

## Cencorp Corporation Financial Statements for 1 January–31 December 2007

### Year 2007 for Cencorp Corporation

- Net sales was EUR 20.3 million (EUR 20.0 million).
- Operating loss (EBIT) totalled EUR -1.1 (-3.3 million).
- Net loss for the period was EUR -4.0 (-4.9) million.
- Equity ratio was 13.7% (4.9%).
- Cash flow after investments was positive and amounted to EUR 0.5 (-2.6) million.
- Research and development investments accounted for 4.4 % of net sales, amounting to EUR 0.9 million (2.6%, or EUR 0.5 million).

(The figures given for comparison are those for the corresponding period (restated) in the previous year unless otherwise stated.) The report has been prepared in accordance with IAS 34 standard.

### Group's key figures

(unaudited figures)

<b>Eur 1 000</b>	<b>1-12/2007</b>	<b>1-12/2006</b>	<b>Q4/2007</b>	<b>Q4/2006</b>
Net sales	<b>20 323</b>	19 974	<b>6 338</b>	4 218
Profit/loss before depreciations (EBITDA)	<b>-157</b>	-2 039	<b>694</b>	-420
% of net sales	<b>-0.8 %</b>	-10.2 %	<b>10.9 %</b>	-10.0 %
Operating profit/loss (EBIT)	<b>-1 050</b>	-3 348	<b>542</b>	-1 270
% of net sales	<b>-5.2 %</b>	-16.8 %	<b>8.6 %</b>	-30.1 %
Financial income and expenses	<b>-2 839</b>	-1 526	<b>-1 766</b>	-626
Profit/loss before taxes (EBT)	<b>-3 889</b>	-4 874	<b>-1 224</b>	-1 896
% of net sales	<b>-19.1 %</b>	-24.4 %	<b>-19.3 %</b>	-45.0 %
Net result for the period	<b>-3 963</b>	-4 899	<b>-1 328</b>	-1 901
R&D expenditure	<b>896</b>	512	<b>299</b>	83
% of net sales	<b>4.4 %</b>	2.6 %	<b>4.7 %</b>	2.0 %
Equity ratio, %	<b>13.7 %</b>	4.9 %	<b>13.7 %</b>	4.9 %
Net debt	<b>10 777</b>	13 673	<b>10 777</b>	13 673
Equity per share	<b>0.07</b>	0.02	<b>0.07</b>	0.02
Personnel, average	<b>134</b>	185	<b>133</b>	187
Personnel, at end of period	<b>133</b>	156	<b>133</b>	156
Earnings per share (diluted), EUR	<b>-0.12</b>	-0.14	<b>-0.04</b>	-0.06
Earnings per share (undiluted), EUR	<b>-0.11</b>	-0.15	<b>-0.04</b>	-0.06

## Net sales and earnings performance

CEO Jouni Suutarinen:

Cencorp achieved set targets for the last quarter. Net sales of Q4 2007 amounted to EUR 6.3 (4.2) million and operating profit (EBIT) totalled EUR 0.5 (-1.3) million. General efficiency improvements started in 2006 affected as planned in the last quarter. The net financial items of the last quarter included EUR 1.5 million one time booking based on IFRS-standard and was related to the amending the terms of Convertible Capital Notes 2006 in October 2007.

In November 2007 we introduced a new product platform named as Cencorp 1001. Deliveries of products based on this new platform are scheduled to start at the second quarter of 2008. During 2007 we got also several new customers and we started deliveries of several new products including: Cencorp MLT4 tester, Cencorp VIC 500 vision inspection machine as well Cencorp 500-SL-RF tester. We also introduced new lower cost versions of inline depanelling and odd-form placement machines called Cencorp 1000 VR and Cencorp 1000 OF Flex. It was especially delighted that we also delivered few odd-form placement machines to Finland. We also got first customers for our test applications outside telecom-sector.

Year 2007 was a challenging year, but second half of the year shows that our operations are developing to right direction. A new development project was started during the last quarter. Our aim is to further modify our processes as well products according to mass tailoring principles. Final target is improving our internal efficiency so that we are able to cut our current delivery times down to third part. Based on feedback this is exactly the direction that our customers are looking for us to go.

