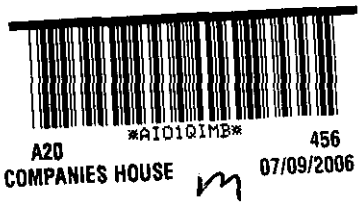
Axalto Terminals Limited

(Formerly Schlumberger Industries Limited)

(Registered Number: 534821)

Directors' Report and Financial Statements

Year Ended 31 December 2004



Axalto Terminals Limited
(formerly Schlumberger Industries Limited)

Report of the Directors for the Year Ended 31 December 2004

The directors have pleasure in submitting their annual report together with the financial statements of Axalto Terminals Limited ("the Company") for the year ended 31 December 2004.

Review of the Business

Effective 15 January 2004, the Company changed its name from Schlumberger Industries Limited to Axalto Terminals Limited.

The entire share capital of the Company was sold to Axalto UK Limited on 10 February 2004.

The entire share capital of Axalto UK Limited was sold by Schlumberger plc to Schlumberger BV, a company incorporated and registered in the Netherlands to become part of the Axalto Group, on 19 February 2004.

The Axalto Group made an initial public offering of 34,821,739 ordinary shares on the Paris Euronext Stock Exchange on 18 May 2004.

The results in 2004 show a substantial increase in revenue on the continuing operations of 2003, reflecting the introduction of Chip and Pin into the UK banking market. The revenue in future periods is expected to return to a level similar to 2003 continuing operations.

Principal Activities

The Company's principal activity during the year was the supply of equipment and services in respect of Point of Sale terminals.

Subsequent events

On the 2nd June 2006 the ultimate parent of Axalto Terminals Ltd, Axalto Holdings NV, set in motion the combining of Axalto Holdings NV with Gemplus International SA by acquiring 43.4% of Gemplus shares for Axalto shares and has initiated a voluntary public exchange for the balance of the Gemplus shares. At the same time Axalto Holdings NV has changed its name to Gemalto Holdings NV.

Results and Dividends

The profit after taxation on the year's trading was £75,000 (2003: restated profit of £2,542,000). Amounts transferred to reserves and the financial position of the Company are shown in the annexed financial statements. The Directors do not propose a dividend (2003: nil).

Axalto Terminals Limited
(formerly Schlumberger Industries Limited)

Report of the Directors
for the Year Ended 31 December 2004 (Continued)

Directors

The following were Directors of the Company during the year and at the date of this report:

A B Bruce	Appointed 10 June 2004
A Goldby	Resigned 11 June 2004
A J Hancock	Appointed 10 June 2004
N Ray	Resigned 11 June 2004
M Younger	Resigned 10 June 2004

No Director had an interest in the shares of the Company or any other group company such as requires notification to the Company under Section 324 of the Companies Act 1985.

Political Contributions and Charitable Donations

No political contributions were made during the year (2003: nil). No charitable donations were made during the year (2003: nil).

Policy for Employment of Disabled Persons

It is the Company's policy to give full and fair consideration to suitable applications for employment from disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be trained for other positions in the Company.

Axalto Terminals Limited
(formerly Schlumberger Industries Limited)

Report of the Directors
for the Year Ended 31 December 2004 (Continued)

Statement of directors' responsibilities

The Directors are responsible for preparing the annual report including, as described below, the financial statements.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the Annual General Meeting.

By order of the Board

A J Hancock
Director
24th July 2006

Independent Auditors' Report to the Members of Axalto Terminals Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

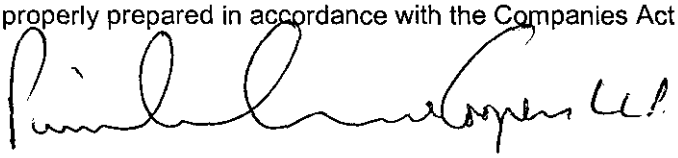
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southampton

4 September 2006.

Axalto Terminals Limited
(formerly Schlumberger Industries Limited)

