 benefits to any shareholder or third party. A Board member may not participate in any 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 2007, Salcomp's Board held 21 meetings, 7 of which were telephone conferences. The Board members' attendance at meetings amounted to 95.2%.

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 2007 Annual General Meeting, the members of the Board for the term of office expiring at the Annual General Meeting 2008 are remunerated as follows:

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

A total of EUR 128,333 was paid to the Board as fees in 2007.

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.

Evaluation of independence

The Board of Directors evaluates the independence of its members of the company and of the company's significant shareholders. Based on this 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: Mats Heiman, Peter Hofvenstam, Andreas Tallberg and Jorma Terentjeff
- the following Board members are independent of the company's significant shareholders: Andreas Tallberg, Jorma Terentjeff and Kari Vuorialho.

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 an appropriate 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.

The Managing Director of Salcomp is Markku Hangasjärvi. In 2007, his salaries, fees and benefits in kind amounted to EUR 203,223.

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.

Members of the Management Team are presented on the company's homepage and on page 39 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.

INCENTIVE SCHEMES

Bonus program

The Company has a salary-based bonus program for its employees. The Board decides on the application of the bonus program.

Remuneration payable on the basis of the incentive scheme, depending on the employee's position, may vary between 5 and 60 per cent of the employee's regular annual salary. The payment of the remuneration in accordance with the incentive scheme is tied, in a manner depending on the given personnel group, to the meeting of goals set in advance and related to the Company, the business processes central to the job description of a given employee and the given employee.

Option program

The AGM 2007 decided to issue, in accordance with the Board's proposal, stock options to key personnel of the Group. The maximum total number of stock options 2007 issued is 2,047,500 and they entitle their holders to subscribe for a maximum of 2,047,500 new shares in Salcomp Plc. At the end of 2007, a total of 610,000 option rights 2007A were in the holding of Salcomp's key personnel.

The conditions of the option program can be found on the company's homepage at www.salcomp.com – Investors – Share Information. Information on option rights is also provided in the Notes to the Financial Statements.

AUDITING

The main function of statutory auditing is to verify that financial statements provide true and fair view 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 Financial Statements 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 2007 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 on the basis of an approved invoice. In 2007, the compensation for auditing services was EUR 121,200 and for other services EUR 135,900.

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.

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.

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 policy, which determines its risk-bearing capacity and risk-taking principles, as well as risk management principles. The risk management policy 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 risk management and process development.

Business risks have been described on pages 18–19 and financial risks on pages 68–71 of the Annual Report.

INSIDERS AND INSIDER ADMINISTRATION

The Insider Rules of Salcomp observe the Insider Guidelines of the Nordic Exchange in Helsinki, 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 homepage.

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. Firstly, 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"). Secondly, trading may be exceptionally permitted outside of the Open Window upon prior approval to such effect by Salcomp's Insider Officer. Thirdly, 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.

Salcomp's Board of Directors comprises Mats Heiman, Chairman (front right) and Kari Vuorialho, Vice Chairman, as well as Peter Hofvenstam (rear right), Jorma Terentjeff and Andreas Tallberg.

BOARD OF DIRECTORS

Mats Heiman – Chairman
Born: 1950
Education: M.Sc. (Engineering), MBA
Present position: Senior Investment Manager at Nordstjernan AB
Relevant work experience: President and CEO of Sirius Machinery 2004–2006, Management Consultant at Booz Allen & Hamilton 1994–2004, management positions at Alfa Laval 1980–1993
Board membership: Chairman since 4 September 2007
Relevant present positions of trust: Chairman of the Board of Directors in KMT Group, Sirius Machinery AB and GP Plastindustri AB, member of the Board of Directors in Etac AB, Vingruppen i Norden and VinUnic
Holding in Salcomp Plc: 20,000 shares
Fees in 2007: 10,000 euros

Kari Vuorialho – Vice Chairman
Born: 1952
Education: B.Sc. (Eng.)
Relevant work experience: CEO of Salcomp Oy 1996–2005, management positions at Salcomp 1977–1996
Board membership: Vice Chairman since 4 September 2007, Chairman 2005–2007
Relevant present positions of trust: member of the Board of Directors of Aspocomp Group and Meka-Pro Oy
Holding in Salcomp Plc: 447,286 shares
Fees in 2007: 28,333 euros

Peter Hofvenstam
Born: 1965
Education: M.Sc. (Econ.)
Present position: Vice President of Nordstjernan AB
Relevant work experience: partner in E. Öhman J:or Fondkommission AB 1996–1999, CFO and member of the Executive Committee at AB Aritmos 1993–1995, analyst at Proventus AB 1991–1993
Board membership: member since 4 September 2007
Relevant present positions of trust: Chairman of the Board of Directors at Ramirent Plc, Board member of Exel Oyj, GP Plastindustri AB and Sirius Machinery AB
Holding in Salcomp Plc: –
Fees in 2007: 6,667 euros

Andreas Tallberg
Born: 1963
Education: M.Sc. (Econ.)
Present position: CEO of GWS Group
Relevant work experience: EQT 1997–2006, MacAndrews & Forbes 1992–1995, Amer Group 1987–1991
Board membership: member since 1999
Relevant present positions of trust: Chairman of the Board of Directors at Detection Technology Oy and Glaston Oyj, Vice Chairman of the Board of Directors at Perlos Corporation, member of the Board of Directors at Finn-Power Oy and Myllykoski Oy
Holding in Salcomp Plc: –
Fees in 2007: 20,000 euros

Jorma Terentjeff
Born: 1949
Education: M.Sc. (Techn.)
Relevant work experience: CEO of JOT Automation Group Oyj 1995–2000, Managing Director of Teknoventure Management Oy 1993–1995, CEO of Aspocomp Oy 1987–1993
Board membership: member since 4 September 2007, Vice Chairman 1999–2007
Relevant present positions of trust: Chairman of the Board of Directors of Avanti Management Oy, member of the Supervisory Board of Kaleva Mutual Insurance Company
Holding in Salcomp Plc: 74,290 shares
Fees in 2007: 23,333 euros

*The secretary of the Board of Directors is Antti Salminen, CFO at Salcomp Plc.
Panu Halonen, Timo Leinilä and Petri Myllyneva were members of the Board of Directors until 4 September 2007.
Shareholding of the Salcomp Board of Directors on 31 December 2007.*

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

MANAGEMENT TEAM

Markku Hangasjärvi, born: 1966
Education: M.Sc. (Electrical Engineering)
Position at Salcomp: President and CEO since 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, Corporate Planner of Imatran Voima Ltd 1991–1992
Relevant present positions of trust: –
Holding in Salcomp Plc: –
Option rights: 60,000 option right 2007A

Päivi Luoti, born: 1962
Education: M.Sc. (Econ.)
Position at Salcomp: Communications Manager since 2006
Relevant work experience: Information Officer in Raisio plc Corporate Communications 1998–2006, various communications and marketing positions in Raisio plc 1987–1998
Relevant present positions of trust: –
Holding in Salcomp Plc: 2,000 shares
Option rights: 15,000 option right 2007A

Osmo Oja, born: 1947
Education: B.Sc. (Mechanical Engineer)
Position at Salcomp: Vice President, Global Operations since 2003
Relevant work experience: leading 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: –
Holding in Salcomp Plc: 78,230 shares
Option rights: 35,000 option right 2007A

Niilo Oksa, born: 1948
Education: M.Sc. (Pol.)
Position at Salcomp: Vice President, Human Resources since October 2007
Relevant work experience: Managing Director of Oy JL-Outsourcing Ab 2005–2007, Private Advisor 2004–2005, Senior Vice President, HR and Administration of Eimo Corporation and CEO of Eimo Americas 2000–2004, Executive Vice President, HR and Administration at Neste and Fortum Corporations 1985–2000, Head of Department in The Employer's Federation (Ship owners) 1974–1985
Relevant present positions of trust: –
Holding in Salcomp Plc: –
Option rights: 25,000 option right 2007A

Antero Palo, born: 1961
Education: MBA
Position at Salcomp: Vice President, Sales & Marketing since 2005
Relevant work experience: CEO of Salcomp's Brazilian Sales Company 2001–2005, leading positions in Sales and Marketing at Finnair Oyj 1989–2001
Relevant present positions of trust: –
Holding in Salcomp Plc: 1,503 shares
Option rights: 35,000 option right 2007A

Juha Raussi, born: 1963
Education: Engineer
Position at Salcomp: Vice President, Research and Development since 2006
Relevant work experience: Senior Manager of technology development at Nokia Corporation 2004–2006, R&D Manager in Nokia Mobile Phones 1997–2004, various R&D positions at Nokia 1987–1997
Relevant present positions of trust: –
Holding in Salcomp Plc: -
Option rights: 35,000 option right 2007A

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 leading positions at the Union Bank of Finland Group and Postipankki Group 1980–1995
Relevant present positions of trust: –
Holding in Salcomp Plc: 11,797 shares
Option rights: 25,000 option rights 2007A

Antti Salminen, born: 1963
Education: M.Sc. (Econ.)
Position at Salcomp: CFO since 2005
Relevant work experience: independent consultant 2004–2005, CFO of Raisio plc 2002–2004, CFO of Teleste Oyj 1997–2002 and various financial management positions at KCI Konecranes International Oyj 1988–1997
Relevant present positions of trust: –
Holding in Salcomp Plc: 15,501 shares
Option rights: 35,000 option right 2007A

In 2007, the Management Team also comprised Juha Samsten and Heikki Turtiainen. Shareholding of the Salcomp Management Team on 31 December 2007.

41 Financial Statements

The Consolidated Financial Statements of Salcomp Group have been prepared in accordance with the International Financial Reporting Standards (IFRS). The parent company Financial Statements have been prepared according to the Finnish Accounting Standards (FAS).

REPORT OF THE BOARD OF DIRECTORS

BUSINESS ENVIRONMENT

During 2007, the mobile phone market grew by approximately 14%. Approximately 1.1 billion mobile phones, and accordingly mobile phone chargers, were sold. Consolidation in the market continued, and Salcomp's main customers, major mobile phone manufacturers, increased their combined market share. According to Salcomp's estimates, the top-5 mobile phone manufacturers represented as much as 83% of the market (81%) in 2007. Competition tightened in the mobile phone charger market due to new manufacturers. On the other hand, some of the smaller charger companies withdrew from the market.

NET SALES

Salcomp Group's net sales in 2007 increased by 10% to EUR 286.2 million (EUR 259.0 million in 2006). The increase in net sales was due to the number of chargers sold growing by 14% to 262.4 million chargers (230.5 million). The market share in mobile phone chargers for the entire year was approximately 23% (23%).

RESULT

The Group's operating profit increased by 67% to EUR 25.8 million (EUR 15.5 million). The operating profit was improved by an increase in the number of units delivered and a higher gross margin compared to last year, which was due to more effective production and purchasing operations and continuous improvements in product cost structure. The Group's operating profit percentage was 9.0% (6.0%).

The Group's net finance expenses were EUR 3.2 million (EUR 4.3 million). Finance expenses were decreased by a smaller amount of debt. The finance items include EUR 0.7 million income, resulting from currency differences related to intra-group loans. Taxes for the period totaled EUR 4.3 million (EUR 3.6 million). They include a deferred tax of EUR 3.0 million (EUR 3.0 million), resulting from the parent company's tax-deductible goodwill amortization.

Salcomp's profit for the period totaled EUR 18.3 million (EUR 7.6 million). Earnings per share were EUR 0.47 (EUR 0.20) and earnings per share, excluding the deferred tax, EUR 0.54 (EUR 0.28). Basic earnings per share were EUR 0.47.

R&D

During the financial year, the Group's R&D expenditure was EUR 4.8 million (EUR 5.4 million), or 1.7% of net sales (2.1%). Over the year, an average of 110 people was working in R&D. The focus was on the development of new mobile phone chargers for current and new customers and on the continued improvement of the product cost structure.