### January–December 2007

Net sales were EUR 20.3 (20.0) million, and operating loss (EBIT) improved substantially and was EUR -1.1 (-3.3) million. The Group's net financial items totalled EUR -2.8 (-1.5) million. The net financial items included EUR 1.5 million one time booking based on IFRS-standard and was related to the amending the terms of Convertible Capital Notes 2006 in October 2007. This one time item is based on IFRS standard (IFRS 2 and IAS 32) and accordingly the deferred negative impact on the consolidated income statement has been taken into account. This item originated in EUR 5.7 million Convertible Capital Notes 2006 where of worth EUR 3.0 million has been converted into Cencorp shares and the issue rate was EUR 0.35 per share. The original issue rate was EUR 0.70 per share. The difference of the original issue rate (0.70 per share) and the current issue rate (0.35 per share) had the negative impact on consolidated income statement of the fiscal year and amounted EUR 1.5 million. This one time deferred booking has its impact only on the consolidated income statement and will not have an effect on the shareholder's equity, equity ratio and not on the consolidated cash flow statement.

There is a potential risk of analogous one time negative impact on the consolidated income statement related to the remaining part of the Convertible Capital Notes 2006 (EUR 2.7 million). The potential risk is depending on the issue rate of the conversion

of that moment. If the issue rate is EUR 0.34 per share the negative impact of that period will be EUR 1.4 million and if issue rate will be higher the negative impact will be accordingly decreased and when achieving the level of EUR 0.70 per share there will be no influence on the consolidated income statement. The conversion rate of the loan is amended so that the conversion rate is equal to the average trading price of the shares of the Company during the 10 trading days prior to subscription of shares.

The result before taxes for the period totalled EUR -3.9 (-4.6) million and the net result was EUR -4.0 (-4.6) million, while diluted earnings per share were EUR -0.12 (-0.14).

The company's financial position improved significantly during the second half of the fiscal year due the better profitability and due to the direct share issue carried out during the second half of the year. In this share issue worth EUR 3.0 million of EUR 5.7 million Convertible Capital Notes 2006 has been converted into Cencorp shares. The issues were booked to the fund of invested non-restricted equity. The subscription price of the shares (EUR 1.4 million) improved considerably the liquidity of the group.

Cencorp Corporation's net sales came from one business segment: the automation and testing business. The laser business, which has been moved to Cencorp Corporation's subsidiary Singulase Corporation, did not generate any revenue in 2007, as the company still concentrated on product development. Product development has been delayed over one year due to factors outside the Group's control. The operating loss (EBIT) of the automation and testing business amounted to EUR -0.9 (-3.0) million, while earnings before taxes stood at EUR -3.8 (-4.5) million and the net loss for the period at EUR -3.8 (-4.5) million. Singulase Corporation, which started operations in May 2005, recorded an operating profit, profit before taxes and net loss for the period of EUR -0.2 (-0.3) million.

The geographical split of Cencorp's net sales for 2007 was as follows: Europe 54% (40 %), the Americas 17 % (33 %), and Asia and Australia 29 % (27%).

### October–December 2007

The net sales for October–December 2007 were EUR 6.3 (4.2) million and the operating profit (EBIT) was 8.6 % (-30.4 %) of the net sales being EUR 0.5 (-1.3) million. General efficiency improvements started in 2006 affected as planned in the last quarter. Profit for the period was EUR -1.3 (-1.9) million. The net financial items of the last quarter included EUR 1.5 million one time booking based on IFRS-standard and was related to the amending the terms of Convertible Capital Notes 2006 in October 2007. This one time item is based on IFRS standard (IFRS 2 and IAS 32) and accordingly the deferred negative impact on consolidated income statement has been taken into account.

## **Balance sheet and financing**

The balance sheet total at the end of the review period was EUR 17.5 (19.5) million. The company's cash flow after investments was positive EUR 0.5 million, while interest-bearing net liabilities at the end of the period totalled EUR 10.8 (13.7) million. Accounts receivable increased to EUR 6.4 (5.6) million, and inventories decreased to EUR 4.3 (5.2) million.

The company has adjusted the financial statements of year 2005 by writing off the booking of deferred tax assets amounting EUR 1.7 million. This item is not included in the reference data of the year 2006 and not in the balance sheet of the year 2007.

Non-interest-bearing liabilities amounted to EUR 3.7 (4.8) million and interest-bearing liabilities to EUR 11.0 (14.6) million. The equity ratio was 13.7 % (4.9 %). Gross investments totalled EUR 0.3 (0.4) million, or 1.3 % (2.2 %) of the period's net sales, and mainly targeted product development.

The EUR 3.5 million financing limits will mature on 30 April 2008, calling for reorganisation.

Singulase Ltd has a subordinated loan of EUR 1.0 million from the parent company. Its repayment depends on the success of laser business.

## **Events in the financial period**

Details about events in the financial period are available in Cencorp Corporation's stock exchange releases on Cencorp's website at [www.cencorp.com](http://www.cencorp.com).