Profit and Loss Account for the Year Ended 31 December 2004

	Note	2004 £'000	2003 £'000 As restated
Turnover			
Continuing operations		12,415	5,828
Discontinued operations		-	7,670
	2	12,415	13,498
Cost of sales	4	(12,088)	(10,578)
Gross profit		327	2,920
Net operating expenses	4	(289)	(3,219)
Operating profit /(loss)			
Continuing operations	4	38	(575)
Discontinued operations	4	-	276
	4	38	(299)
Profit on disposal of fixed assets		-	892
Profit on disposal of subsidiary undertaking (note 10)		-	1,176
Profit on disposal of operations (note 19)		-	2,022
Profit on ordinary activities before interest and taxation		38	3,791
Interest receivable	5a	60	-
Interest payable	5b	-	(19)
Profit on ordinary activities before taxation	6	98	3,772
Tax charge on ordinary activities	8	(23)	(1,230)
Profit on ordinary activities after taxation and retained profit for the year	17	75	2,542

The notes on pages 8 to 19 form part of these financial statements.

The historical result does not differ from that disclosed in the profit and loss account.

Axalto Terminals Limited
(formerly Schlumberger Industries Limited)

Balance Sheet as at 31 December 2004

	Note	2004 £'000	2003 £'000 As restated
Fixed assets			
Tangible assets	9	39	754
Investments	10	-	-
		39	754
Current assets			
Stocks	11	-	24
Debtors	12	1,762	5,448
Cash and short term investments		981	3,538
		2,743	9,010
Creditors: Amounts falling due within one year	13	(1,168)	(7,060)
Net current assets		1,575	1,950
Total assets less current liabilities		1,614	2,704
Provisions for liabilities and charges	14	-	(1,165)
Net assets		1,614	1,539
Capital and reserves			
Called up share capital	15	27,718	27,718
Share premium account	16	36	36
Profit and loss account – (deficit)	17	(26,140)	(26,215)
Equity Shareholders' Funds	18	1,614	1,539

The notes on pages 8 to 19 form part of these financial statements.

Approved by the directors on 24th July 2006.

A J Hancock

A J Hancock
Director

Axalto Terminals Limited
(formerly Schlumberger Industries Limited)

Statement of Recognised Gains and Losses for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000 As restated
Profit for the financial year		75	2,542
Other recognised gains and losses:			
Release of balance held in other reserves to the profit and loss account on disposal of subsidiary undertakings previously gifted to the Company		-	4,604
Total recognised gains and losses relating to the year		75	7,146
Prior year adjustment	*17*	(1,165)	
Total gains and losses recognised since the last annual report		(1,090)	

The notes on pages 8 to 19 form part of these accounts.

Axalto Terminals Limited
(formerly Schlumberger Industries Limited)

Notes to the Financial Statements at 31 December 2004

1 Accounting Policies

a) Accounting Policies

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards.

b) Basis of Accounting

The Company is exempt from preparing and delivering group financial statements under section 228 of the Companies Act 1985.

c) Turnover

Turnover represents the sales value of goods and services supplied to external customers and affiliated companies, excluding value added tax.

Revenue on Point of Sale equipment sales is recognised on full installation and acceptance of Point of Sales related software and applications on the clients' site. Service revenue is recognised on completion and acceptance of the service performed.

d) Research and Development

Research and development expenditure is written off in the year in which it is incurred.

e) Leases

Finance and Operating Leases

Where the Company is a lessee under finance leases (including hire purchase contracts), the leased assets are capitalised and included in tangible fixed assets and the corresponding liability to the lessor is included in creditors. Finance charges payable are recognised over the periods of the leases, based on the interest rates implicit in the leases.

All other leases are classified as operating leases. Rentals payable under operating leases are accounted for on the straight line basis over the periods of the leases and are included in 'expenses'.

Property Leases

The rents payable under the property leases are spread on a straight-line basis over the lease term or, if shorter than the full lease term, over the period to the first review date.

f) Stocks

Stocks are valued at the lower of cost and net realisable value.