In the autumn, Salcomp introduced to the market a new Cosmo charger product platform that enables charging mobile phones and other mobile devices with a USB cable. The USB standard-based chargers open new opportunities for Salcomp to expand its customer base beyond the mobile phone charger segment.

CAPITAL EXPENDITURE

Capital expenditure for the year totaled EUR 11.3 million (EUR 9.3 million). It mainly involved construction of the India plant and boosting the production capacity in China and Brazil.

Customer deliveries at the Salcomp's charger plant in Chennai, India began in June. The construction work, commenced in autumn 2006, progressed according to the schedule and budget. The total value of the capital expenditure was approximately EUR 9 million. The capacity at the end of the year was some 50 million chargers, and it can be raised to some 100 million chargers. The leased land also allows expansion of the production building.

FINANCING

The cash flow from operating activities was EUR 36.6 million (EUR 3.9 million). The increase in cash flow was mainly due to the positive profitability development, as well as good working capital management. The cash flow was positively affected by the EUR 9.7 million increase in sold receivables. Without the increase in sold receivables, the cash flow would have been EUR 26.9 million.

The Group's equity ratio at the end of the year was 37.7% (30.5%), and gearing was 34.0% (83.7%). The key figures of the balance sheet were improved by good cash flow and a smaller amount of debt. At the end of the year, interest-bearing net debt stood at EUR 23.3 million (EUR 44.4 million).

ENVIRONMENT AND QUALITY

The management of Salcomp's environmental and quality issues is based on the Group's environmental and quality policies, development programs and guidelines, as well as its risk management policy. The focus in the management of environmental and quality issues is to minimize and prevent 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 processes.

The Group's production plants are ISO 14001 and ISO 9001 certified. In addition, Salcomp has the environmental permits required for its operations.

In addition to Salcomp's own quality and environmental control, customers and authorities regularly conduct quality and environmental audits, and the results of the audits are used for constant development of the processes.

PERSONNEL AND MANAGEMENT TEAM

The number of Group personnel at the end of the year totaled 9,722 (7,910): 6,815 were employed in China, 1,586 in Brazil and 1,253 in India. The increase in the number of personnel was mostly due to the start-up of the India plant and increased production volumes.

Salcomp's President and CEO during the financial year was Markku Hangasjärvi. Other Management Team members were Antti Salminen (CFO), Antero Palo (VP, Sales & Marketing), Juha Raussi (VP, R&D), Osmo Oja (VP, Global Operations), Markku Saarikannas (VP, Strategic Planning) and Päivi Luoti (Communications Manager). In addition, Niilo Oksa was appointed VP, Human Resources and a member of the Management Team as of 19 October 2007. From the other members of the Management Team, Heikki Turtiainen, CTO, retired as planned at the end of June, and Juha Samsten, VP, Quality and Environment, passed away unexpectedly in July. They were not replaced by new Management Team members.

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.

During the financial year, the Salcomp share price fluctuated between EUR 2.63 and EUR 5.03. The closing price at the end of the year was EUR 3.92 and the average price EUR 3.76. Share trade amounted to EUR 72.1 million and 19.0 million shares. According to the book-entry system, Salcomp had 1,210 shareholders at the end of the year. The foreign ownership was 60.3%, and the market value for the total number of shares EUR 153 million.

On May, 2007, DWS Investment GmbH, a subsidiary of Deutsche Bank AG, announced that its holding of Salcomp Plc's shares and voting rights had decreased to less than 5%. At the time of the announcement, DWS Investment GmbH held 1,755,000 shares, corresponding to 4.5% of Salcomp's shares and voting rights.

EQT II B.V., acting on behalf of EQT II Swedish Non-Registered Partnership, and Nordstjernan AB announced on 25 June 2007 that they had signed a sale and purchase agreement under which EQT sold 11,653,581 Salcomp shares to Nordstjernan. In addition, Nordstjernan had the option to acquire the remaining shares held by EQT and Nordstjernan used the option on 16 August 2007. After the relevant authority approvals had been received, the acquisition was completed on 12 September 2007. After this, Nordstjernan owned 20,382,131 Salcomp shares which corresponded to 52.3% of the share capital and votes. EQT's holding decreased to zero.

According to the Securities Market Act, Nordstjernan was obliged to make a mandatory bid for all outstanding shares and securities entitling to the shares in Salcomp at the highest price for which Nordstjernan had acquired shares in Salcomp during the previous six months, i.e. EUR 4.01 per share and EUR 0.98 per option right. The offer period of the tender offer commenced on 14 September 2007 and expired on 5 October 2007. Seventy shareholders, holding 850,622 shares in Salcomp and representing 2.2% of the shares and votes, tendered their shares in Nordstjernan's public tender offer. Nordstjernan's holding rose to 21,232,753 shares and 54.5% of the outstanding shares. At the end of the year, Nordstjernan's holding in Salcomp was 56.0%.

GENERAL MEETINGS

The Annual General Meeting of Salcomp was held on 29 March 2007 in Helsinki. The 2006 Financial Statements were approved at the AGM and the members of the Board and the President and CEO were discharged from liability.

In accordance with the Board's proposal, the AGM decided to pay dividend of EUR 0.06 per share. The dividend was paid out on 12 April 2007.

The AGM decided to leave the composition of the Board of Directors unchanged. Thus, the Members of the Board of Directors were Kari Vuorialho as its Chairman, Jorma Terentjeff as Vice Chairman, as well as Panu Halonen, Timo Leinilä, Petri Myllyneva and Andreas Tallberg. The AGM decided that the remuneration for the Board of Directors also remained unchanged.

The Authorized Public Accountants KPMG Oy Ab continued as the Company auditor.

Based on the Board of Directors' proposal, a decision was made to amend the Articles of Association to better comply with the new Companies Act, valid from 1 September 2006.

The AGM authorized the Board of Directors to decide on offering a maximum of 8,000,000 new shares for subscription. The authorization is valid until 30 June 2008. The authorization has not been used.

The AGM decided, in accordance with the Board's proposal, to reduce the premium fund on the Parent Company's balance sheet on 31 December 2006 by transferring the total amount of the premium fund, EUR 23,690,992.21, into the Company's invested unrestricted equity. The realization of the decision was completed in August 2007.

SALCOMP GROUP KEY FIGURES

	2007	2006	2005
Net sales, EUR million	**286.2**	259.0	156.0
Operating profit, EUR million	**25.8**	15.5	12.5
% of net sales	**9.0**	6.0	8.0
Return on equity, %	**30.0**	18.8	23.3
Equity ratio, %	**37.7**	30.5	19.1
R & D expenses, EUR million	**4.8**	5.4	4.0
% net sales	**1.7**	2.1	2.6
Personnel on average	**8,622**	7,567	5,612
Total wages and salaries, EUR million	**36.2**	29.6	15.8

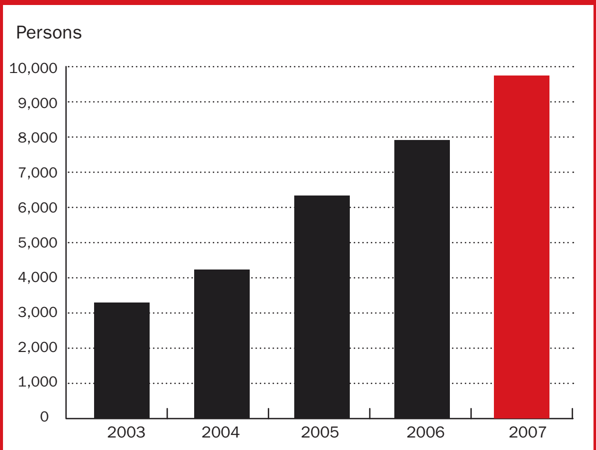
The Board proposal of granting stock options to the company's key personnel was approved. The stock options will give the right to subscribe for up to 2,047,500 shares of the company. At the end of 2007, a total of 610,000 option rights 2007A were in the holding of Salcomp's key personnel. The rest of the stock options were granted to Salcomp Manufacturing Oy. The share subscription period for stock options 2007A will be 1 April 2010–31 March 2012, for stock options 2007B 1 April 2011–31 March 2013 and for stock options 2007C 1 April 2012–31 March 2014. In accordance with the Board resolution, the share subscription period for 2007A will begin on 1 April 2010, at the earliest, provided that the total shareholder return of Salcomp Plc (value increase + dividends) has been at least 8% per annum.

The Extraordinary General Meeting of Salcomp was held in Helsinki on 4 September 2007. The EGM re-elected Kari Vuorialho, Andreas Tallberg and Jorma Terentjeff as members of the Board of Directors and elected Mats Heiman and Peter Hofvenstam as new members of the Board of Directors. At its organizing meeting following the EGM, the Salcomp Board of Directors elected Mats Heiman as Chairman of the Board and Kari Vuorialho as Vice Chairman.

RISKS AND UNCERTAINTIES IN THE NEAR FUTURE

Salcomp's business involves uncertainty factors that may affect the company's financial development in the near future. These include the general development of the mobile phone markets, substantial changes in the purchase prices of charger components, and significant changes in competition in the mobile phone charger markets. Salcomp's customer base is concentrated and deterioration in the financial position of a major customer may have a negative impact on Salcomp's sales and profitability. Furthermore, the standardization of mobile phone chargers, including USB-type chargers, can, in the future, lead to a development where the charger is not always necessarily included in the mobile phone sales package which can have an impact on Salcomp's current business model. In addition, major changes in exchange rates can be considered as an uncertainty factor, especially the exchange rate of the US dollar in relation to the euro and to currencies in those countries in which Salcomp has operations. Risks are managed to the extent that the company has influence over them.

PERSONNEL ON 31 DECEMBER



THE BOARD'S PROPOSAL FOR PROFIT DISTRIBUTION

The Board of Directors has adopted dividend principles 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 among other factors.

The Board will propose to the Annual General Meeting of Shareholders that a dividend of EUR 0.15 per share for 2007 be distributed, a total of EUR 5.8 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 record date of 15 April 2008, have been entered in the shareholders' register maintained by the Finnish Central Securities Depository.

OUTLOOK FOR 2008

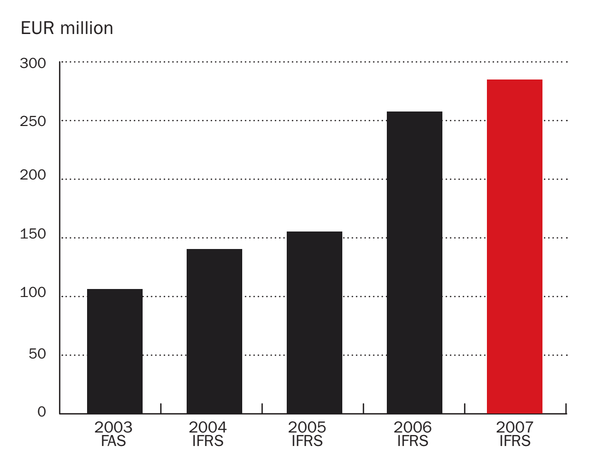
According to the estimates published by Salcomp's main customers and by the various market research companies, the mobile phone market is expected to grow during 2008 by approximately 12%, compared with 2007. Measured by the number of units, this would mean approximately 1.3 billion mobile phones, and therefore, mobile phone chargers, to be sold in 2008. This forms a good basis to achieve further increases in Salcomp's net sales in 2008. In addition, Salcomp's target is to broaden the customer portfolio in other selected charger segments, such as bluetooth headsets and cordless fixed-line phones.

Net sales in 2008 are expected to continue to grow. However, due to declining mobile phone charger prices the operating profit in value is expected to grow only to some extent or to remain on 2007 level.