### **The Board of Directors of Cencorp Corporation decided on financing arrangement and distribution of stock options**

Cencorp Corporation and Sampo Pankki Oyj agreed on EUR 1,500,000 financing arrangement. As part of the arrangement the board of Cencorp Corporation decided to issue 1,801,400 stock options to Sampo Pankki Oyj, on the basis of an authorization received at the Extraordinary General Meeting of Shareholders held on 8 September 2006. Stock options are marked by code 2007A and they entitle the holder to convert the stock options into 1,801,400 new shares. The subscription price is EUR 0.40. Share subscription period ends on September 9, 2011.

Furthermore, the Board of Directors of Cencorp Corporation approved the distribution of the stock options directed to the key personnel of Cencorp Corporation and to PMJ testline Oy, a wholly-owned subsidiary of the Company. The General Meeting of Shareholders of Cencorp Corporation decided on the issue of the stock options on 8 September 2006.

A total of 350,000 stock options 2006A, were distributed to the key personnel of Cencorp Corporation. The rest of the stock options were granted to PMJ testline Oy, to be further distributed to the present or future key personnel of the Group. The total number of Cencorp Corporation new shares that can be subscribed for with the stock options 2006 is 1,500,000. The share subscription period for stock options

2006A will be 1 April 2008—30 April 2010, for stock options 2006B 1 April 2009—30 April 2011 and for stock options 2006C 1 April 2010—30 April 2012.

The share subscription price for stock options 2006A is EUR 0.56/share, i.e. the trade volume weighted average quotation of the Cencorp Corporation share on the Helsinki Stock Exchange during 1 September—30 September 2006, for stock options 2006B the trade volume weighted average quotation of the Cencorp Corporation share on the Helsinki Stock Exchange during 1 July—31 August 2007, and for stock options 2006C the trade volume weighted average quotation of the Cencorp Corporation share on the Helsinki Stock Exchange during 1 April—31 May 2008. From the share subscription price of stock options will be deducted the amount of the dividend distributed annually.

A share ownership plan, in which the key personnel included in the stock option plan, are obliged to acquire the company's shares with 20% of the net income gained from the realized stock options, is incorporated to the stock options 2006. A key person must own the shares he/she has acquired as long as his/her employment or service in a corporation belonging to the Group continues.

### **Cencorp outsourced sales and after sales operations to Danutek in Hungary**

Cencorp Corporation and Hungarian based Danutek Kft. signed on March 28, 2007 a Representative Agreement over Cencorp products for sales, marketing and after sales in Hungary, Romania and Bulgaria. Four Hungarian employees of Cencorp were transferred to Danutek and two employee agreements were terminated. After April 1, 2007 Cencorp will not have any own employees in the territory.

The co-operation between Cencorp and Danutek aims to offer better after sales service to customers as well as acquire new customers amongst OEM manufacturers and contract manufacturers in the territory. Furthermore, the cooperation enables offering of larger equipment systems to customers.

The contract is in accordance with Cencorp strategy: Cencorp's sales resources are strengthened in strategic areas through cooperation with distributors up to the standards of Cencorp's customers. Danutek is a part of UK based Altus Group. Altus Group is Cencorp's distributor also in UK and Ireland.

### **New Vice President, Sales and Marketing**

M.Sc. Mr. Kimmo Akiander (B. 1969) has been nominated as Vice President, Sales and Marketing of Cencorp Corporation starting on April 10, 2007. Mr. Akiander reports to CEO Jouni Suutarinen. Mr. Kimmo Akiander has previously worked as Sales and Marketing Director in Business Unit Systems of Efore Oyj. Before Efore Oyj he worked as a Key account manager for Motorola in Ascom Energy Systems GmbH.

## **Auditor's Report of Cencorp Corporation**

The Board of Cencorp Corporation was informed on March 29, 2007 of auditor's report concerning the financial year January 1 – December 31, 2006. Auditor's report included following mentioning concerning financial situation of the company: "The liquidity of the group is stringent. There are EUR 4,2 million receivables from unprofitable subsidiaries in the balance sheet of the parent company. As mentioned in the report of Board of Directors, the repayment of these receivables depends on the profitable performance of the subsidiaries in the future. Additionally there is EUR 1,69 million deferred tax asset in the group balance sheet, the value of which depends on whether the parent company turns profitable within near future. If the parent company stays unprofitable, it may have to start proceedings according to Companies Act 20:23 § in order to reorganize its financial situation."

