Gemalto Terminals Limited

(Registered Number 534821)

Directors' Report and Financial Statements

Year Ended 31 December 2011

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Gemalto Terminals Limited

Director's Report for the Year Ended 31 December 2011

The Directors have pleasure in submitting their annual report together with the financial statements of Gemalto Terminals Limited (the Company) for the year ended 31 December 2011

Principal Activity

The Company's principal activity was the supply of equipment and services in respect of Point of Sale terminals This activity was discontinued on 31 December 2010 following the sale of the Company's business to a third party See note 7 to the financial statements for further details The Company continues to hold an interest bearing loan due from a fellow group undertaking

Results and Dividends

The loss before taxation on the year's trading was £35,000 (2010 Profit £246,000) The Directors do not recommend payment of a dividend (2010 nil)

Review of the Business and Future Developments

The repair centre's activities were discontinued on 31 December 2010 following the sale of the Company's business to a third party Subsequent to the sale the Company will have limited financial transactions and is not anticipating to carry out any trade in the foreseeable future

Political Contributions and Charitable Donations

No political contributions were made during the year (2010 nil) No charitable donations were made during the year (2010 nil)

Directors Report for the Year Ended 31 December 2011 (Continued)

Financial and other risk management

The Company's operations in the current year exposed it to a limited number of financial risks It was exposed to a further number of risks, which are also listed below, in the prior year until the sale of its trade on 31 December 2010 The board reviews and agrees policies for managing these risks Where relevant, the policies have remained unchanged throughout the year and are summarized below

Liquidity risk
The Company's exposure to liquidity risk is not significant An interest bearing loan is provided by the Company to a fellow Group undertaking, which is repayable on demand

Credit risk
In the prior year, the Company was exposed to credit related losses in the event of non-performance by customers The Company took actions to mitigate this exposure by ensuring adequate background on credit risk was known about customers prior to contracting with them and through selection of customers with suitable credit ratings

Currency risk
In the prior year, the Company had transactional currency exposures Such exposures arose from sales and purchases in currencies other than the Company's local currency However, given the size of the Company's operations, the costs of managing exposure to currency risk exceeded any potential benefits and therefore the Company did not engage in any hedging in respect of currency risks

Price Risk
In the prior year, the Company was exposed to commodity price risk as a result of its operations However, given the size of the company's operations, the cost of managing exposure to commodity price risk was considered to exceed any potential benefits

Other risks & Key Performance Indicators (KPI's)

Given the size, ownership and relatively straightforward nature of the business, the Directors consider there to be no benefit in setting out any additional information on risks, or on KPI's

Directors

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

A B Bruce (Resigned 21st August 2012)
L Smith
H Berg

Directors Report for the Year Ended 31 December 2011 (Continued)

Charitable Contributions

The Company made no charitable or political contributions during the year (2010 £nil)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

The Directors are responsible for the maintenance and integrity of the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Gemalto Terminals Limited

Directors' Report
For the Year Ended 31 December 2011 (continued)

Disclosure of information to auditors

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps necessary as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board

L Smith
Director
September 28th 2012

Gemalto Terminals Limited

Independent Auditors' Report to the Members of Gemalto Terminals Limited

We have audited the financial statements of Gemalto Terminals Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement (as set out on page 3) the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' Report to the Members of Gemalto Terminals Limited (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Keith Evans (Senior Statutory Auditor)

For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
September 28th 2012

Gemalto Terminals Limited

Profit and Loss Account
For the Year Ended 31 December 2011

	Notes	Year Ended 31 December 2011 Total £'000	Year Ended 31 December 2010 Discontinued Operations Total £'000
Turnover	2	-	4,720
Cost of sales		-	(3,910)
Gross profit		-	810
Net operating expenses	3	(45)	(719)
Operating (loss)/profit		(45)	91
Profit on disposal of discontinued operations	7	-	150
(Loss)/profit on ordinary activities before interest		(45)	241
Interest receivable and similar income	5	10	5
Interest payable and similar charges	6	-	-
(Loss)/profit on ordinary activities before taxation	7	(35)	246
Tax on (Loss)/profit on ordinary activities	8	65	(65)
Profit for the financial year	14	30	181

The items above operating profit and the profit on disposal of discontinued operations relate to discontinued operations following the sale of the Company's main business assets and liabilities on 31 December 2010