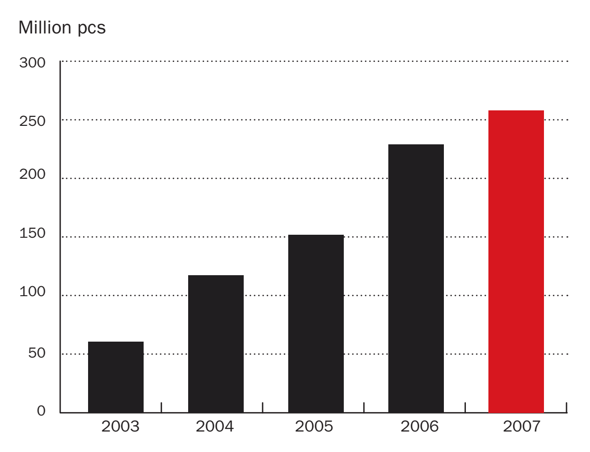
Helsinki, 7 February 2008

Mats Heiman	Kari Vuorialho
Peter Hofvenstam	Andreas Tallberg
Jorma Terentjeff	Markku Hangasjärvi *President and CEO*

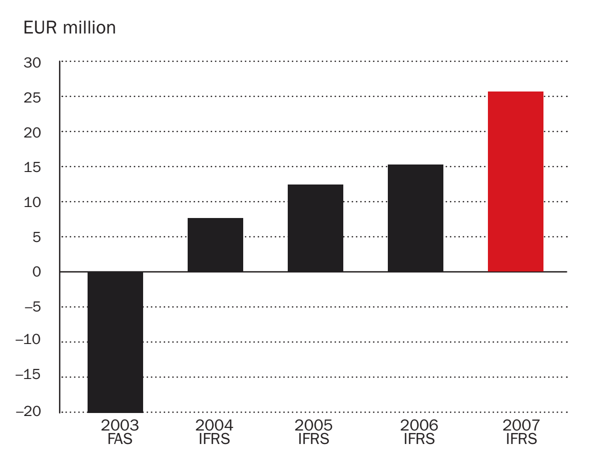
NET SALES



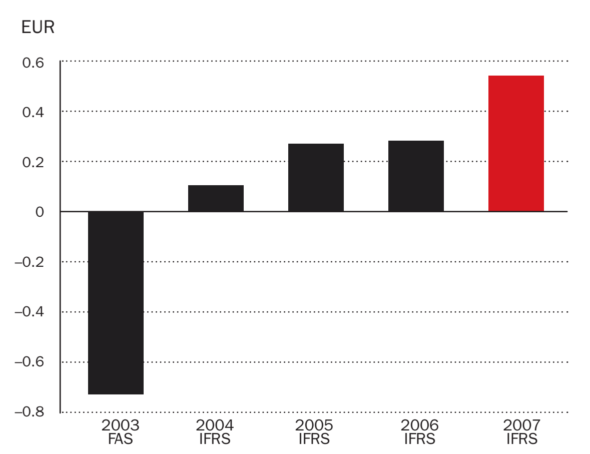
SOLD CHARGERS



OPERATING PROFIT

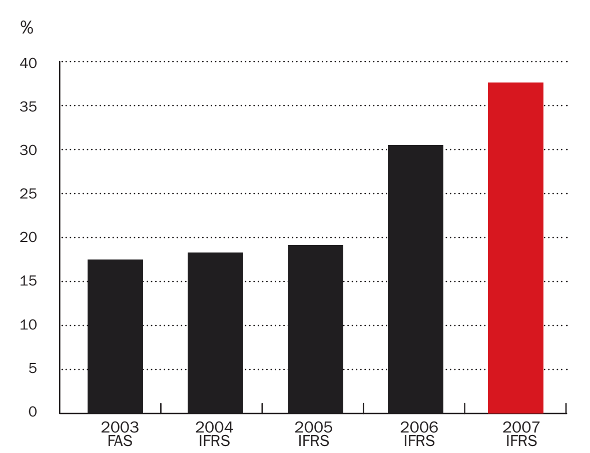


EARNINGS PER SHARE*

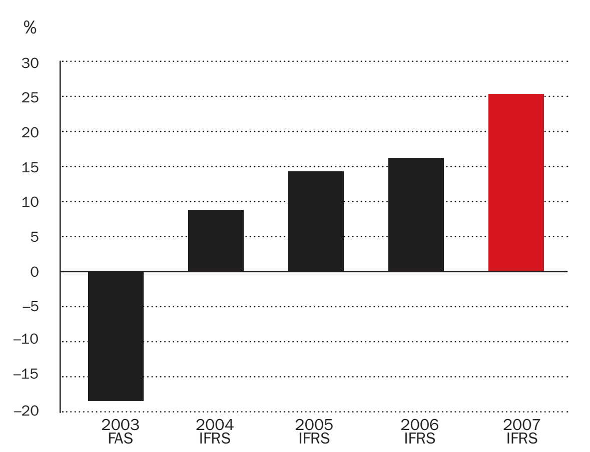


* Excluding the deferred tax

EQUITY RATIO



RETURN ON CAPITAL EMPLOYED



CONSOLIDATED INCOME STATEMENT

1 000 €	Note	2007	2006
Net sales	1	286 231	259 049
Cost of sales	4, 5	–244 785	–228 794
Gross margin		**41 446**	**30 255**
Other operating income	2	482	363
Sales and marketing expenses	4, 5	–2 471	–1 981
Administrative expenses	4, 5	–8 701	–7 503
Research and Development expenses	4, 5	–4 845	–5 421
Other operating expenses	3	–117	–240
Operating profit		**25 794**	**15 473**
Finance income	6	958	276
Finance expenses	7	–4 203	–4 547
Profit before income tax		**22 549**	**11 202**
Income tax expense	8	–4 281	–3 573
Profit for the period		**18 268**	**7 629**
Attributable to	9		
Equity holders of the parent		18 268	7 629
Earnings per share for profit of the year attributable to the equity holders of the parent:			
Basic earnings per share	9	0.47	0.20
Diluted earnings per share	9	0.47	

CONSOLIDATED BALANCE SHEET

1 000 €	Note	31 December 2007	31 December 2006
ASSETS			
Non-current assets			
Property, plant and equipment	10	24 808	20 139
Goodwill	11, 12	66 412	66 412
Other intangible assets	11	481	229
Deferred tax assets	13	3 184	3 023
		94 885	89 803
Current assets			
Inventories	14	24 114	21 918
Trade and other receivables	15	48 475	54 923
Cash and cash equivalents	16	14 611	7 845
		87 200	84 686
Total assets		**182 085**	**174 489**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	17		
Share capital		9 833	9 833
Premium fund		0	22 035
Invested unrestricted equity		22 035	0
Retained earnings		36 773	21 113
Total equity		68 641	52 981
Non-current liabilities			
Deferred tax liabilities	13	12 075	8 915
Interest-bearing liabilities	20	28 542	43 797
Provisions	19	40	40
		40 657	52 752
Current liabilities			
Trade and other payables	21	63 382	60 351
Interest-bearing current liabilities	20	9 405	8 405
		72 787	68 756
Total liabilities		**113 444**	**121 508**
Total equity and liabilities		**182 085**	**174 489**

CONSOLIDATED CASH FLOW STATEMENT

1 000 €	2007	2006
Cash flow from operating activities		
Profit for the period	18 268	7 629
Adjustments:		
Non-cash transactions	4 982	5 268
Other income and expenses	–86	–123
Interest and other finance expenses	4 203	4 547
Interest income	–958	–276
Income taxes	4 281	3 573
Change in net working capital:		
Change in trade and other receivables	6 641	–24 752
Change in inventories	–2 031	2 568
Change in trade payables and other liabilities	5 016	11 419
Interest received	70	41
Interest paid	–2 978	–5 576
Income taxes paid	–816	–465
Net cash flow from operating activities	**36 592**	**3 853**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	0	–1 658
Acquisition of property, plant and equipment and intangible assets	–11 053	–7 235
Proceeds from disposal of property, plant and equipment	86	319
Net cash flow from investing activities	**–10 967**	**–8 574**
Cash flows from financing activities		
Withdrawal of loans	5 000	68 993
Repayment of borrowings	–19 611	–77 615
Dividends paid	–2 339	0
Paid share issue	0	16 962
Net cash flow from financing activities	**–16 950**	**8 340**
Change in cash and cash equivalents		
Net increase (+)/decrease (–) in cash and cash equivalents	**6 766**	**2 119**
Cash and cash equivalents at January 1	7 845	5 726
Effect of exchange rate fluctuations	–1 909	–1 500
Cash and cash equivalents at December 31	**14 611**	**7 845**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 000 €

Attributable to equity holders of the parent

	Share capi-tal	Share issue	Premium fund	Invested unrestricted equity	Translation differences	Retained earnings	Total equity
Equity at January 1, 2006	**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 expense for the period	**0**	**0**	**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**
Translation differences					–445		–445
Profit for the period						18 268	18 268
Total recognised income and expense for the period			**0**		**–445**	**18 268**	**17 823**
Option costs						176	176
Transfer from premium fund to invested unrestricted equity			–22 035	22 035			
Dividends						–2 339	–2 339
Equity at December 31, 2007	**9 833**	**0**	**0**	**22 035**	**–219**	**36 992**	**68 641**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Salcomp Plc's parent company
During the financial period, Salcomp Plc has become a subsidiary of Nordstjernan AB (registered office in Stockholm). A copy of the consolidated financial statements of Nordstjernan Group is available from the internet address www.nordstjernan.se or the Group's parent company headquarters at Stureplan 3, SE-103 75 Stockholm, Sweden.

The subgroup's parent company
The parent company of Salcomp Group is Salcomp Plc (registered office in Salo). A copy of the consolidated financial statements is available from the 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 7, 2008 approved these financial statements for publishing.

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. Salcomp Plc is the parent company of the Salcomp Group. Salcomp is a manufacturer of chargers for mobile phones. The company has a global sales and distribution network, and its production plants are situated in China, India and Brazil. The headquarters are 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 EU. 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.

From January 1, 2007, the Group has adopted the following new and revised standards and interpretations:

- IFRS 7 *Financial Instruments: Disclosures*. IFRS 7 requires the disclosure of information on the significance of financial instruments for the entity's financial position and performance, as well as on the nature and extent of risks arising from financial instruments. This standard has increased the number of notes to the consolidated financial statements, with the new notes mostly concerning sensitivity analyses.

- Amendment to IAS 1 *Presentation of Financial Statements – Capital Disclosures*. The amended IAS 1 requires information to be disclosed on the entity's capital level and its management during the financial period. These regulations have extended the notes to the consolidated financial statements.

- IFRIC 8 *Scope of IFRS 2*. IFRIC 8 applies to transactions where equity instruments are granted and where the identifiable consideration received is less than the fair value of the equity instruments granted. The Group has not had any arrangements mentioned in this interpretation, either during the financial period ended or during any previous financial periods.

- IFRIC 9 *Reassessment of Embedded Derivatives*. IFRIC 9 requires that the separation of an embedded derivative from the host contract should not be reassessed, unless there is a change in the terms of the contract that significantly modifies the original cash flows of the host contract. The adoption of this interpretation has not affected the consolidated financial statements.

- IFRIC 10 *Interim Financial Reporting and Impairment*. The interpretation prohibits the reversal of impairment losses recorded in interim financial statements for goodwill, investment in an equity instrument classified as available for sale or financial assets carried at cost (such as unquoted equity instruments), in subsequent financial statements. This interpretation had no effect on the consolidated financial statements.

Use of judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities in the notes to the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these judgements and estimates are based on the latest available information, actual results may differ from these amounts. The judgements and estimates mainly relate to deferred tax assets, goodwill and impairment testing. Information on the judgements made and items that are most affected by the management's judgement is provided in the accounting policies in the chapter Accounting policies requiring the management's judgement 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 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. The distribution of the profit for the period between the parent company owners and the minority is shown in the Income Statement and minority interests in the subsidiaries are shown as a separate item in the consolidated 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 the euro, are translated into euro each month at the average monthly exchange rate while the balance sheets of such subsidiaries are translated at the exchange rate prevailing at the balance sheet date. Translation differences resulting from the translation of income statement items and balance sheet items are recognized as a separate component of the Group's equity. Also the translation differences arising from the application of the purchase method of accounting are recognized into the Group's 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 America – 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 terms of delivery.

Net sales are reported after indirect taxes and cash discounts.

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 pension plans are expensed in the period to which they relate.