## **Decisions of The Annual General Meeting of Cencorp Corporation held on April 17, 2007**

The financial statements for the fiscal year 2006 were approved. In accordance with the Board's proposal, it was resolved that no dividend shall be paid for the fiscal year January 1 – December 31, 2006. Likewise, it was resolved that the net loss of the fiscal year 2006 will be entered in the retained earnings account. Release from liability for the fiscal year January 1 – December 31, 2006 was granted to the members of the parent company's Board and the CEOs employed by the company during the fiscal year. The Annual General Meeting passed a resolution to elect three members to the Board. The previous members elected to the Board were Mr. Jorma Kielesseniva, Mr. Markku Jokela and Mr. Sauli Kiuru. At the Board's organization meeting that was held after the Annual General Meeting, Jorma Kielesseniva was elected Chairman of the Board and Markku Jokela Vice Chairman of the Board. Cencorp's Vice President, Legal Affairs Mr. Ville Parpola continues as the secretary of the board. Jorma Kielesseniva and Markku Jokela were elected as members of the Nomination and Compensation Committee. Mr Jorma Kielesseniva was elected as the Chairman of the Nomination and Compensation Committee. Tilintarkastus Tuokko Oy was elected as the Company's auditor, with Authorised Public Accountant Timo Tuokko to be the primarily responsible auditor.

In accordance with the Board's proposal, it was resolved that Articles of Association of the company will be changed as follows:

- Sections 3, 4 and 13 concerning share capital of the company, number of shares and voting rights attached to the shares were wholly or partly removed as redundant.
- Sections 8 and 9 concerning the right to sign for the company were amended to correspond to the wording of the Companies Act.
- Section 11 concerning the notice of a General Meeting was amended to the effect that the notices can be delivered not earlier than three months prior to the General Meeting instead of the current two months.
- The list of matters to be considered at the Annual General Meeting of Shareholders was amended to correspond to the amended legislation.
- The reference concerning the date of registration in section regarding the Bookentry System was removed as redundant.
- Section concerning record date procedure was removed as redundant.

- The numbering of the sections in the Articles of Association was amended correspondingly due to the above amendments.

In accordance with the Board's proposal, it was resolved that the Board of Directors of the company is authorized to resolve on the issuance of shares and stock options and other special rights entitling to shares subject to chapter 10, section 1 of the Companies Act as follows. The aggregate number of shares issued on the basis of the authorization may not exceed 10,000,000 shares. The Board of Directors is authorized to resolve on all the terms and conditions concerning the issue of shares and stock options and other special rights entitling to shares. Issuance of shares and other special rights entitling to shares can be carried out as a directed issue. Authorization is valid until further notice, however not more than five years from the decision by the Annual General Meeting of Shareholders.

### **Cencorp Corporation's interim financial statements based on companies act 20:23**

Cencorp Corporation published on June 29, 2007 interim financial statements January 1, 2007 – March 31, 2007 and report of the Board based on companies act 20:23§.

### **Decissions of Cencorp Corporation's extraordinary general meeting**

Extraordinary general meeting of Cencorp Corporation, held on September 27, 2007, decided issues related to strengthening of working capital and shareholders equity of the company Extraordinary general meeting decided as proposed by the Board of Directors that the Company offers for subscription minimum of 2,000,000 and maximum of 4,000,000 new shares in deviation of the shareholders' pre-emptive subscription right to the members of the Board of Directors and the Management Group of the Company. The subscription price of each new share is EUR 0.34. The subscription price of the shares is recorded entirely to the fund of invested non-restricted equity. Extraordinary general meeting decided as proposed by the Board of Directors that the terms and conditions of the loan are amended as follows: (i) The conversion rate of the loan is amended so that the conversion rate is equal to the average trading price of the shares of the Company during the 10 trading days prior to subscription of shares. The minimum conversion rate is EUR 0.34 and the maximum conversion rate is EUR 0.70. If all holders of the loan exercise their right to subscribe the shares in full, the number of shares in the Company is increased by minimum of 8.198.582 shares and maximum of 16.879.433 shares. (ii) The subscription price of the shares is recorded entirely to the fund of invested nonrestricted equity.

### **Underwritings**

Conditional underwritings of the members of Board of Directors and Group Management

Team of Cencorp Corporation came into effect towards subscribers when extraordinary

general meeting decided to arrange the directed share issue. Amount of underwritings

corresponded to the maximum amount of the share issue that is 1,360,000 euros. Conditional underwritings based on the convertible capital notes of Keskinäinen työeläkevakuutusyhtiö Varma, Etra Invest Oy, FT Capital Oy and Mr. Markku Jokela came into effect towards subscribers when extraordinary general meeting decided to change the terms of the convertible capital notes. Conversion rate of the loan was 0.35 euros.

### **New Vice President, Operations**

Mr. Sami Lahokoski (age 34) was nominated as Vice President, Operations of Cencorp Corporation and as member of the group executive management team. He started his duties on December 1, 2007. Mr. Lahokoski has worked in Cencorp Corporation since year 2000 in various positions for example as manager responsible of customer projects and as manager responsible for purchasing operation. Mr. Lahokoski reports to CEO Jouni Suutarinen.

