

# LOGITECH INTERNATIONAL S.A.

(In thousands, except per share amounts) - Unaudited

<b>CONSOLIDATED STATEMENTS OF INCOME</b>	<b>Quarter Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>Net sales</b>	\$ 601,234	\$ 512,734
<b>Cost of goods sold</b>	387,290	335,743
<b>Gross profit</b>	<b>213,944</b>	<b>176,991</b>
<i>% of net sales</i>	35.6%	34.5%
<b>Operating expenses:</b>		
Marketing and selling	84,689	66,475
Research and development	33,462	28,432
General and administrative	29,654	26,786
<b>Total operating expenses</b>	<b>147,805</b>	<b>121,693</b>
<b>Operating income</b>	<b>66,139</b>	<b>55,298</b>
Interest income, net	3,744	3,212
Other income, net	(1,852)	3,531
<b>Income before income taxes</b>	<b>68,031</b>	<b>62,041</b>
Provision for income taxes	7,693	5,848
<b>Net income</b>	<b>\$ 60,338</b>	<b>\$ 56,193</b>
Shares used to compute net income per share:		
Basic	180,636	182,738
Diluted	186,299	191,091
Net income per share:		
Basic	\$0.33	\$0.31
Diluted	\$0.32	\$0.29

Other income, net for the quarter ended March 31, 2008 includes an impairment loss of \$6.9 million related to the decline in the fair value of short-term investments.

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<b>CONSOLIDATED STATEMENTS OF INCOME</b>	<b>Twelve Months Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>Net sales</b>	\$ 2,370,496	\$ 2,066,569
<b>Cost of goods sold</b>	1,521,378	1,357,044
<b>Gross profit</b>	<b>849,118</b>	<b>709,525</b>
<i>% of net sales</i>	35.8%	34.3%
<b>Operating expenses:</b>		
Marketing and selling	324,451	272,264
Research and development	124,544	108,256
General and administrative	113,443	98,143
<b>Total operating expenses</b>	<b>562,438</b>	<b>478,663</b>
<b>Operating income</b>	<b>286,680</b>	<b>230,862</b>
Interest income, net	15,508	8,733
Other income (expense), net	(39,374)	15,962
<b>Income before income taxes</b>	<b>262,814</b>	<b>255,557</b>
Provision for income taxes	31,788	25,709
<b>Net income</b>	<b>\$ 231,026</b>	<b>\$ 229,848</b>
Shares used to compute net income per share:		
Basic	181,362	182,635
Diluted	187,942	190,991
Net income per share:		
Basic	\$1.27	\$1.26
Diluted	\$1.23	\$1.20

Other income (expense), net for the twelve months ended March 31, 2008 includes an impairment loss of \$79.8 million related to the decline in fair value of short-term investments, and a net realized gain of \$27.8 million on the sales of short-term investments.

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## CONSOLIDATED BALANCE SHEETS

March 31, 2008

March 31, 2007

### Current assets

Cash and cash equivalents	\$ 482,352	\$ 196,197
Short term investments	3,940	214,625
Accounts receivable	373,619	310,377
Inventories	245,737	217,964
Other current assets	60,668	68,257

Total current assets 1,166,316 1,007,420

### Property, plant and equipment

104,461 87,054

### Intangible assets

Goodwill	194,383	179,991
Other intangible assets	21,730	18,920

### Other assets

40,042 34,078

### Total assets

\$ 1,526,932 \$ 1,327,463

### Current liabilities

Short-term debt	\$ -	\$ 11,856
Accounts payable	287,001	218,129
Accrued liabilities	168,403	235,080

Total current liabilities 455,404 465,065

### Other liabilities

111,484 17,874

### Total liabilities

566,888 482,939

### Shareholders' equity

960,044 844,524

### Total liabilities and shareholders' equity

\$ 1,526,932 \$ 1,327,463

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## SUPPLEMENTAL FINANCIAL INFORMATION