Share-based payments

The Group has an incentive arrangement whereby payments are made as equity instruments (options). Benefits are measured at fair value at the time they are granted and recognized as expenses on the income statement in equal installments during the vesting period.

Any expense determined at the time of granting the options, is based on the Group assessment of the number of options for which a right is assumed to arise by the end of the vesting period. The Group will then update the assumption of the number of options on each closing date. Changes in assessments will be on the income statement. The fair value of the option is determined on the basis of the Cox-Ross-Rubinstein binomial model.

When exercising options, payments received on the basis of share subscriptions, adjusted by possible transaction expenses, are recognized on the company's invested unrestricted equity.

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 monetary 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. Non-monetary items are translated using the exchange rates at the dates of the transactions. Foreign currency loan exchange rate gains and losses are included in the finance income and expenses. The Group hedges operative sales and purchases in foreign currency with derivatives. The effects related to the hedging transactions are recognized as adjustments to the purchases. The Group does not apply hedge accounting as defined in IAS 39 *Financial Instruments: Recognition and Measurement*.

Property, plant and equipment

Property, plant and equipment 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 will 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 recognised 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.

Gains and losses on disposal are included in the operating profit.

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

- Buildings and constructions 25–30 years
- Machinery and equipment 3–10 years
- Other tangible assets 5–10 years

The residual values and useful lives are reviewed at each balance sheet date. If these differ significantly from previous estimates, the depreciation periods will be adjusted accordingly. If an 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.

Goodwill

Goodwill from business combinations is presented as goodwill. Goodwill is the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is allocated to the cash generating units. In the case of a business combination taken place before 2004, goodwill equals to the carrying amount according to the previous accounting standards that has been used in the transition as the deemed cost according to IFRS. Instead of being amortised, goodwill is tested annually for impairment.

Other intangible assets

Other intangible assets are recognized on the balance sheet at their historical cost, if the cost can be determined reliably and if it is likely that the economic benefit related to the asset will benefit the Group. The intangible assets of the Group have a finite useful lives which they are recognized as straight-line depreciation costs.

The amortization periods of other intangible assets:

- Computer programs 5–10 years

Borrowing costs

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

Research and development costs

Salcomp Plc 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 product development costs of Salcomp Plc mainly relate to customer projects. The product development 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.

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. An impairment loss is recognized if the recoverable amount of an asset or cash-generating unit is less than its carrying amount. The impairment loss is recognized in the income statement. An 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 favourable changes in the estimates for recoverable amount since the previous recognition of impairment 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

Non-current assets (or a disposal group), as well as assets and liabilities relating to a discounted operation are classified as held for sale, if their carrying amounts will be recovered principally through a sales rather than through continuing use. Those non-current assets (or a disposal group), as well as the assets and liabilities relating to a discontinued operation 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 and amortization on these assets is ceased at the moment of classification. Information on a discontinued operation is provided in the notes. At the date of the financial statements, the Group had no such category of assets.

Inventories

Inventories are stated at the cost or a lower probable net realizable value. Cost of inventory is determined on weighted average cost formula, which is close to the 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 the variable and fixed production overheads. Inventories are presented net of deductions for obsolete items.

Financial instruments

The Group's financial assets and liabilities are classified in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* as follows: financial assets and liabilities at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, and available-for-sale financial assets. 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 the Income Statement 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 recognized in current or non-current assets; non-current, if they mature after 12 months.

Available-for-sale assets

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 assets consist of shares and interest-bearing investments and are measured at fair value or, when the fair value cannot be determined reliably, 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 the Income Statement when the investment is sold or it is impaired. The Group has no financial assets classified as available for sale at the moment.

Trade receivables

Trade receivables are measured at their invoiced amount 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 trade receivables have been recognized as other financial expenses. 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 balances of accounts with overdraft facility are included in 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 the Income Statement in the period in which they occur, even if the hedged item does not affect the Income Statement within a future period. The changes in the fair value of currency hedges are included in operating profit and of interest hedges in financial items.

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 financial liabilities are measured at amortized cost using the effective interest rate method. The financial liabilities are included in non-current and current liabilities and may be either interest-bearing or non-interest-bearing.

Provisions and contingent liabilities

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.

Contingent liability is a contingent obligation caused by past events. This obligation will realize, when the uncertain transaction, not controlled by the Group, will occur. Also an obligation which probably does not require a cash settlement or on which the value cannot be reliably estimated will be treated as a contingent liability. A contingent liability is presented in the notes.

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.

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 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 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.

Operating profit

The Group has determined operating profit (EBIT) as follows: operating profit is the net amount obtained when other operating income is added to the net sales, subtracted by purchase expenses adjusted by changes in finished and non-finished inventories, subtracted by costs resulting from employee benefits, depreciation, amortization and impairment losses, as well as other operating expenses. All other items, apart from the above-mentioned income statement items, are entered below operating profit. Exchange rate gains and losses are included in operating profit if they result from business-related items; otherwise, they are booked under financial items. Changes in the fair value of derivatives are included in operating profit for currency hedges and in the financial items for interest hedges.

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 the management's judgement and key sources of estimation uncertainty

Management judgements 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.

Goodwill and unfinished intangible assets are tested annually for impairment and indications of impairment are assessed as a part of the management's monthly business follow-up. Recoverable amounts of the cash generating units are based on value-in-use calculations. Preparation of these calculations requires the management to make judgements.

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 the management to make judgements.

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.

New or amended standards and interpretations

IASB has published the following new or revised standards and interpretations that are not yet in force, and which the Group has not yet applied. The Salcomp Group will adopt each standard and interpretation on the day they enter into force or, if the effective date is other than the first day of the financial period, from the beginning of the financial period following the effective date.

- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions* (effective for financial periods beginning on or after 1 March 2007). This new interpretation clarifies the scope of application of share-based payment transactions (IFRS 2) and requires reassessment of such transactions in the subsidiaries. The new interpretation will have no impact on the next consolidated financial statements.

- IFRIC 12 *Service Concession Arrangements* (effective for financial periods beginning on or after 1 January 2008). The Group does not have any contracts with the public sector, as mentioned in this interpretation, and, therefore, the interpretation will have no impact on the next consolidated financial statements. The interpretation has not yet been approved for adoption within the EU.

- IFRIC 13 *Customer Loyalty Programmes* (effective for financial periods beginning on or after 1 July 2008). The Group does not have any loyalty arrangements with its customers, as mentioned in this interpretation, and, therefore, the interpretation will have no impact on the next consolidated financial statements. The interpretation has not yet been approved for adoption within the EU.

- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for financial periods beginning on or after 1 January 2008). This interpretation is applied to IAS 19 compliant, defined benefit, post-employment arrangements and other long-term employee benefit plans, when said arrangements involve a minimum funding requirement (MFR). The interpretation also clarifies when to recognize an asset on the balance sheet when taking into account future refunds or reductions in future contributions. In certain countries, the Group has defined benefit pension plans, as mentioned in the interpretation. The Group is currently assessing the effects of the interpretation. However, according to the preliminary assessment, the new interpretation will not have a significant impact on the next consolidated financial statements. The interpretation has not yet been approved for adoption within the EU.

- IFRS 8 *Operating Segments* (effective for financial periods beginning on or after 1 January 2009). IFRS 8 replaces IAS 14 *Segment Reporting*. According to this new standard, segment reporting is to be based on internal management reporting and the accounting principles complied with in this reporting. IFRS 8 requires disclosure of the Group's products, services, geographical areas and major customers. The Group is also required to disclose information on the specific grounds whereby the reportable segments are determined, as well as on the accounting principles applied to segment reporting. Also, according to the standard, a reconciliation of segment reporting to certain Income Statement and Balance Sheet items must be presented. According to the Group assessment, the new standard will not essentially change its current segment reporting, because the business segments determined according to internal reporting are currently the primary reporting format of the Group. The manner in which geographical segment information is presented, will change. According to the Group assessment, the adoption of IFRS 8 will mostly affect the way that segment information will be presented in the notes to the next consolidated financial statements.

- Amendment to IAS 23 *Borrowing Costs* (effective for financial periods beginning on or after 1 January 2009). The amended standard requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, such as a production plant, shall be capitalized as part of the cost of that asset. According to the previously-accepted practice, the Group has recognized borrowing costs as expenses in the financial period during which they arose. According to the Group assessment, however, the adoption of this amendment will not have material impact on the next consolidated financial statements. The amended standard has not yet been approved for adoption within the EU.

- Amendment to IAS 1 *Presentation of Financial Statements* (effective for financial periods beginning on or after 1 January 2009). The revised standard will change the way that financial statements are presented. According to the Group assessment, this amendment will mostly affect the way that the income statement and the statement of changes in equity are presented. The way that the "earnings per share" ratio is determined, will not change. The revised standard has not yet been approved for adoption within the EU.

1. SEGMENT REPORTING

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

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 do 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

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), as well as cash and cash equivalents.

1 000 €

	Europe	Asia-Pacific	North and South Americas	Unallocated items	Group total
Geographical segments 2007					
Revenue	40 320	153 677	92 234	0	286 231
Assets	98 733	56 768	26 584	0	182 085
Capital expenditures	382	9 885	1 023	0	11 290
Geographical segments 2006					
Revenue	49 672	138 643	70 734	0	259 049
Assets	117 493	42 387	14 609	0	174 489
Capital expenditures	1 429	6 911	924	0	9 264

1 000 €	2007	2006
2. OTHER OPERATING INCOME		
Gains on disposal of property, plant and equipment and intangible assets	98	172
Rental income	163	72
Reversal of impairment losses on trade receivables	196	0
Other income	25	119
Total	**482**	**363**
3. OTHER OPERATING EXPENSES		
Losses on disposal of property, plant and equipment and intangible assets and scrapping	12	32
Impairment losses on trade receivables	105	191
Other expenses	0	17
Total	**117**	**240**
4. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES		
Depreciation and amortisation by asset type		
Property, plant and equipment		
Buildings	78	38
Machinery and equipment	4 111	4 694
Other tangible assets	482	446
Total	**4 671**	**5 178**
Intangible assets		
Intangible rights	135	90
Total	**135**	**90**
Total depreciation and amortisation	**4 806**	**5 268**
Depreciation and amortisation by function		
Production	4 462	4 926
Sales	28	13
Administration	90	69
Research and Development	226	260
Total	**4 806**	**5 268**

Impairment losses

In the financial years 2007 and 2006 no impairment losses on property, plant and equipment and intangible assets were recognised in the Income Statement.

1 000 €	2007	2006
5. EMPLOYEE BENEFITS		
Wages and salaries	29 677	24 895
Pension expenses – defined contribution plans	920	835
Options settled in shares	176	0
Other social expenses	5 424	3 876
Total	**36 197**	**29 605**

Information on the employee benefits of the Group management is presented in the note 27 Related Party Transactions.

Information on the granted options is presented in the note 18 Share-based payments.

The average number of personnel in the Group during the financial year	2007	2006
Production	8 345	7 350
Sales	23	20
Administration	144	72
Research and Development	110	125
Total	**8 622**	**7 567**

1 000 €	2007	2006
6. FINANCE INCOME		
Interest income	70	38
Exchange gains	888	238
Total	**958**	**276**
Items above the operating profit include exchange gains EUR 6.3 million in 2007 (EUR 5.4 million in 2006).		
7. FINANCE EXPENSES		
Interest expenses	–2 980	–3 458
Exchange losses	–420	–661
Other finance expenses	–803	–428
Total	**–4 203**	**–4 547**
Items above the operating profit include exchange losses EUR 5.5 million in 2007 (EUR 4.7 million in 2006).		
8. INCOME TAXES		
Income taxes in Income Statement		
Current tax expense	–1 352	–290
Tax adjustments for prior years	70	8
Deferred tax expense	–2 999	–3 291
Total	**–4 281**	**–3 573**
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:		
Profit before tax	22 549	11 202
Income tax calculated using the parent company's tax rate (26%)	5 863	2 912
Effect of tax rate in foreign subsidiaries	–1 884	–970
Use of previously unrecognised tax losses	–558	–582
Effect of unrecognised tax losses utilised	899	2 078
Other items	–39	135
Income tax expense	**4 281**	**3 573**
9. EARNINGS PER SHARE		
The basic earnings per share is calculated as follows:		
Profit for the year attributable to equity holders of the parent / Weighted average number of ordinary shares outstanding during the financial year		
Information on the changes in the number of the shares is provided in the note 17 Capital and Reserves.		
Profit for the year attributable to equity holders of the parent	18 268 381	7 629 278
Weighted average number of ordinary shares outstanding during the financial year	38 975 190	37 808 067
Basic earnings per share (€/share)	0.47	0.20
Diluted earnings per share, EUR:		
Equity holders of the parent	18 268 381	
Weighted average number of ordinary shares outstanding during the financial year	38 975 190	
Dilution effect of option rights to the number of shares	82 629	
Diluted weighted average number of shares	39 057 819	
Diluted earnings per share (€/share)	0.47	
Information on the incentive program is presented in the note 18.		