### **Increase to share amount**

Extraordinary general meeting, held on September 27, 2007 decided to arrange the directed share issue. 4,000,000 new shares subscribed in the directed share issue and 8,714,284 new shares subscribed on the basis of the convertible capital notes 2006 were recorded in the Trade Register on 25.10.2007. The new shares carry shareholders' rights from the date of registration and they were combined with the company's existing shares in The Nordic Exchange on 26.10.2007.

Share amount of Cencorp Corporation will increase by altogether 12,714,284 shares, from 34,250,591 shares to 46,964,875 shares. The subscription price of the shares will be recorded entirely to the fund of invested non-restricted equity.

### **Cencorp Corporation received an order worth of 1.6 million euros**

Cencorp Corporation informed on December 14, 2008 that it supplies production automation equipment to an European based industrial electronics company. The value of the deal amounts to 1.6 million euros. Supply will be mainly delivered during first half of the year 2008

### **Changes in group structure**

Kiinteistö Oy Salon Ratakatu 10, a real estate company owned by Cencorp Corporation, sold its factory hall and the related land lease agreement in December 2006. Since the real estate company's sole purpose was to administer the property traded, the company was decided to be dissolved through liquidation. Extraordinary general meeting accepted liquidator's final account on December 27, 2007 and company was liquidated.

## **Research and development**

### **New product releases**

During 2007 Cencorp started deliveries of Cencorp MLT-4- test products, VIC 500-machine vision systems and Cencorp 500 SL-RF, which is targeted for radio frequency testing applications. New version of laser marker was also introduced. Cencorp also introduced new lower cost machines Cencorp 1000 VR for PCB-depanelling and Cencorp 1000 OF Flex for odd-form component placement.

During 2007 we also developed a new PCB-laser cutting process in co-operation with Finnish research institute. First prototype of the machine was introduced in November 2007. We also continued co-development project of unleaded laser-soldering process machine with Phillips Lighting systems.

### **Improved modularity into production**

Cencorp introduced a new lower cost, but highly capable platform called Cencorp 1001 at Productronica exhibition in November 2007.

Platform has been designed with new strategy to minimize amount of components needed as well enable short assembly times. Deliveries of products based on this new platform are scheduled to start from Q2 2008.

In 2007 Cencorp's research and development expenses were 4.4 % of net sales, or EUR 0.9 million (EUR 0.5 million, or 2.6%).

## **Board, management and personnel**

At the end of the period, Cencorp Corporation's Board of Directors consisted of Mr Jorma Kielenniva, Chairman, LL.M. with court training, Mr Markku Jokela, Deputy Chairman, B.Sc. (Eng) and Sauli Kiuru, member, M.Sc. (Econ). The company's management team comprised Jouni Suutarinen (CEO), Jarmo Kanervo (finance and administration), Ville Parpola (legal affairs), Kimmo Akiander (sales and marketing), Sami Lahokoski (production), Hannu Seppälä (testing business) and Pekka Kettunen (product development).

Cencorp employed an average of 134 (185) people in 2007. The payroll at the end of the period totalled 133 (157) employees: 115 (113), or 86 % (72%), in Finland and 18 (43), or 14 % (28%), abroad.

## **Share performance and changes in ownership**

On 31 December 2007, the share capital of Cencorp Corporation was EUR 3,425,059.10 and the number of shares 46,964,875.

A total of 15,224,169 of the company's shares were traded on the Helsinki Stock Exchange during the review period, amounting to a value of EUR 5.3 million (2006:

25,765,595 and EUR 20.9 million). The highest share price in the period was EUR 0.46 and the lowest EUR 0.22. The period's average share price was EUR 0.35 and the price on the last trading day of the period (28 December 2007) was EUR 0.24. The market value of the company's share capital was EUR 11.3 million at the end of the year.

The company had a total of 5,425 shareholders at the end of the period. The ten biggest shareholders held a total of 58.7 per cent of the company's shares and votes on 31 December 2007. The company's largest shareholder is Markku Jokela, the founder of the company, former CEO and current Deputy Chairman of the Board, who holds 17.9 per cent of the company's shares and voting rights. The members of the company's Board of Directors held, either directly or through companies controlled by them, a total of 14,344,255 shares on 31 December 2007, representing 30,5 per cent of the company's shares and voting rights. CEO Jouni Suutarinen owned 300 shares at the end of the year. Shares owned by foreign shareholders on 31 December 2006 totalled 375,843, representing 0,8 per cent of all shares and voting rights. Cencorp Corporation did not own any of its own shares at the end of the year.

