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This Interim Statement is also published in German.

CEAG AG Interim Statement After Nine Months of 2007

General Economic Conditions

Despite the turbulence on the financial markets, which was triggered by the US subprime crisis, the global economy is still in good shape. Nevertheless, in October, the International Monetary Fund (IMF) lowered its expectation for global economic growth in 2008 from 5.2% to 4.8%, mainly because of the higher inflation risks posed by rising oil and food prices. It also revised its forecast for Germany and now expects GDP growth of around 2.0% in 2008 (previously: 2.4%). The German economy is therefore expected to grow at roughly the same pace as the eurozone as a whole (IMF forecast for 2008: 2.1%).

Conditions in the Industry

The global mobile telephone market – which is of key importance to CEAG's FRIWO Mobile Power (FMP) business unit – has maintained its growth course. In August, the market research institute Gartner Dataquest published a forecast which stated that the global mobile telephone market is set to grow by 14% in 2007 to 1.13 billion units (2006: 991 million units). As was previously the case, the Asia/Pacific region remains the main driver of this growth; Gartner Dataquest forecasts that this region will account for around 44% of the total market in 2011.

The various markets in which the FRIWO Power Solutions (FPS) business unit operates, such as IT and communications, household appliances and power tools, and industrial applications and medical technology, still have the potential to perform well.

Overall Assessment of the CEAG Group's Performance in the First Nine Months

In the first nine months of fiscal year 2007, CEAG AG, manufacturer of high-quality FRIWO brand power supplies and chargers, experienced different levels of performance in its FMP and FPS business units. While FPS continues along its path of solid growth, the revenues and earnings generated by FMP fell short of those achieved in the prior year. This decline is attributable to an intensification of competition and the unsatisfactory performance of some of FMP's key customers.

In the first nine months, the CEAG Group posted revenues of EUR 240.7 million (prior-year period: EUR 246.7 million) and earnings before interest and taxes (EBIT) of EUR 7.9 million (prior-year period: EUR 11.2 million).

Unit Sales

The Group sold 218.9 million units in the first nine months of 2007, 2.2% more than in the prior-year period (214.2 million units). 70.4 million power supplies and chargers were sold in the third quarter, a 15.4% decline on the 83.2 million units sold in the same period in 2006.

The FMP business unit, which focuses on the high-volume market for mobile telephone chargers, saw unit sales rise by a slight 1.4% to 197.1 million units after nine months. After the first half of the year, growth was still 13.0% higher than in the same prior-year period. As explained in previous quarterly statements, the slowdown in growth over the course of the year is mainly attributable to the phasing out of the production of linear devices in favor of more technically advanced switch mode products. While CEAG is the sole supplier to its biggest buyer of linear devices, customers tend to have more than one supplier of switch mode products.

The FPS business unit, which operates in different markets focused on applications such as household appliances, medical technology and power tools, continues to grow and sold 21.8 million power supplies and chargers from January to September, an increase of 10.2% on the same prior-year period (19.8 million units). In this regard, the mobile household appliance segment (e.g. power supplies and chargers for electric shavers) and the IT and communications segment (e.g. power supplies for modems and routers) performed especially well.

Compared to the first nine months of the prior fiscal year, unit sales of switch mode devices rose by 51% across the Group.

Revenues

At EUR 240.7 million, consolidated revenues in the first nine months were 2.5% lower than the level achieved in the same prior-year period (EUR 246.7 million). One of the key drivers of this decline was the appreciation of the euro against the US dollar, the currency in which CEAG issues most of its invoices. Net of currency effects, i.e. using the same exchange rate as in the prior year, revenues would have risen by 3.4%. Consolidated revenues reached EUR 76.6 million in the third quarter of 2007 (third quarter of 2006: EUR 92.2 million).

FMP reported revenues of EUR 177.4 million for the nine months, a decrease of 6.6% on the EUR 190.0 million generated in the same prior-year period. Net of currency effects, i.e. using the same exchange rate as in the prior year, revenues would have fallen by 0.8%. Furthermore, the crossover from linear to switch mode products, the sharp increase in competition being experienced by suppliers to mobile telephone manufacturers, and the unsatisfactory performance of some of FMP's key customers have all left their mark.

With nine-month revenues of EUR 63.3 million, FPS achieved growth of 11.6% on the same prior-year period (EUR 56.7 million). Net of currency effects, i.e. using the same exchange rate as in the prior year, revenues would have risen by 17.5%.