There are no material differences between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 9 to 16 form part of these financial statements

Gemalto Terminals Limited

Balance Sheet as at 31 December 2011

	Notes	31 December 2011 £'000	31 December 2010 £'000
Fixed assets			
Investments	9	-	-
		-	-
Current assets			
Debtors	10	**2,648**	2,995
Cash at bank and in hand		**50**	187
		2,698	3,182
Creditors Amounts falling due within one year	11	**(16)**	(530)
Net current assets		**2,682**	2,652
Total assets less current liabilities		**2,682**	2,652
Capital and reserves			
Called up share capital	12	**27,718**	27,718
Share premium account	13	**36**	36
Profit and loss account	14	**(25,072)**	(25,102)
Total Shareholders' Funds	15	**2,682**	2,652

The notes on pages 9 to 16 form part of these financial statements

The financial statements on pages 7-16 were approved by the board of directors on 28th September 2012 and were signed on its behalf by

L Smith
Director

Gemalto Terminals Limited

Notes to the Financial Statements
For the Year Ended 31 December 2011

1 Principal Accounting Policies

The principal accounting policies adopted by the Directors in 2011 and 2010 are described below

Basis of Accounting

The financial statements have been prepared in accordance with the Companies Act 2006 on a going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom The Company is exempt from preparing and delivering group financial statements under section 400 of the Companies Act 2006

Turnover

Turnover represents amounts receivable (excluding VAT) for sales of products and for the supply of services Turnover is recognised upon delivery of products and services to customers and when the appropriate terms and conditions of sale have been met

Research and Development

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

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on the straight line basis over the periods of the leases

Stocks

Stocks are valued at the lower of cost and net realisable value Net realisable value is based on the estimated selling price less any further costs expected to be incurred to completion and disposal

1 Principal Accounting Policies (Continued)

Fixed Tangible Assets

Tangible fixed assets are stated at historic purchase less accumulated depreciation Depreciation is provided on a straight line basis over the expected useful lives of each category of tangible fixed assets at the following rates

Plant and machinery - 3-5 years
Fixtures, fittings, tools and equipment - 2-10 years

Fixed Asset Investments

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

The carrying values of investments 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 is charged to the profit and loss account

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 at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Pensions

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

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

1 Principal Accounting Policies (Continued)

Related Party Disclosures

The Company has taken advantage of exemptions under Financial Reporting Standard No 8 as a wholly owned subsidiary of Gemalto NV (See Note 18) not to disclose transactions with other group entities

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

2 Turnover

All turnover originated in the United Kingdom

Turnover by destination was as follows

	2011 £'000	2010 £'000
United Kingdom	-	4,133
Rest of Europe	-	587
Asia	-	-
	-	4,720

In the opinion of the Directors there is only one class of business

3 Net operating expenses

	2011 £'000	2010 £'000
Distribution costs	-	582
Administrative costs	-	125
Other operating expenses	45	12
Other operating expenses	45	719

4 Staff Numbers and Costs

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

By Activity	2011 Number	2010 Number
Production	-	16
Selling, marketing and distribution	-	4
Research and development	-	8
Administration	-	2
	-	30

The aggregate payroll costs were as follows

	2011 £'000	2010 £'000
Wages and salaries	-	862
Social security costs	-	90
Other pension costs	-	52
	-	1,004

Directors' Emoluments

None of the Directors who held office during the year were remunerated by the Company in their capacity as Directors given the incidental nature of their duties on behalf of the Company compared to those on behalf of the group as a whole (2010 none)

5 Interest Receivable and similar income

	2011 £'000	2010 £'000
Interest earned from loans to fellow group companies	10	5

6 (Loss)/profit on Ordinary Activities before Taxation

(Loss)/profit before taxation is stated after charging the following items

		2011 £'000	2010 £'000
Staff costs (Note 4)		-	1,004
Depreciation of owned assets		-	76
Auditors' remuneration	- Audit services	-	12
Operating lease rentals	- Plant and machinery	-	12
Gain on foreign exchange		-	12

7 Profit on disposal of discontinued operations

On 31 December 2010 the Company sold its main business assets and liabilities, being net assets of £1,820,000, to a third party for consideration of £1,970,000 The main assets and liabilities sold were trade debtors of £1,540,000, tangible fixed assets £164,000, inventory £306,000, prepayments £165,000, trade creditors of £152,000 and accruals £200,000 A gain of £150,000 was realised on this sale Subsequent to the sale the Company will have limited financial transactions and is not anticipating to carry out any trade in the foreseeable future