## **Notifications pursuant to chapter 2, section 9, of the securities market act**

Notifications pursuant to chapter 2, section 9, of the Securities Market Act are available in Cencorp Corporation's stock exchange releases on the Cencorp website at [www.cencorp.com](http://www.cencorp.com).

## **Events after the financial period**

Details about events after the financial period are available in Cencorp Corporation's stock exchange releases on Cencorp's website at [www.cencorp.com](http://www.cencorp.com)

## **Cencorp Corporation writes down deferred tax assets**

Consolidated financial statements of Cencorp Corporation per December 31, 2005 included deferred tax assets worth of 1.690 million euros. Deferred tax assets were also noticed in the interim reports April 27, 2006, August 17, 2006, October 19, 2006 and in the consolidated financial statements December 31, 2006 and in the interim reports May 10, 2007, August 21, 2007 and November 6, 2007. Company has reappraised booking principles based on IAS 12.34 - 36 and IAS 12.56 of deferred tax assets. Furthermore, as part of an internal evaluation process related to the preparation of financial statements January 1- December 31, 2007 company has discussed with the Finnish Financial Supervision Authority concerning interpretation of IFRS standards. Based on the above referred, the Board of Directors of Cencorp Corporation have decided to adjust reference data concerning booking of deferred tax assets of years 2005 and 2006 according to IAS 8 in financial statements 2007. Corresponding adjustment concerning reference data will be included also to the interim reports dated on April 27, 2006, August 17, 2006, October 19, 2006, May 10, 2007, August 21, 2007 and November 6, 2007 (look more closely reference data table in annex 1). Figures are not audited. Based on concluded adjustment, the deferred tax

assets will not be included anymore in the financial statements January 1- December 31, 2007. Adjustment affects to the equity of the consolidated Cencorp Corporation but not to the equity of the parent company, so it is not relevant when calculating the equity ratio of Cencorp Corporation.

## **Business environment, customers and outlook for the future**

### **Industry and Cencorp outlook for the year 2008**

According to the different sources, market situation in electronic industry is expected to maintain rather stable during 2008 despite uncertainties in global markets.

According to leading companies, mobile device markets are expected to grow over 10% during 2008, primarily due to positive development of emerging markets. Despite relatively low labour costs in emerging markets, demand for automatization have been increased due to global standardization of manufacturing processes. Cencorp targets to extent product offering for these markets by introducing several new products based on new low cost Cencorp 1001 platform.

### **Laser-business and semiconductor industry**

Development of fiber-laser technology has been far slower than we generally expected and we have been forced to extent our development project up to end of second quarter during 2008. During first half of the year we will strengthen our organization for laser-applications sales and development. Semiconductor equipment markets are expected to grow rather rapidly especially within certain product areas. Market Institute Yole Development estimates that equipment market for silicon based solar cells, 3D-microchips and MEMS-products will grow from year 2005 approximately 1 billion dollars up to 4 billion dollars by 2012.

### **Future risks and factors of uncertainties**

Most significant risks from Cencorp business perspective are related to general global market situation as well fast changing fluctuations in the demand, especially in the electronics industry.

## **Board's proposal for the appropriation of profit**

Cencorp Corporation's Board of Directors proposes to the Annual General Meeting to be held on 17 April 2008 that the net loss for the review period ended on 31 December 2007 be entered in the retained earnings and that no dividend be paid.

### **Annual general meeting**

Cencorp Corporation's Annual General Meeting will be held in the company's headquarters in Lohja on 17 April 2008 at 2:00 pm. A call to the meeting will be published later.

## **Financial reporting in 2008**

Cencorp will publish an electronic Annual Report 31 March, 2008 on the company's website at [www.cencorp.com](http://www.cencorp.com). The Annual Report will be published in both Finnish and English on the site.

In 2008 Cencorp Corporation will publish its financial information in Finnish and English according to the following schedule:

Interim Report Q1/2008, Tuesday 13 May 2008

Interim Report Q2/2008, Thursday 21 August 2008

Interim Report Q3/2008, Thursday 6 November 2008

## **Invitation to Cencorp's financial statements release for analysts, investors and media**

Cencorp Corporation will present its financial statements 2007 to analysts, investors and the media on February 28th 2008 at 02.00 p.m. in the Restaurant Savoy at Eteläesplanadi 14, 00130 Helsinki