1 000 €

10. PROPERTY, PLANT AND EQUIPMENT

	Land areas	Buildings*	Machinery and equipment	Other tangible assets	Advance payments	Total
Cost January 1, 2007	**20**	**3 362**	**51 342**	**6 870**	**997**	**62 591**
Additions		4 899	6 777	89	106	11 871
Disposals and transfers between classes			–7 486	–875	–979	–9 340
Exchange difference			–172	–222		–394
Cost December 31, 2007	**20**	**8 261**	**50 462**	**5 863**	**123**	**64 728**
Accumulated depreciations and impairments January 1, 2007		–2 502	–38 007	–1 944		–42 452
Depreciation charge for the year		–78	–4 111	–482		–4 671
Disposals and transfers between classes			6 993			6 993
Exchange difference			134	76		210
Accumulated depreciations and impairments December 31, 2007		**–2 580**	**–34 991**	**–2 350**		**–39 921**
Carrying amounts January 1, 2007	20	860	13 335	4 927	997	20 139
Carrying amounts December 31, 2007	20	5 681	15 470	3 513	123	24 808

	Land areas	Buildings*	Machinery and equipment	Other tangible assets	Advance payments	Total
Cost January 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 December 31, 2006	**20**	**3 362**	**51 342**	**6 870**	**997**	**62 591**
Accumulated depreciations and impairments January 1, 2007		–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 December 31, 2006		**–2 502**	**–38 007**	**–1 944**		**–42 452**
Carrying amounts January 1, 2006	20	898	11 617	4 322	219	17 075
Carrying amounts December 31, 2006	20	860	13 335	4 927	997	20 139

*The Group owns of 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 0.8 million December 31, 2007 (EUR 0.9 million December 31, 2006). 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 gain rentals for capital appreciation. The carrying amount of the property does not exceed its fair value at the end of year 2007.

1 000 €

11. INTANGIBLE ASSETS

	Goodwill	Intangible rights	Total
Cost at January 1, 2007	**66 412**	**1 858**	**68 270**
Additions		399	399
Disposals and transfers between classes		8	8
Exchange difference		–11	–11
Cost December 31, 2007	**66 412**	**2 238**	**68 650**
Accumulated amortisation and impairments January 1, 2007		**–1 629**	**–1 629**
Amortisation for the year		–135	–135
Exchange difference		7	7
Accumulated amortisation and impairments December 31, 2007		**–1 757**	**–1 757**
Carrying amounts January 1, 2007	66 412	229	66 642
Carrying amounts December 31, 2007	66 412	481	66 894

Cost at January 1, 2006	**66 412**	**1 847**	**68 259**
Additions		37	37
Exchange difference		–27	–27
Cost December 31, 2006	**66 412**	**1 858**	**68 270**
Accumulated amortisation and impairments January 1, 2006		**–1 445**	**–1 445**
Amortisation for the year		–90	–90
Exchange difference		–94	–94
Accumulated amortisation and impairments December 31, 2006		**–1 629**	**–1 629**
Carrying amounts January 1, 2006	66 412	296	66 709
Carrying amounts December 31, 2006	66 412	229	66 642

1 000 €

12. IMPAIRMENT TEST FOR THE CASH-GENERATING UNITS INCLUDING 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 Asia-Pasific. 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, 2007. The amount has not changed since the previous balance sheet date.

The assets of the cash-generating units December 31, 2007 were as follows:

	2007		2006	
	The assets on test	of which goodwill	The assets on test	of which goodwill
Finland	96 132	59 760	87 787	59 760
China	37 189	6 640	32 221	6 640
Total	**133 321**	**66 400**	**120 008**	**66 400**
Other Group assets	48 764		54 481	
Total	**182 085**		**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% 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; 10.4% in Europe and 13.3% 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 €

13. DEFERRED TAX ASSETS AND LIABILITIES

	Dec 31, 2006	Recognised in the income statement	Recognised in equity	Dec 31, 2007
Deferred tax assets and liabilities during 2007:				
Deferred tax assets:				
Effects of consolidation and eliminations	223	161		384
Tax losses carried forward	2 800	0	0	2 800
Total	**3 023**	**161**	0	**3 184**
Deferred tax liabilities:				
Taxable temporary differences	8 915	3 160		12 075
Total	**8 915**	**3 160**	0	**12 075**
Net deferred tax liability	**5 892**	**2 999**	**0**	**8 891**

	Dec 31, 2005	Recognised in the income statement	Recognised in 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	2 903		8 915
Taxes related to items recognised directly to equity	0	582	–582	0
Total	**6 012**	**3 485**	**–582**	**8 915**
Net deferred tax liability	**3 183**	**3 291**	**–582**	**5 892**

At December 31, 2007 the parent company had tax loss carry forwards totalling EUR 38.3 million (EUR 45.9 million in 2006). Additionally the parent company has postponed depreciations (in taxation) totalling EUR 13.6 million. Deferred tax assets have been recognised amounting to EUR 2.8 million due to uncertainty of utilisation of the tax loss carry forwards. These tax losses carry forwards expire in 2013–2015.

Deferred tax liabilities comprise mainly of 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 a deduction of equity and are included in the share issue.

1 000 €	2007	2006
14. INVENTORIES		
Raw materials and consumables	10 338	6 060
Finished products	13 776	15 858
Total	**24 114**	**21 918**

The carrying amount of the inventories was reduced by recognising an impairment loss amounting to EUR 2.2 million (EUR 1.5 million in 2006) to comply with the net realisable value of the inventories.

In 2007 or in 2006 the total value of inventories does not include reversals of previously recognised impairment losses.

1 000 €	2007	2006
15. TRADE AND OTHER CURRENT RECEIVABLES		
Trade receivables	42 710	48 817
Accrued income and deferred expenses	5 290	5 902
Other receivables	475	204
Total	**48 475**	**54 923**

During the current financial year the Group has written down receivables totalling EUR 0.1 million (EUR 0.2 million in 2006). In addition, a reversal of previous years write downs of receivables is totalling EUR 0.2 million. 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.

The material items included in accrued income and deferred expenses relate to advance payments paid to the subcontractors, EUR 0.8 million at the end of 2007 (EUR 1.9 million at the end of 2006). There are hedging instrument accruals EUR 0.4 million at the end of the financial year (EUR 0.1 million at the end of 2006). In addition accrued income and deferred expenses include a EUR 3.1 million deposit relating to taxation recognised in the Manaus company (EUR 2.9 million in 2006).

1 000 €	2007	2006
16. CASH AND CASH EQUIVALENTS		
Cash on hand and at bank	14 263	7 591
Short-term bank deposits (< 3 months)	348	254
Total	**14 611**	**7 845**
Cash and cash equivalents in the statement of cash flows are as follows:		
Cash on hand, at bank and short-term bank deposits	14 611	7 845
Total	**14 611**	**7 845**

1 000 €

17. CAPITAL AND RESERVES

	Number of shares (1 000 pcs)	Share capital	Share issue	Invested unrestricted equity	Premium fund	Total
December 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					0
Share issue	6 000	1 514			16 030	17 544
December 31, 2006	**38 975**	**9 833**	**0**		**22 035**	**31 868**
Transfer from premium fund to invested unrestricted equity				22 035	–22 035	0
December 31, 2007	**38 975**	**9 833**	**0**	**22 035**	**0**	**31 868**

According to the Salcomp Plc's Articles of Association, the company has one serie of shares. At December 31, 2007 the number of shares issued and fully paid was 38,975,190 pieces.

At December 31, 2007 the shares owned by the members of the Board, CEO and the Management team totalled 650,607 pieces (877,017 pieces at December 31, 2006). Additionally, stock options owned by related party totalled 265,000 pcs at year-end.

At the Annual General Meeting in March, the Articles of Association were amended so, that the share capital and the number of shares can be increased or decreased without amending the Articles of Association. This amendment has been registered to the Trade Register at April 23, 2007.

The Annual General Meeting authorized the Board of Directors to decide on offering a maximum of 8,000,000 new shares for subscription through a share issue pursuant to Chapter 9, Section 2 (2) of the Companies Act or by granting options (excluding personnel stock options) or other special rights entitling to shares referred to in Chapter 10 of the Companies Act. The Board has, based on the authorization, the right to deviate from the shareholders' pre-emptive right to subscribe new shares. The authorization is valid until 30 June 2008. This authorization has not been used.

Transfer of premium fund to invested unrestricted equity has taken place during the year according to Finnish Companies Act.

After the balance sheet date, the Board has decided to propose to the General Meeting of Shareholders a distribution of dividends for 2007 of EUR 0.15 per share.

	2007

18. SHARE-BASED PAYMENTS

During the financial year the Group established an incentive program to the Group key personnel. As stated in the terms of the incentive program, stock options are granted free of charge.

Incentive program is conditional. Basic terms of the program are presented below.

Program symbol	Option right 2007A
The nature of the incentive	Stock option
Grant date	May 2, 2007
Options granted during the year (pcs)	622 500
Original excercise price (€/option)	3.09
Dividend adjustment	0.06
Exercise price (€/option)	3.03
Share price at grant date	3.51
Number of personnel in option program (year end)	45
Vesting conditions	3 years' period of employment and at least 8% shareholder return per annum

Movements in the year

Outstanding at 1 January	0
Granted during the year	622 500
Forfeited during the year	–12 500
Excercised during the year	0
Expired during the year	0
Outstanding at 31 December	610 000
Excercisable at 31 December	0

The fair value has been determined using the Cox-Ross-Rubinstein binomial model. Expected volatility has been defined based on the historical share price development of the parent taken into consideration the remaining contractual life of the options. The fair value of the shares in option program has been based on the quoted share price.

Assumptions used in fair value calculation (option right 2007A):

Expected volatility	32%
Expected contractual life of the option at grant date	4.9 yrs
Risk-free interest rate	4.2%
Fullfillment of option conditions (share price + dividends)	3.89–4.54 €
Expected personnel deductions	9.4%
Fair value of the instrument at grant date	1.44 €

1 000 €	

19. PROVISIONS

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

January 1, 2007	**40**
Provisions made during the year	0
Provisions used during the year	0
Provisions reversed during the year	0
December 31, 2007	**40**
January 1, 2006	**40**
Provisions made during the year	0
Provisions used during the year	0
Provisions reversed during the year	0
December 31, 2006	**40**

1 000 €	2007	2006
20. INTEREST-BEARING LIABILITIES		
Non-current		
Loans from financial institutions	28 542	43 797
Total	**28 542**	**43 797**
Current		
Current portion of non-current loans from financial institutions	9 405	8 405
Total	**9 405**	**8 405**

The interest-bearing liabilities are carried at amortised cost. The liabilities are comprised of floating rate loans denominated in euro, linked to the 3 month euribor. The loans contains market-based financial and other covenants.