Notes to the Financial Statements at 31 December 2004 (Continued)

1 Accounting Policies (Continued)

g) Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost comprises purchase price plus costs directly incurred in bringing the asset into use. Depreciation is provided on a straight line basis over the expected useful lives of each category of tangible fixed assets at the following rates:

Freehold buildings	10-50 years
Leasehold buildings	50 years or the life of the lease if shorter
Plant and machinery	3-5 years
Fixtures, fittings, tools and equipment	2-10 years

Freehold land is not depreciated.

Investments in subsidiary undertakings are valued at cost, less any provisions for impairment.

h) Impairment Review

The carrying values of investments, tangible fixed assets and goodwill are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets and goodwill below depreciated historical cost is charged to the profit and loss account.

i) Taxation including Deferred Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet dates where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis.

j) Pensions

The Schlumberger plc group scheme is run on a basis that does not enable individual companies within the group to identify their share of the underlying net assets and liabilities. As permitted by SSAP 24 and FRS 17, the Company accounts for the scheme as a defined contribution scheme.

Following the disposal of the Company from the Schlumberger Group, the members of the defined benefit scheme were offered incentives to change to a new defined contribution scheme. As a result, the Company no longer participates in any defined benefit schemes.

The charge against profits is the amount of defined contributions payable to the pension scheme in respect of the accounting period.

Notes to the Financial Statements at 31 December 2004 (Continued)

1 Accounting Policies (Continued)

k) Foreign Currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the transaction date. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates in operation at the balance sheet date. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

l) Related Party Disclosures

Transactions with other companies within the Group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard 8 (FRS 8) "Related Party Disclosures" paragraph 3(c).

m) Cash Flow Statement

The Company has taken advantage of the exemptions available to wholly owned UK subsidiaries under Financial Reporting Standard No. 1 (Revised 1996) "Cash Flow Statements" and accordingly has not prepared a cash flow statement.

Notes to the Financial Statements at 31 December 2004 (Continued)

2 Segmental Reporting

All turnover originated in the United Kingdom.

Turnover by destination was as follows:

	2004 £'000	2003 £'000
United Kingdom	11,149	13,498
Rest of Europe	1,266	-
	12,415	13,498

3 Staff Numbers and Costs

The average number of persons employed by the Company during the year was as follows:

	2004 Number	2003 Number
Direct labour	-	35
Selling, marketing and distribution	1	13
Research and development	6	15
Administration	2	5
	9	68

The aggregate payroll costs were as follows:

	2004 £'000	2003 £'000
Wages and salaries	394	1,707
Social security costs	43	188
Other pension costs	37	136
	474	2,031

Notes to the Financial Statements at 31 December 2004 (Continued)

4 Analysis of Operating Profit/(Loss)

	2004			2003		
	Continuing Operations	**Discontinued Operations**	**Total**	Continuing Operations	Discontinued Operations	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	12,415	-	12,415	5,828	7,670	13,498
Cost of sales	(12,088)	-	(12,088)	(4,370)	(6,208)	(10,578)
Gross profit	327	-	327	1,458	1,462	2,920
Other operating expenses:						
Research and development	-	-	-	(733)	(73)	(806)
Other administrative expenses	(58)	-	(58)	(1,577)	(393)	(1,970)
Total administrative expenses	(58)	-	(58)	(2,310)	(466)	(2,776)
Selling, Marketing and distribution costs	(155)	-	(155)	(13)	(725)	(738)
	(213)	-	(213)	(2,323)	(1,191)	(3,514)
Other operating (expense)/income	(76)	-	(76)	290	5	295
Operating profit/(loss)	38	-	38	(575)	276	(299)

Notes to the Financial Statements at 31 December 2004 (Continued)

5(a) Interest Receivable

	2004 £'000	2003 £'000
Interest on bank balances and short term investments	60	-

5(b) Interest Payable

	2004 £'000	2003 £'000
Interest on bank overdrafts and loans repayable within 5 years	-	2
Interest on loan notes	-	17
	-	19

6 Profit on Ordinary Activities before Taxation

Profit before taxation is stated after charging the following items:

		2004 £'000	2003 £'000
Staff costs (Note 3)		474	2,031
Depreciation of owned assets		4	270
Auditors' remuneration	- Audit	16	8
Operating lease rentals:	- Plant and machinery	3	6
	- Other assets	-	432
Loss on foreign exchange		76	31

7 Directors' Emoluments

Of the five directors in office during the period, none (2003: none) were remunerated by the Company in their capacity as Directors.