Virkkala, Finland, 28 February 2008

Cencorp Corporation

Board of Directors

## CONSOLIDATED INCOME STATEMENT

(unaudited figures)  
EUR 1 000

	10-12/2007	10-12/2006	1-12/2007	1-12/2006
<b>Net sales</b>	<b>6 338</b>	4 218	<b>20 323</b>	19 974
Other operating income	236	265	421	446
Expenses, total	<b>-5 880</b>	-5 328	<b>-20 901</b>	-22 459
Depreciations and write-downs	<b>-152</b>	-425	<b>-893</b>	-1 309
<b>Operating result</b>	<b>542</b>	-1 270	<b>-1 050</b>	-3 348
Financial income and expenses	<b>-1 766</b>	-626	<b>-2 839</b>	-1 526
<b>Result before taxes</b>	<b>-1 224</b>	-1 896	<b>-3 889</b>	-4 874
Income taxes	<b>-104</b>	-5	<b>-74</b>	-25
<b>Consolidated net result</b>	<b>-1 328</b>	-1 901	<b>-3 963</b>	-4 899

## CONSOLIDATED BALANCE SHEET

(unaudited)  
EUR 1 000

	31.12.2007	31.12.2006
<b>ASSETS</b>		
<b>Long-term assets</b>		
Tangible assets	1 622	1 778
Investment property	334	343
Goodwill	2 028	2 028
Other intangible assets	430	1 016
Incomplete product development projects	1 340	1 199
Deferred tax asset	23	33
Available-for-sale investments	17	17
	<b>5 794</b>	6 414
<b>Short-term assets</b>		
Inventories	4 298	5 188
Accounts receivable	6 388	5 589
Other short-term assets	744	1 323
Cash and bank receivables	253	937
	<b>11 683</b>	13 037
<b>Total assets</b>	<b>17 477</b>	19 451
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity</b>		
Share capital	3 425	3 425
Other equity fund	8 842	4 432
Fair value fund		
Non-restricted equity	<b>-9 883</b>	<b>-5 224</b>
<b>Total shareholders' equity</b>	<b>2 384</b>	2 633
<b>Long-term liabilities</b>		
Long-term loans	7 078	10 356
Deferred tax liability	303	361
<b>Total long-term liabilities</b>	<b>7 381</b>	10 717
<b>Short-term liabilities</b>		
Accounts payable and other liabilities	3 724	4 450
Short-term loans	2 219	1 394
Long-term loans shortening	1 564	1 824
Tax liabilities	13	25
Short-term reserves	192	98
<b>Total short-term reserves</b>	<b>7 712</b>	7 791
<b>Total liabilities</b>	<b>15 093</b>	18 508
<b>Total liabilities and shareholders' equity</b>	<b>17 477</b>	21 141

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 1.1. - 31.12.2007

(unaudited figures)

EUR 1 000	Share capital	Other restricted equity	Translation difference	Fund of invested non-restricted equity	Retained earnings	Total
<b>Shareholders' equity 31.12.2006</b>	3 425	4 432	-3 254		-1 970	2 633
Translation difference			-2 101		2 107	6
Directed share issue				4 410		4 410
IAS12					-202	-202
Correction of the translation difference related to loan receivables IAS39			5 361		-5 361	0
Net result					-3 963	-3 963
<b>Shareholders' equity 31.12.2007</b>	3 425	4 432	6	4 410	-9 889	2 384

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 1.1. - 31.12.2006

(unaudited figures)

EUR 1 000	Share capital	Other restricted equity	Translation difference	Fund of invested non-restricted equity	Retained earnings	Total
<b>Shareholders' equity 31.12.2005</b>	3 125	4 158	-3 362		2 942	6 863
IAS40		441 -167			-441	-167
Translation difference			200			200
Directed share issue	300					300
IAS12					-282	-282
IAS39					608	608
Net result					-4 889	-4 889
<b>Shareholders' equity 31.12.2006</b>	3 425	4 432	-3 162	0	-2 062	2 633

### Accounting Principles for the Report:

The same accounting policies and methods of computation are followed in the financial statements as compared with the financial statements on 31st of March 2007.

### Explanatory comments about the seasonality or cyclicity of operations:

The company operates in business areas which are subject to seasonal fluctuations.

## CONSOLIDATED CASH FLOW STATEMENT

(unaudited figures)

EUR 1 000	1-12/2007	1-12/2006
Cash flow from operations	753	-2 908
Cash flow into and from investments	-261	332
Financial cash flow	<b>-1 192</b>	3 187

## GROUP KEY FIGURES

(unaudited figures)