Group's floating rate loans

Group's interest-bearing liabilities with floating rates at contractual repricing periods:

	2007	2006
Below 6 months	4 750	3 750
6–12 months	4 750	4 750
1–5 years	28 890	44 500
over 5 years		
Total	**38 390**	**53 000**

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

	2007	2006
Bank loans	6.44%	5.91%
Other loans		6.96%
Bank overdrafts	6.44%	5.91%

1 000 €	2007	2006
21. TRADE AND OTHER CURRENT LIABILITIES		
Trade payables	52 104	50 745
Accrued personnel, social security and pension expenses	4 383	1 967
Accrued interest expenses and other financial items	6	11
Advances received	191	645
Other accrued expenses and deferred income	5 643	4 371
Other liabilities	1 055	2 612
Total	**63 382**	**60 351**
Main items in other accrued expenses and deferred income		
Tax and tax-related accruals	4 345	3 066
Accrued expenses (e.g. water, electricity and leases relating to properties)	851	938
Others	447	367
Total	**5 643**	**4 371**

22. MANAGEMENT OF FINANCIAL RISKS

In normal business activities, the Group is exposed to several financial risks. The Group's objective is to protect the company from changes occuring in the financial markets and thus to minimize the unfavorable effects on the Group's profit. The most significant financial risks are foreign exchange risks, interest rate risks, credit risks and liquidity risks. The general risk management principles are approved by the Board. The Group Treasury, together with the local companies, is responsible for the implementation in practice.

Group Treasury function is centralized to the parent company.

Foreign exchange risk

Group companies are exposed in their business to exchange rate risk as a varying part of their sales and purchases being denominated in foreign currencies. In addition, part of their sales and purchases are determined in currency other than the invoicing currency. The most important sale and purchase currency is USD. The Group's principle is to hedge the net position remaining after the integration of forecast income and expenses in USD. The target is to hedge 50–100% of the next six months forecast net position. Hedging is done with currency options and forwards.

The exchange rate risk related to subsidiaries' equity has not been hedged. Currency position is reviewed regurlarly, both currency- and company-wise.

Even though the derivatives, being the effective hedging instruments, fulfill the requirements of hedge effectiveness defined by the Group Risk Management, 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 recognised through profit or loss as they occur.

Below is presented the net position by currency relating to trade receivables, cash and cash equivalents and trade payables, taking into account the hedged amount of the currency.

1 000 €	USD	EUR	RMB	BRL	INR	HKD
2007						
Trade receivables	18 453	369	10 875	11 159	1 853	
Cash and cash equivalents	4 947	929	3 171	2 938	2 552	74
Trade payables	–17 258	–488	–13 548	–4 310	–1 329	–15 171
Hedging	–6 636					
Open net position	**–494**	**810**	**498**	**9 787**	**3 076**	**–15 097**
2006						
Trade receivables	31 447	551	12 971	3 848		
Cash and cash equivalents	5 032	754	1 466	261	294	33
Trade payables	–18 826	–783	–11 844	–1 259		–18 033
Hedging	–3 606					
Open net position	**14 047**	**522**	**2 593**	**2 850**	**294**	**–18 000**

Below is presented the effect of 10% change in currency rate to the Group's profit before taxes related to net currency position.

1 000 €	Change in currency, %	USD	RMB	BRL	INR	HKD
2007	**10**	**–55**	**55**	**1 087**	**342**	**–1 677**
	–10	45	–45	–890	–280	1 372
2006	**10**	**1 546**	**356**	**317**	**33**	**–2 000**
	–10	–1 265	–291	–259	–27	1 636

Interest rate risk

The Group's interest rate risk is mainly related to the floating rate loan portfolio. The Group's whole loan portfolio is tied to the 3 months euribor. Changes in the market rates have a direct impact on the Group's future interest rate cash flows. More than 50% of the loan portfolio is hedged against rise in market interest rates and both interest options and interest swaps have been used.

Even though the derivatives, being the effective hedging instruments, fulfill the requirements of hedge effectiveness defined by the Group Risk Management, 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 are recognized through the Income Statement as they occur.

The table below presents the effect of a one percentage point change in interest rate to the Group's profit before taxes related to the Group's loan portfolio with variable interest rate.

1 000 €	Change in interest rate, %	Effect to profit before taxes
2007	**1**	**–101**
	–1	172
2006	**1**	**–230**
	–1	305

The Group's loan portfolio is euro denominated.

Raw material price risk

The most important materials of components of the end products are plastic resin and copper. Generally the Group does not buy these raw materials directly. The short-term price risk related to these raw materials is hedged with fixed (on average 3 to 6 months) price contracts. The global market prices of the raw materials affect the Group's purchases prices for the long term. The Group does not use hedging instruments for hedging from long-term price risk.

Credit risk

Group policy determines the credit rating requirements of customers and counterparties of treasury transactions and derivative contracts. Products are sold only to companies with good credit worthiness. Customer receivables are followed regularly. The counterparties of the derivative contracts and treasury transactions have a good credit rating. The maximum amount on the Group's credit risk equals the carrying amount of the financial assets (note 15).

The tables below present the aging of trade receivables and their geographical distribution.

1 000 €	2007	2006
Aging of trade receivables		
Not past due	33 916	28 488
Past due less than 30 days	7 227	9 045
30–60 days	895	10 173
61–120 days	365	658
Over 120 days	307	453
Total	**42 710**	**48 817**
Geographical distribution		
Asia and Pacific Ocean area	21 725	27 197
Europe	5 678	14 341
North and South America	15 307	7 279
Total	**42 710**	**48 817**

The clientele is comprised of a few large groups, meaning that trade receivables have significant credit risk concentrations. These groups have good credit worthiness.

Liquidity risk

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

The table below presents the Group's payment obligations based on the undiscounted cash flows of the contracts.

1 000 €	2007	2008	2009	2010	2011	2012
2007						
Interest bearing liabilities		11 414	13 302	12 620	5 164	
Other liabilities		1 055				
Trade payables		52 104				
Total		**64 573**	**13 302**	**12 620**	**5 164**	
2006						
Interest bearing liabilities	11 224	11 431	13 549	10 980	12 878	1 159
Other liabilities	2 612					
Trade payables	50 745					
Total	**64 581**	**11 431**	**13 549**	**10 980**	**12 878**	**1 159**

23. 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 five years (last repayment in 2011). At the balance sheet date the interest rate 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.

The fair values of the financial assets and financial liabilities, which equal to their carrying amounts, are presented in the below table:

1 000 €	Note	2007		2006	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Trade and other receivables	15	43 185	43 185	49 021	49 021
Cash and cash equivalents	16	14 611	14 611	7 845	7 845
Interest derivatives	15	204	204	0	0
Currency derivatives	15	173	173	139	139
Financial liabilities					
Interest bearing liabilities	20	37 947	37 947	52 202	52 202
Trade and other payables	21	53 159	53 159	53 357	53 357
Interest derivatives	15	0	0	26	26

1 000 €	2007	2006
24. ADJUSTMENTS TO CASH FLOWS FROM THE OPERATING ACTIVITIES		
Non-cash transactions:		
Depreciation and amortisation	4 806	5 268
Recognition of option costs	176	0
Total	**4 982**	**5 268**

1 000 €	2007	2006
25. OPERATING LEASES		
Group as lessee		
Minimum lease payments on non-cancellable operating leases are payable as follows:		
Less than one year	2 358	1 511
Between one and five years	5 953	2 653
More than five years	0	1 127
Total	**8 311**	**5 291**

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 run for a period of 3–5 years with an option to renew the lease after that date.

EUR 2.2 million was recognised as lease expense in the income statement in respect of operating leases during the year ended December 31, 2007 (EUR 2.0 million in 2006).

1 000 €	2007	2006
26. COMMITMENTS AND CONTINGENCIES		
Collateral for own commitments		
Bank loans	38 390	53 000
Company mortgage	170 000	170 000
Other collateral for own commitments	209	254

27. RELATED PARTY TRANSACTIONS

Salcomp Group has related party relationships with the Board members, CEO and with the Management Team.
Management team consists of 7 persons and the CEO.

Companies owned by the Group and the parent company	Country	Group holding (%)	Group voting (%)
Parent Salcomp Plc, Salo	Finland		
Salcomp Manufacturing Oy, 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 Eletronica da Amazonia Ltda	Brazil	100.0	100.0
Salcomp Manufacturing India Private Ltd	India	100.0	100.0

During the financial period, Salcomp Plc has become a subsidiary of Nordstjernan AB. Salcomp Group has not had related party transactions with companies belonging to Nordstjernan group.

1 000 €	2007	2006
The Group has entered into related party transactions as follows:		
a) Related party ownership changes		
The number of the parent company's shares the current key management personnel have sold	69 896 pcs	448 833 pcs
The number of the parent company's shares the former key management personnel have sold	156 514 pcs	491 756 pcs
Related party ownership:		
Shares	650 607	877 017
Option rights	265 000	0
b) Related party compensations		
Salaries and other benefits	1 109	1 336
Post-employment benefits (cost according to the Finnish Employees' Pension Act)	244	400
Share-based payments	76	0
Total	**1 429**	**1 736**
Management remuneration		
Chairman of the Board Mats Heiman (from September 4, 2007)	10	0
Vice Chairman of the Board Kari Vuorialho (Chairman of the Board until September 4, 2007)	28	94
Members of the Board:		
Jorma Terentjeff (Vice Chairman until September 4, 2007)	23	25
Peter Hofvenstam (from September 4, 2007)	7	0
Andreas Tallberg	20	20
Panu Halonen (until September 4, 2007)	13	20
Timo Leinilä (until September 4, 2007)	13	20
Petri Myllyneva (until September 4, 2007)	13	20
CEOs:		
Mats Eriksson	78	278
Markku Hangasjärvi	203	30
Total	**408**	**507**

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.

28. CAPITAL MANAGEMENT

The target of the Group's capital management is to support the business by ensuring the normal operational preconditions, as well as to increase the shareholder value with an objective of the best possible return. The optimal capital structure ensures also lower amount of capital expenses.

Capital structure is influenced for instance through dividend distribution and share issues. Group can change or adjust the dividend distribution or the amount of returned equity to the shareholders. Additionally, the number of issued shares can be adjusted. Decisions can also be made on sales of assets to repay the liabilities.

Group capital structure development is monitored with key figures for example on Net Debt to EBITDA, which is also one of the covenants in the loan portfolio:

1 000 €	2007	2006
Interest bearing liabilities (gross)	38 390	53 000
Cash and cash equivalents	–14 611	–7 845
Net Debt	23 779	45 155
EBITDA	30 600	20 741
Net Debt to EBITDA	**0.8**	**2.2**
Gearing	34.0%	83.7%

29. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date no material events that would have effected the Financial Statements presented here have been noticed.