Earnings

For the first nine months of 2007, the Group reports EBIT of EUR 7.9 million. In the same period in the prior year, EBIT amounted to 11.2 million.

Despite the revenue decline and the ongoing negative impact of factors such as:

- increased price and competitive pressure being felt by FMP,
- the ongoing strength of the euro,
- persistently high raw material prices, and
- rising labor costs in FMP's Chinese plants,

CEAG still managed to generate EBIT of EUR 3.3 million in the third quarter. The effect of the negative factors mentioned above was offset somewhat by the positive impact of ongoing process optimization such as improved production workflows, material savings through intelligent product design, and improved procurement.

In the first nine months, FMP generated EBIT of EUR 5.9 million, a figure that is much lower than the EUR 10.6 million generated in the same prior-year period. FPS was able to significantly boost EBIT from EUR 2.6 million in the prior-year period to EUR 3.9 million. At -EUR 1.9 million, EBIT generated by the holding company improved slightly on the same prior-year period (-EUR 2.1 million).

In the first nine months, the Group generated a consolidated net profit of EUR 6.3 million euros, following EUR 9.1 million in the same period of the prior year (down 30.7%).

Net Assets and Financial Position as of September 30, 2007

The CEAG Group's balance sheet totaled EUR 125.7 million as of the end of September 2007, after EUR 131.4 million as of the end of December 2006. Equity rose by EUR 4.2 million to EUR 41.6 million year on year. The equity ratio improved to 33.1% (as of December 31, 2006: 28.5%).

In the first nine months, the Group generated cash flow of EUR 18.8 million from ordinary activities - a pleasing result. In addition to the earnings generated, this increase is also attributable to the considerable reduction in working capital and the launch of non-recourse factoring in Germany, which contributed EUR 3.2 million to cash flow.

Outlook for 2007 as a Whole

The Management Board expects the positive macroeconomic environment to continue as well as further growth in the mobile telephone market in 2007. However, CEAG is unlikely to be able to participate fully in this development and its share of the global charger market is therefore expected to decline. The reasons for this include the unsatisfactory performance of some of FMP's key customers and the continued intensification of competition, for example from the market entry of new suppliers and the discontinuation of linear device production, the volume of which cannot be fully replaced by devices that incorporate switch mode technology.

Furthermore, on the cost side, the Management Board does not foresee any short-term relief from key drivers (such as raw material prices) and expects the price and competitive pressure on FMP to increase further. Additional costs for airfreight and overtime are also expected in the fourth quarter due to the interruption of production caused by temporary strikes at the Chinese plants.

We expect the considerable growth in the FPS business unit to continue, which should have a positive effect on its result. However, the sustained positive development of FPS will only partly offset the additional charges incurred by FMP.

In view of these developments, the Management Board has reaffirmed the trends stated in the half-yearly financial report. As such, it does not expect the decline in earnings experienced in the first nine months to be reversed in the fourth quarter. Consolidated revenues and earnings in 2007 will fall short of the prior-year figures. These statements have been made on the assumption that no unforeseeable events with a significant effect on the CEAG Group occur.

Ostbevern, Germany, November 2007

CEAG AG
The Management Board

Key Figures for the CEAG Group (According to IFRSs)

		1-9/2007	1-9/2006	Change in %
Unit sales of power supplies and chargers	In millions of units	218.9	214.2	+ 2.2
Thereof FMP	In millions of units	197.1	194.4	+ 1.4
Thereof FPS	In millions of units	21.8	19.8	+ 10.2
CEAG revenues	EUR million	240.7	246.7	- 2.5
Thereof FMP revenues	EUR million	177.4	190.0	- 6.6
Thereof FPS revenues	EUR million	63.3	56.7	+ 11.6
CEAG EBIT	EUR million	7.9	11.2	- 28.9
EBIT margin	%	3.3	4.5	-
FMP EBIT	EUR million	5.9	10.6	- 44.3
FPS EBIT	EUR million	3.9	2.6	+ 47.7
Holding company EBIT	EUR million	- 1.9	- 2.1	- 9.2
Consolidated net profit	EUR million	6.3	9.1	- 30.7
Earnings per share	EUR	0.82	1.18	- 30.5
Capital expenditure	EUR million	3.3	9.2	- 63.8
Employees (as of September 30)	No.	16,552	22,595	- 26.7
Thereof in Germany	No.	272	269	+ 1.1
Thereof abroad	No.	16,280	22,326	-27.1