Notes to the Financial Statements at 31 December 2004 (Continued)

8 Taxation

The taxation charge based on the profit for the year as adjusted for taxation purposes may be analysed as follows:

	2004	2003
	£'000	£'000
Current year		
United Kingdom corporation tax at 30% (2003: 30%)	23	(402)
Prior year adjustments	-	(259)
	23	(661)
Deferred tax		
Current year	-	1,891
	23	1,230

The current year tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

	2004	2003
	£'000	£'000
		As restated
Profit on ordinary activities before tax	98	3,772
Tax charge on profit before tax at standard rate of 30% (2003: 30%)	(29)	(1,132)
Non deductible items	(1)	(10)
Capital items not subject to corporation tax	-	1,327
Short term timing differences	7	217
Prior period adjustment	-	259
	(23)	661

Notes to the Financial Statements at 31 December 2004 (Continued)

9 Tangible Fixed Assets

	Freehold buildings £'000	Plant and machinery £'000	Fixtures fittings tools and equipment £'000	Total £'000
Cost				
Balance at 1 January 2004	4,614	159	28	4,801
Additions	-	1	37	38
Disposals	(4,614)	(159)	-	(4,773)
Balance at 31 December 2004	-	1	65	66
Depreciation				
Balance at 1 January 2004	3,865	159	23	4,047
Charge for the year	-	-	4	4
Disposals	(3,865)	(159)	-	(4,024)
Balance at 31 December 2004	-	-	27	27
Net book amount at 31 December 2004	-	1	38	39
Net book amount at 31 December 2003	749	-	5	754

10 Investments

	Cost £'000	Provision £'000	Net book amount £'000
Balance at 1 January 2004	2,500	(2,500)	-
Balance at 31 December 2004	2,500	(2,500)	-

On 31 December 2004, the Company owned the entire share capital of the following:

	Country of incorporation	Nature of business
Schlumberger Cards Limited	England	Dormant

On 4 June 2003, the Company disposed of its subsidiary Sangamo Western Limited to an associated company for a cash consideration of £1,680,000, realising a profit on disposal of £1,076,000.

On 4 June 2003, the Company disposed of its subsidiary Schlumberger Technologies Limited to an associated group company for a cash consideration of £2, realising a £2 profit on disposal.

Notes to the Financial Statements at 31 December 2004 (Continued)

10 Investments (continued)

On 4 June 2003, the Company disposed of its subsidiary Langtone Limited to an associated group company for a cash consideration of £1,000 realising neither a profit nor loss on disposal.

On 10 July 2003, the Company disposed of its subsidiary Axalto UK Limited (formerly SchlumbergerSema Cards Limited) to an associated group company for a cash consideration of £21,100,000 realising a profit on disposal of £100,000.

11 Stocks and Work In Progress

Stocks and work in progress at the end of the year may be analysed as follows:

	2004	2003
	£'000	£'000
Finished goods	-	24
	-	24

12 Debtors – Amounts Due Within One Year

	2004	2003
	£'000	£'000
Trade debtors	1,684	2,276
Amounts owed by subsidiaries and fellow subsidiary undertakings	-	2,425
Corporation taxation	-	628
Other debtors	-	83
Prepayments and accrued income	78	36
	1,762	5,448

13 Creditors – Amounts Falling Due Within One Year

	2004	2003
	£'000	£'000
Trade creditors	27	1,057
Amounts owed to parent undertaking	-	5,335
Amounts owed to other group companies	833	-
Taxation and social security	35	3
Other creditors	117	603
Accruals and deferred income	156	62
	1,168	7,060

Notes to the Financial Statements at 31 December 2004 (Continued)

14 Provisions for liabilities and charges

Restructuring provision

	£'000 As restated
At 1 January 2004	1,165
Utilised in the year	(1,165)
At 31 December 2004	-

The provision relates to costs associated with the group restructure which commenced in 2003 and was completed in 2004.