8 Tax on (Loss)/profit on ordinary activities

The taxation (credit)/charge based on the profit for the year as adjusted for taxation purposes may be analysed as follows

	2011 £'000	2010 £'000
Analysis of the charge / (credit) In the year		
UK corporation tax at 28% (2010 28%)	-	65
Adjustment in respect of prior years	(65)	-
	(65)	65
Deferred tax	-	-
	(65)	65

The current year tax assessed for the year is lower (2010 higher) than the standard rate of corporation tax in the UK of 26 5% (2010 28%) The differences are explained below

	2011 £'000	2010 £'000
(Loss)/profit on ordinary activities before tax	(35)	246
Tax (credit)/charge on profit before tax at standard rate of 26 5% (2010 28%)	(9)	69
Non deductible items	8	5
Accelerated capital allowances and other timing differences	(3)	(9)
Adjustments in respect of prior years	(65)	-
Group Relief surrendered free of charge to fellow group company	4	-
Current tax (credit) / charge for the year	(65)	65

The main rate of UK corporation tax reduced from 26% to 24% on 1 April 2012 A further reduction to 23% from 1 April 2013 has also been enacted as part of the Finance Bill 2012 Further reductions are proposed to reduce the rate to 22% by 1 April 2014 Unrecognised deferred tax has been calculated using a 25% tax rate as this was the rate enacted at the balance sheet date for the period after 1 April 2012

A deferred tax asset of £10,360,000 (2010 £11,199,000) has not been recognised in respect of timing differences primarily relating to capital losses as there is insufficient evidence that the asset will be recovered in the future The asset would be recovered if the company were to make future capital disposals resulting in chargeable gains

9 Investments

	Cost £'000	Provision £'000	Net book value £'000
Balance at 1 January 2011	2,500	(2,500)	-
Balance at 31 December 2011	**2,500**	**(2,500)**	**-**

On 31 December 2011, the Company owned the entire share capital of the following

	Country of incorporation	Nature of business
Axalto Cards Limited	England	Dormant

10 Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Prepayments and accrued income	-	33
Amounts owed by group undertakings	2,648	2,962
	2,648	2,995

Amounts owed by group undertakings are unsecured, bearing interest at the average GBP LIBOR 1 month rate less 0 25%, and repayable on demand

11 Creditors – Amounts Falling Due Within One Year

	2011 £'000	2010 £'000
Trade creditors	10	9
Amounts owed to other group companies	-	320
Taxation and social security	-	27
Other creditors	-	33
Accruals and deferred income	6	76
Corporation tax	-	65
	16	530

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

12 Called Up Share Capital

	2011 £'000	2010 £'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

13 Share Premium

	2011 £'000	2010 £'000
At 1 January and 31 December	36	36

14 Reserves

	Profit and loss account £'000
At 1 January 2011	(25,102)
Profit for the financial year	30
At 31 December 2011	**(25,072)**

15 Reconciliation of Movements in Shareholders' Funds

	2011 £'000	2010 £'000
Profit for the financial year	30	181
Opening shareholders' funds	2,652	2,471
Closing shareholders' funds	2,682	2,652

16 Pension Costs

During the year the Company operated a defined contribution pension scheme until 31 December 2010, the assets of which are held separately from those of the Company in an independently administered fund The amount of contributions payable to the pension scheme in respect of the accounting period are charged to the profit and loss account and amounted to £Nil (2010 £52,060) At 31 December 2011 the company had accrued £Nil (2010 £Nil) owed to the pension scheme

17 Leasing Commitments

At 31 December 2011 the Company had no annual commitments under non–cancellable operating leases

18 Ultimate Parent Company

At the balance sheet date, the immediate parent of the company was Gemalto UK Limited Gemalto UK Limited has a 100% interest in the equity capital of the company at 31 December 2011 The ultimate parent company is Gemalto NV Gemalto NV is the smallest and largest group to consolidate these results

Copies of the ultimate parent's consolidated financial statements may be obtained from the investor relations page of the company's website, www gemalto com or from Barbara Strozzilaan 382, 1083 HN, Amsterdam, The Netherlands