EUR 1 000	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Net sales	<b>6 338</b>	4 218	<b>20 323</b>	19 974
Operating result	<b>542</b>	-1 270	<b>-1 050</b>	-3 348
% of net sales	<b>8.6 %</b>	-30.1 %	<b>-5.2 %</b>	-16.8 %
Result before extraordinary items and taxes	<b>-1 224</b>	-1 896	<b>-3 889</b>	-4 874
% of net sales	<b>-19.3 %</b>	-45.0 %	<b>-19.1 %</b>	-24.4 %
Total assets	<b>17 477</b>	19 451	<b>17 477</b>	19 451
Return on equity (ROE), %	-	-	<b>-238.2 %</b>	-160.2 %
Return on investment (ROI), %	-	-	<b>-7.2 %</b>	-20.1 %
Equity ratio, %	<b>13.7 %</b>	4.9 %	<b>13.7 %</b>	4.9 %
Gearing ratio, %	<b>452.1 %</b>	1306.8 %	<b>452.1 %</b>	1306.8 %
Gross investments	<b>125</b>	203	<b>261</b>	436
% of net sales	<b>2.0 %</b>	4.8 %	<b>1.3 %</b>	2.2 %
R&D expenditure	<b>299</b>	83	<b>896</b>	512
% of net sales	<b>4.7 %</b>	2.0 %	<b>4.4 %</b>	2.6 %
Personnel, average	<b>133</b>	187	<b>134</b>	185
Personnel, at end of period	<b>133</b>	156	<b>133</b>	156
Non-interest bearing liabilities	<b>3 737</b>	4 835	<b>3 737</b>	4 835
Interest bearing liabilities	<b>11 030</b>	14 610	<b>11 030</b>	14 610
<b>Per-share key figures:</b>				
Number of shares at end of period	<b>46 694 875</b>	34 250 591	<b>46 694 875</b>	34 250 591
Average number of shares at end of period	<b>43 509 907</b>	34 250 591	<b>36 584 446</b>	33 196 044
Average number of shares diluted for stock options	<b>30 943 321</b>	29 316 611	<b>42 237 619</b>	34 513 135
Earnings per share, EUR/share (diluted)	<b>-0.04</b>	-0.06	<b>-0.12</b>	-0.14
Earnings per share, EUR/share (undiluted)	<b>-0.04</b>	-0.06	<b>-0.11</b>	-0.15
Equity per share, EUR	<b>0.07</b>	0.02	<b>0.07</b>	0.02
P/E ratio, (diluted)	<b>-5.6</b>	-6.8	<b>-2.6</b>	-3.1
P/E ratio, (undiluted)	<b>-6.6</b>	-7.7	<b>-2.2</b>	-2.9
<b>Share price trend:</b>				
High, euros	<b>0.38</b>	0.62	<b>0.46</b>	1.33
Low, euros	<b>0.22</b>	0.42	<b>0.22</b>	0.42
Average, euros	<b>0.28</b>	0.50	<b>0.35</b>	0.81
Price at end of period, euros	<b>0.24</b>	0.44	<b>0.24</b>	0.44
<b>Market capitalization at end of period, EUR millions</b>	<b>11</b>	15	<b>11</b>	15
<b>Share turnover trend:</b>				
Share issue-adjusted turnover	-	-	<b>15 224 169</b>	25 765 595
Proportion of weighted average of shares	-	-	<b>41.6 %</b>	77.6 %

## CALCULATION OF KEY FIGURES

Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} \times 100}{\text{Balance sheet total} - \text{advances received}}$
Net gearing, %	$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents and marketable securities} \times 100}{\text{Shareholders' equity} + \text{minority interest}}$
Earnings per share (EPS)	$\frac{\text{Profit before extraordinary items} +/- \text{minority interest of profit/loss for the period} - \text{taxes}}{\text{Number of shares adjusted for share issue (average)}}$
Equity per share	$\frac{\text{Shareholders' equity}}{\text{Number of shares adjusted for share issue at the end of the financial year}}$

## CONTINGENT LIABILITIES

(unaudited figures)

EUR 1 000	31.12.2007	31.12.2006
<b>Loans from financial institutions</b>	<b>9 810</b>	13 069
Corporate mortgages granted	12 687	12 687
Real-estate mortgages granted	0	0
<b>Other loans</b>	<b>1 220</b>	1 541
Real-estate mortgages granted	0	0
<b>Used bank guarantee facility</b>	<b>0</b>	151
Real-estate mortgages granted	0	0
<b>Used financial limits</b>	<b>1 630</b>	0
Accounts receivable granted	3 437	0
<b>Given as collateral</b>		
Corporate mortgages granted, total	12 687	12 687
Real-estate mortgages granted, total	0	0
<b>Leasing commitments</b>		
falling due during the next 12 months	69	112
falling due later	41	103
<b>Rental liabilities</b>		
falling due during the next 12 months	68	59
falling due later	44	59
<b>Liabilities due to derivative contracts</b>		
Forward exchange contracts	0	0
of which taken out to hedge the parent company's accounts receivable	0	0
of which taken out to hedge the parent company's other receivables	0	0

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