15 Called Up Share Capital

	2004 £'000	2003 £'000
Authorised ordinary shares of 50p each (Number of shares 100,000,000)	50,000	50,000
Allotted and fully paid ordinary shares of 50p each at 31 December (Number of shares 55,436,508)	27,718	27,718

16 Share Premium

	2004 £'000	2003 £'000
Balance at 31 December	36	36

17 Reserves

	Profit and loss account £'000
At 1 January 2004 as previously reported	(25,050)
Prior year adjustment	(1,165)
At 1 January 2004 as restated	(26,215)
Retained profit for the financial year	75
At 31 December 2004	(26,140)

The prior year adjustment relates to costs associated with the restructure of the company which, if identified, would have been provided for as part of the profit on disposal of operations.

Notes to the Financial Statements at 31 December 2004 (Continued)

18 Reconciliation of Movements in Shareholder's Funds/(Deficit)

	2004 £'000	2003 £'000 As restated
Profit for the financial year	75	2,542
Opening shareholder's funds as previously stated	2,704	2,621
Prior year adjustment	(1,165)	(3,624)
Opening shareholder's funds/(deficit) as restated	1,539	(1,003)
Closing shareholders' funds	1,614	1,539

During 2003, it was discovered that a deferred tax asset relating to the assets disposed of during 2002 in the sale of the Network Solutions business to an associated Schlumberger company, Sema UK Limited, was not included in the calculation of the gain on sale of Network Solutions business. The asset had been incorrectly transferred at book value via the amounts owed by subsidiary undertakings.

19(a) Disposal of Verification Systems Business to Soluris UK Limited

Net assets sold on the disposal of the Verification Systems business effective 29 August 2003.

	£'000
Debtors	221
Net assets	221
Satisfied by:	
Cash	-
Loss on disposal of operations	(221)

19(b) Disposal of eCity Parking and Ticketing Business to Parcopole UK Limited

Net assets sold on the disposal of eCity division effective 31 October 2003.

	£'000
Tangible fixed assets	199
Stocks	341
Debtors	2,163
Creditors	(2,144)
Net assets	559
Satisfied by:	
Cash (€5,800,000)	3,967
Gain on disposal of operations	3,408

The gain on disposal of operations of £2,022,000 shown in the Profit and Loss Account is net of the provision for costs associated with the disposal included in note 14.

20 Pension Costs

The Company participates in a Group pension scheme which provides defined benefits based on final pensionable pay and benefits derived from defined contributions. The contributions are determined by a qualified actuary on the basis of valuations using the projected unit method.

Particulars of the Group pension scheme are contained in the financial statements of Schlumberger plc.

The pension charge for the Company for the year was £37,245 (2003: £135,557).

Following the disposal of the Company from the Schlumberger Group, the members of the defined benefit scheme were offered incentives to change to a new defined contribution scheme. As a result, the Company no longer participates in any defined benefit schemes.

21 Leasing Commitments

	Land and buildings £'000	Other leases £'000	2004 Total £'000	2003 Total £'000
Operating leases				
Amounts payable in the next year	-	6	6	203
Representing commitments expiring:				
Within one year	-	-	-	15
Between two and five years	-	6	6	188
	-	6	6	203

The decrease in the operating lease commitment is a result of the disposal of certain leases as part of the company restructure.

22 Subsequent Events and Financial Position

On the 2nd June 2006 the ultimate parent of Axalto Terminals Ltd, Axalto Holdings NV, set in motion the combining of Axalto Holdings NV with Gemplus International SA by acquiring 43.4% of Gemplus shares for Axalto shares and has initiated a voluntary public exchange for the balance of the Gemplus shares. At the same time Axalto Holdings NV has changed its name to Gemalto Holdings NV.

23 Ultimate Parent Company

At the balance sheet date, Axalto (UK) Limited was the immediate parent company. Axalto Holdings NV, a company registered in The Netherlands, was the ultimate parent company. (See also note 22). Axalto Holdings NV is the smallest and largest group to consolidate these results.

Copies of the financial statements of Axalto Holdings NV can be obtained from Parkstraat 83 – 89, 2514 JG The Hague, The Netherlands.