Reconciliation of GAAP to non-GAAP Financial Measures	Quarter Ended March 31 2008	Twelve Months Ended March 31 2008
<b>GAAP net income</b>	\$ 60,338	\$ 231,026
<b>Adjustments:</b>		
Impairment loss on short-term investments	6,900	79,823
Realized gain on sale of short-term investments	-	(33,712)
Realized loss on sale of short-term investments	-	5,951
	6,900	52,062
<b>Non-GAAP net income</b>	<b>\$ 67,238</b>	<b>\$ 283,088</b>
<b>GAAP net income per share:</b>		
Basic	\$ 0.33	\$ 1.27
Diluted	\$ 0.32	\$ 1.23
<b>Impairment loss on short-term investments, net of realized gain per share</b>		
Basic	\$ 0.04	\$ 0.29
Diluted	\$ 0.04	\$ 0.28
<b>Non-GAAP net income per share:</b>		
Basic	\$ 0.37	\$ 1.56
Diluted	\$ 0.36	\$ 1.51

We sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission rules. The adjustments between the GAAP and non-GAAP financial measures presented above consist of the impact on Other Income (Expense) of the impairment loss related to other-than-temporary declines in fair value of short-term investments during the three and twelve months ended March 31, 2008, and the realized gain/loss on sales of short-term investments during the twelve months ended March 31, 2008. Our management uses these non-GAAP measures in its financial and operational decision-making. Our management believes these non-GAAP measures, when considered in conjunction with the corresponding GAAP measures, facilitate better comparison by our investors of our current period results with corresponding prior periods.

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<b>SUPPLEMENTAL FINANCIAL INFORMATION</b>	<b>Quarter Ended March 31</b>		<b>Twelve Months Ended March 31</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Depreciation	\$ 10,801	\$ 8,944	\$ 43,831	\$ 35,239
Amortization of other acquisition-related intangibles	1,736	1,591	5,391	4,876
Operating income	66,139	55,298	286,680	230,862
Operating income before depreciation and amortization	78,676	65,833	335,902	270,977
Capital expenditures	16,611	10,605	57,900	47,246
Net sales by channel:				
Retail	\$ 527,001	\$ 457,205	\$ 2,067,288	\$ 1,844,395
OEM	74,233	55,529	303,208	222,174
Total net sales	<u>\$ 601,234</u>	<u>\$ 512,734</u>	<u>\$ 2,370,496</u>	<u>\$ 2,066,569</u>
Net sales by product family:				
Retail - Pointing Devices	\$ 167,838	\$ 121,632	\$ 622,074	\$ 508,449
Retail - Keyboards & Desktops	117,255	110,411	458,434	372,266
Retail - Audio	113,785	98,553	478,455	408,314
Retail - Video	59,981	54,980	238,728	314,514
Retail - Gaming	32,865	40,176	146,016	149,113
Retail - Remotes	35,277	31,453	123,581	91,739
OEM	74,233	55,529	303,208	222,174
Total net sales	<u>\$ 601,234</u>	<u>\$ 512,734</u>	<u>\$ 2,370,496</u>	<u>\$ 2,066,569</u>
Stock-based Compensation Expense for Employee Stock Options and Employee Stock Purchases				
Cost of goods sold	\$ 704	\$ -	\$ 2,706	\$ 2,077
Marketing and selling	1,908	1,772	7,696	7,167
Research and development	1,051	824	3,505	3,151
General and administration	2,118	1,874	7,132	7,069
Income tax benefit	(1,546)	(2,215)	(4,773)	(4,526)
<b>Total stock-based compensation expense after income taxes</b>	<u>\$ 4,235</u>	<u>\$ 2,255</u>	<u>\$ 16,266</u>	<u>\$ 14,938</u>
Stock-based compensation expense for employee stock options and employee stock purchases, net of tax, per share (diluted)	\$ 0.02	\$ 0.01	\$ 0.09	\$ 0.07