PARENT COMPANY INCOME STATEMENT

1 000 €	Note	2007	2006
Net sales	1	**164 252**	**182 138**
Cost of goods sold	3, 4	–139 520	–154 112
Gross margin		**24 732**	**28 026**
Sales expenses	3, 4	–1 621	–1 492
Administrative expenses	3, 4	–3 853	–6 209
Research and Development expenses	3, 4	–3 433	–3 767
Other operating income	2	234	235
Other operating expenses	2	–11 375	–11 391
Operating profit		**4 684**	**5 403**
Finance income and expenses	5	–3 093	–3 159
Profit before appropriations and taxes		**1 591**	**2 244**
Income taxes	6	0	0
Other direct taxes	6	0	9
Profit for the period		**1 591**	**2 252**

PARENT COMPANY BALANCE SHEET

1 000 €	Note	December 31, 2007	December 31, 2006
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7		
Intangible rights		52	50
Goodwill		20 880	32 256
Other capitalized long-term expenditure		210	241
		21 142	32 547
Tangible assets	8		
Land and water areas		20	20
Buildings and constructions		823	860
Machinery and equipment		2 094	3 148
Advances paid and assets under construction		0	119
		2 937	4 147
Investments	9		
Investments in Group companies		27 740	27 740
CURRENT ASSETS			
Inventories			
Finished goods		8 960	11 480
Receivables			
Non-current	10		
Prepaid expenses and accrued income		314	615
Current	11		
Trade receivables		18 155	31 092
Receivables from Group companies		32 177	13 239
Other receivables		454	191
Prepaid expenses and accrued income		1 648	2 417
		52 434	46 940
Cash in hand and at banks		**3 664**	**5 288**
Total assets		**117 191**	**128 758**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	12		
Share capital		9 833	9 833
Premium fund		0	23 691
Invested unrestricted equity		23 691	0
Profit (loss) from previous financial years		10 421	10 508
Profit (loss) for the period		1 591	2 252
		45 536	46 284
LIABILITIES			
Non-current	13		
Loans from financial institutions		28 890	44 500
Current	14		
Loans from financial institutions		9 500	8 500
Advances received		6	583
Trade payables		4 793	1 042
Payables to Group companies		26 700	26 236
Other payables		160	184
Accrued expenses and deferred income		1 606	1 429
		42 765	**37 974**
Total shareholders' equity and liabilities		**117 191**	**128 758**

PARENT COMPANY CASH FLOW STATEMENT

1 000 €	2007	2006
Cash flow from operating activities		
Profit before extraordinary items	1 591	2 244
Adjustments:		
Depreciation and amortisation according to plan	12 624	13 223
Finance income and expenses	3 093	3 159
Other adjustments	–70	–128
Cash flow before change in working capital	17 238	18 498
Change in working capital:		
Increase (–)/decrease (+) in current non-interest bearing receivables	3 272	–11 618
Increase (–)/decrease (+) in inventories	2 520	2 284
Increase (+)/decrease (–) in current non-interest-bearing payables	3 791	1 400
Cash flow from operating activities before financial items and taxes	26 821	10 564
Interests paid and other finance expenses	–5 028	–6 588
Interest income from operating activities	41	120
Cash flow before extraordinary items	21 834	4 096
Cash flow from operating activities	**21 834**	**4 096**
Cash flow from investing activities		
Investments in property, plant and equipment and intangible assets	–382	–1 429
Gains on disposal of property, plant and equipment and intangible assets	443	201
Loans granted	–7 900	–12 061
Investments in shares of subsidiaries	0	–1 658
Repayments of loan receivables	1 200	252
Interests of investments	130	0
Cash flow from investing activities	**–6 509**	**–14 695**
Cash flow from financing activities		
Paid share issue	0	19 200
Repayments of current loans	0	–60 615
Withdrawals of non-current loans	5 000	70 000
Repayment of non-current loans	–19 610	–17 000
Dividends paid	–2 339	0
Cash flow from financing activities	**–16 949**	**11 585**
Net change in cash and cash equivalents, increase (+)/decrease (–)	**–1 624**	**986**
Cash and cash equivalents at the beginning of the financial year	**5 288**	**4 302**
Cash and cash equivalents at the end of the financial year	**3 664**	**5 288**

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 comply with the Accounting Policies of the Group wherever possible. Below are presented the Accounting Policies which differ from the Group Accounting Policies. Otherwise the Group's Accounting policies are applied.

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 recognise amortisation of the goodwill.

Research and Development expenses

All research and development expenses are expensed as incurred.

Share-based incentive arrangement

The accounting treatment of Salcomp Plc's option program is described in the Salcomp Group's accounting principles. Salcomp Plc prepares its Financial Statements in accordance with FAS and thus no expense from the option program is recognised in the Salcomp Plc's Income Statement.

NOTES TO THE PARENT COMPANY INCOME STATEMENT

1 000 €	2007	2006
1. NET SALES BY MARKET AREA		
Europe	39 958	49 417
Asia and the Pacific	93 243	94 420
North America	23 313	31 344
South America	7 738	6 957
Total	**164 252**	**182 138**
2. OTHER OPERATING INCOME AND EXPENSES		
Other operating income		
Lease income	163	71
Gains from disposal of property, plant, equipment and intangible assets	70	128
Other income	1	35
Total	**234**	**235**
Other operating expenses		
Other expenses	0	7
Amortisation of goodwill	11 375	11 375
Losses from disposals of property, plant, equipment and intangible assets	0	8
Total	**11 375**	**11 391**
3. PERSONNEL EXPENSES AND THE AVERAGE NUMBER OF PERSONNEL		
Personnel expenses		
Wages and salaries	5 112	4 746
Pension expenses	850	835
Other indirect employee expenses	323	624
Total	**6 285**	**6 205**
Remuneration of Board members	127	203
The company has made no special pension arrangements.		
Average number of personnel during the financial year		
Production	10	10
Sales and marketing	11	12
Administration	13	13
Research and Development	33	30
Total	**67**	**65**

1 000 €	2007	2006
4. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES		
Depreciation and amortisation according to plan		
Intangible assets		
Intangible rights	15	22
Goodwill	11 375	11 375
Other capitalised long-term expenditure	48	41
Property, plant and equipment		
Buildings and constructions	37	41
Machinery and equipment	1 149	1 744
Total	**12 624**	**13 223**
Depreciation and amortisation by function		
Production	1 097	1 693
Research and Development	92	143
Sales and marketing	3	3
Administration	57	9
Total	**1 249**	**1 848**
5. FINANCE INCOME AND EXPENSES		
Income from other investments in non-current assets		
From Group companies	1	11
Income from other investments in non-current assets, total	**1**	**11**
Other interest and finance income		
From Group companies	1 153	501
From others	43	252
Other interest and finance income, total	**1 196**	**753**
Interest and other finance expenses		
From Group companies	452	0
To others	3 838	3 923
Interest and other finance expenses, total	**4 290**	**3 923**
Finance income and expenses, total	**–3 093**	**–3 159**
The item "Interest and financial income" includes exchange rate losses (net)	**55**	**170**
6. INCOME TAXES		
Income taxes from actual operations	0	0
Income taxes, total	**0**	**0**
OTHER DIRECT INCOME TAXES		
Other direct income taxes	0	–9
Other direct income taxes, total	**0**	**–9**

NOTES TO THE PARENT COMPANY BALANCE SHEET

1 000 €

7. INTANGIBLE ASSETS

	Intangible rights	Goodwill	Other long-term expenses	Total
Cost January 1, 2007	**1 474**	**114 347**	**895**	**116 716**
Increases	16	0	16	32
Decreases	0	0	–27	0
Cost December 31, 2007	**1 490**	**114 347**	**884**	**116 721**
Accumulated amortisation and impairment losses January 1, 2007	**1 424**	**82 091**	**654**	**84 169**
Accumulated depreciation on deductions			–27	
Amortisation for the year	14	11 375	48	11 437
Accumulated amortisation and impairment losses December 31, 2007	**1 438**	**93 466**	**675**	**95 579**
Carrying amounts December 31, 2007	52	20 881	209	21 142
Carrying amounts December 31, 2006	50	32 256	241	32 547

8. PROPERTY, PLANT AND EQUIPMENT

	Land areas	Buildings	Machinery and equipment	Advance payments	Total
Cost January 1, 2007	**20**	**3 362**	**32 123**	**119**	**35 624**
Increases	0	0	469	0	469
Decreases	0	0	–4 339	–119	–4 458
Cost December 31, 2007	**20**	**3 362**	**28 253**	**0**	**31 635**
Accumulated depreciation and impairment losses January 1, 2007	**0**	**2 501**	**28 974**	**0**	**31 475**
Disposals and transfers	0	0	–3 965	0	–3 965
Depreciation for the year	0	37	1 150	0	1 187
Accumulated depreciation and impairment losses December 31, 2007	**0**	**2 538**	**26 159**	**0**	**28 697**
Carrying amounts December 31, 2007	**20**	823	2 094	0	2 937
Carrying amounts December 31, 2006	**20**	860	3 148	119	4 147
Carrying amounts of the production machinery and equipment					
December 31, 2007			1 627		
December 31, 2006			2 922		

1 000 €	
9. INVESTMENTS	**Shares in Group companies**
Cost January 1, 2007	**27 740**
Increases	0
Cost December 31, 2007	**27 740**
Carrying amounts December 31, 2007	27 740
Carrying amounts December 31, 2006	27 740
Group companies	**Company's holding, %**
Salcomp Ltda, Brazil	99.8
Salcomp Manufacturing Oy, Finland	100.0

1 000 €	2007	2006
10. NON-CURRENT RECEIVABLES		
Prepaid expenses and accrued income from other Group companies	314	615
Non-current receivables, total	**314**	**615**
11. CURRENT RECEIVABLES		
Current receivables		
Trade receivables	18 155	31 092
Receivables from Group companies		
Trade receivables	10 706	661
Loans receivable	19 248	12 061
Prepaid expenses and accrued income	2 223	518
Total	**32 177**	**13 239**
Other receivables	454	191
Prepaid expenses and accrued income		
Advance payments	676	1 949
Derivative receivables	377	143
Others	595	325
Prepaid expenses and accrued income, total	**1 648**	**2 417**
Current receivables, total	**52 434**	**46 940**

1 000 €	2007	2006
12. SHAREHOLDERS' EQUITY		
RESTRICTED EQUITY		
Share capital January 1	9 833	8 285
Increase of share capital	0	1 548
Share capital December 31	**9 833**	**9 833**
Premium fund January 1	23 691	5 934
Transfer from premium fund to invested unrestricted equity August 6, 2007	–23 691	0
Issue premium	0	17 757
Premium fund December 31	**0**	**23 691**
UNRESTRICTED EQUITY		
Invested unrestricted equity January 1	0	
Increase in invested unrestricted equity August 6, 2007	23 691	
Invested unrestricted equity December 31	**23 691**	
Profit/loss from previous financial years January 1	12 760	10 508
Dividends paid	–2 339	0
Profit/loss from previous financial years December 31	**10 421**	**10 508**
Profit/loss for the year	**1 591**	**2 252**
Shareholder's equity, total	**45 536**	**46 284**
Distributable funds December 31		
Invested unrestricted equity	23 691	0
Retained earnings	10 421	10 508
Income for the financial year	1 591	2 252
Total	**35 703**	**12 760**

	2007		2006	
Breakdown of share capital by share series	**pcs**	**€**	**pcs**	**€**
Shares (1 vote/share)	38 975 190	9 832 735	38 975 190	9 832 735

1 000 €	2007	2006
13. NON-CURRENT LIABILITIES		
Non-current loans		
Loans from financial institutions	28 890	44 500
Total	**28 890**	**44 500**
Non-current liabilities, total	**28 890**	**44 500**
14. CURRENT LIABILITIES		
Current loans		
Loans from financial institutions	9 500	8 500
Advances received	6	583
Trade payables	4 793	1 042
Payables to Group companies		
Trade payables	26 700	26 236
Total	**26 700**	**26 236**
Other payables	160	184
Accrued expenses and deferred income	1 606	1 429
Current liabilities, total	**42 765**	**37 974**
Material items in accrued expenses and deferred income		
Wages and salaries including employer contributions to social security	1 521	1 279
Interests	6	11
Other	79	139
Total	**1 606**	**1 429**

1 000 €	2007	2006
15. COLLATERAL AND CONTINGENT LIABILITIES		
Mortgages given for own debt		
Loans from financial institutions	38 390	53 000
Corporate mortgages	100 000	100 000
Mortagaged subsidiary shares	27 487	27 487
Loan receivables from subsidiaries	6 800	8 000
Total of mortgages given	**134 287**	**135 487**
Other collateral given		
Other collateral for own commitments	209	254
Guarantees given on behalf of subsidiaries	1 157	1 291
Total of other collateral given	**1 366**	**1 545**
Contingent liabilities		
Amounts payable on leases		
Payable during the next financial year	515	242
Payable later	881	417
Total	**1 396**	**659**
Lease liabilities		
Payable during the next financial year	75	79
Total	**75**	**79**
Derivative contracts		
Nominal value of currency options	9 500	4 750
Market value of currency options	173	41
Nominal value of interest rate options	15 000	15 000
Market value of interest rate options	95	56
Nominal value of interest rate swap contracts	14 105	15 000
Market value of interest rate swap contracts	109	45

KEY FIGURES

	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
MEUR (Unless otherwise stated)					
Net sales	286.2	259.0	156.0	141.2	106.3
Change, %	10.5	66.0	10.5	32.8	–18.1
EBITDA	30.6	20.7	17.2	13.1	4.8
% of net sales	10.7	8.0	11.0	9.3	4.5
Operating profit/(loss)	25.8	15.5	12.5	7.9	–19.9
% of net sales	9.0	6.0	8.0	5.6	–18.7
Profit/(loss) before taxes	22.5	11.2	8.2	4.4	–23.5
% of net sales	7.9	4.3	5.3	3.1	–22.1
Profit/(loss) for the period	18.3	7.6	5.8	0.2	–25.1
% of net sales	6.4	2.9	3.7	0.2	–23.6
Capital expenditure	11.3	9.3	9.0	4.5	6.9
% of net sales	3.9	3.6	5.8	3.2	6.5
Research and Development costs	4.8	5.4	4.1	3.6	4.8
% of net sales	1.7	2.1	2.6	2.6	4.5
Average number of personnel during the financial year	8 622	7 567	5 612	4 091	2 454
Return on equity, %	30.0	18.8	23.3	1.0	–81.0
Return on capital employed, %	25.3	16.2	14.3	8.8	–18.7
Return on net assets (RONA), %	72.3	54.1	68.0	38.8	–48.3
Equity ratio, %	37.7	30.5	19.1	18.3	17.4
Gearing, %	34.0	83.7	194.6	282.2	347.4
Interest-bearing net debts	23.3	44.4	54.9	59.9	70.3
Shareholders' equity	68.6	53.0	28.2	21.2	20.2
Balance sheet total	182.0	174.5	148.0	116.2	116.6
Earnings per share, EUR	0.47	0.20	0.18	0.01	–0.83
Equity per share, EUR	1.76	1.36	0.86	0.65	0.68
Dividend per share, EUR	0.15*	0.06	0.00	0.00	0.00
Dividend per profit for the period, %	31.9*	30.7			
Effective dividend yield, %	3.8*	2.3			
Number of shares at the end of the period	38 975 190	38 975 190			
Average number of shares	38 975 190	37 808 067	32 839 450	32 660 610	30 286 730
Diluted weighted average number of shares	39 057 819				

** Board's proposal*

CALCULATION OF KEY FIGURES

Average personnel	Average of the number of personnel at end of each month
Return on equity (%)	$\frac{\text{Profit for the period}}{\text{Equity (on average)}} \times 100$
Return on capital employed (%)	$\frac{\text{Profit before taxes + interest charges and other financial costs}}{\text{Balance sheet total – non-interest-bearing debt (on average)}} \times 100$
Return on net assets (%)	$\frac{\text{Operating profit}}{\text{Property, plant, equipment and intangible assets – goodwill and deferred tax assets + inventory + receivables – current non-interest-bearing debt (on average)}} \times 100$
Equity ratio (%)	$\frac{\text{Equity}}{\text{Balance sheet total – received advance payments}} \times 100$
Gearing (%)	$\frac{\text{Interest-bearing debt – cash and cash equivalents}}{\text{Equity}} \times 100$
Earnings per share	$\frac{\text{Profit for the period}}{\text{Weighted average number of shares outstanding}}$
Equity per share	$\frac{\text{Equity}}{\text{Number of shares outstanding on 31 December}}$
Earnings per share, diluted	$\frac{\text{Profit for the period}}{\text{Weighted average number of shares outstanding, adjusted for the share issue}}$

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.–31.12.2007. 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

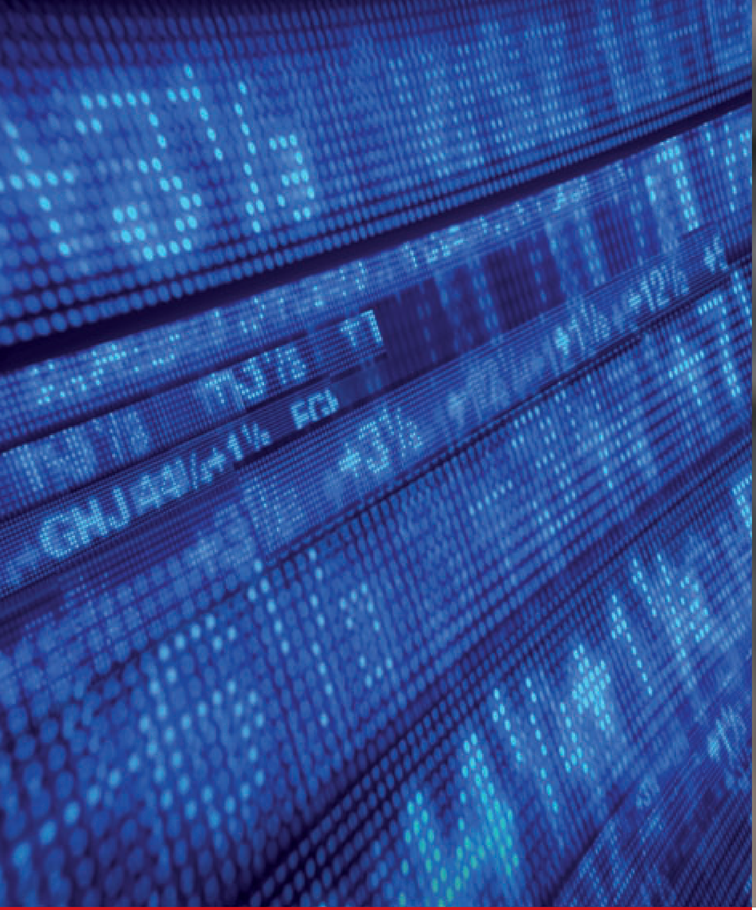
In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial 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, 7 February 2008
KPMG Oy Ab

Tapio Raappana
Authorized Public Accountant



GLOSSARY

BLUETOOTH
An open standard for wireless communications between devices at close range.

EMC
Electromagnetic Compatibility; it ensures that different manufacturers’ devices are compatible.

LINEAR CHARGER
A charger mainly for low-voltage use, for instance for cordless phones, power tools and outdoor electronic devices. In the future, linear chargers will be replaced by switch mode chargers.

ODM SOLUTIONS
ODM product platforms feature Salcomp-specified and developed chargers that can be customised to meet the customer’s particular needs and are developed together with the customer (Original Design Manufacturer).

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

OMTP
A forum created by Mobile Phone Manufacturers and Mobile Network Operators (Open Mobile Terminal Platform).

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.

rFR

Restriction of Flame Retardants.

RoHS

Restriction of the use of certain hazardous substances in electronic equipment.

STAND-BY CONSUMPTION

Energy consumed by the device in stand-by mode.

SWITCH MODE CHARGER

Technologically more advanced, small, fast and more environmentally-friendly chargers for mobile phones and other electronic devices (see linear charger).

USB

Universal Serial Bus is a serial bus architecture for the connection of peripherals to computers or other devices.

Design & production: Briiffi Ltd
Cover photo: Johanna Myllymäki, Fotonokka
Other photos: K. Karunakaran, Juha-Pekka Palmulaakso, Harri Pälviranta, José Carlos Miranda and Rauno Johansson
Printed in: Painoprisma Ltd
Most of the people in the pictures of this report are Salcomp's own employees.

INFORMATION FOR INVESTORS

BASIC SHARE INFORMATION

Listed on:	Nordic Exchange, Helsinki
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, 10 April 2008 at 4 p.m. at the Marina Congress Center, Katajanokanlaituri 6, Helsinki. The right to participate is held by all shareholders who by 31 March 2008 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 4 p.m. on 4 April 2008. Notifications to be received by telephone +358 40 810 5445, fax +358 201 875 450, email agm2008@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 0.15 per share.

Dividend ex-date	April 11, 2008
Dividend payment record date	April 15, 2008
Dividend payment	April 22, 2008

FINANCIAL REPORTING 2008

Financial Statements Release 2007	February 7, 2008
Annual Report 2007	wk 12/2008
Annual General Meeting of Shareholders	April 10, 2008
Interim Report for January–March 2008	May 8, 2008
Interim Report for January–June 2008	August 12, 2008
Interim Report for January–September 2008	October 31, 2008

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 varied 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 reviews. 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.

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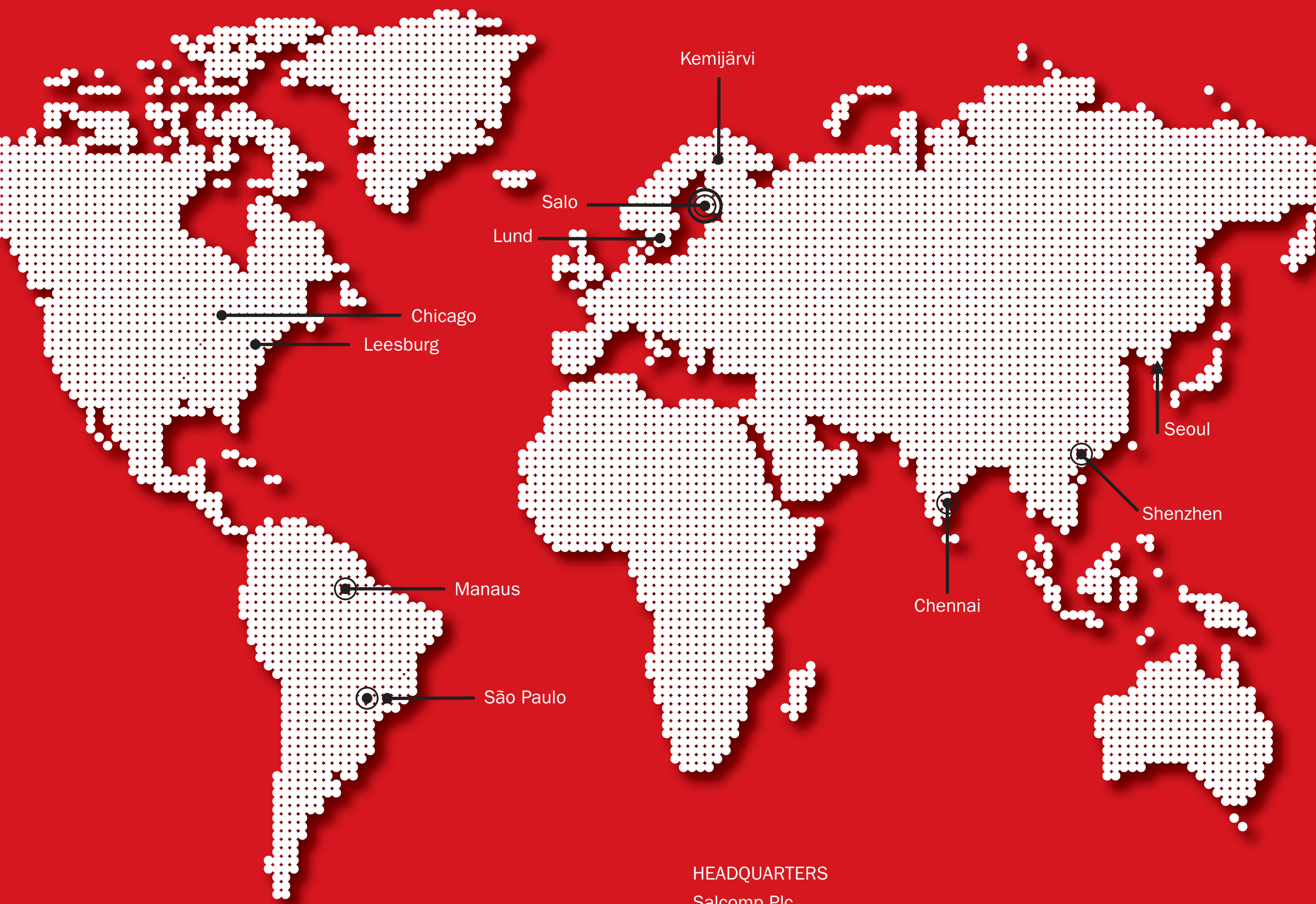
Salcomp

POWERING THE MOBILE WORLD



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Headquarters
Production
Sales office
Sales representative

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

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