Report of the Board of Directors on conflicts of interests
pursuant to article 57 of the Luxembourg Law of August 10, 1915
to the Annual Shareholders Meeting of April 26, 2005

Reminder :

Article 57 of the Luxembourg law of August 10, 1915, and paragraph 10 of the articles of incorporation of Gemplus International S.A. respectively provide that :

- "Any Director having an interest in a transaction submitted for approval to the Board of Directors conflicting with that of the company, shall be obliged to advise the Board thereof and to cause a record of his statement to be included in the minutes of the meeting. He may not take part in these deliberations. At the next following General Meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the Directors may have had an interest conflicting with that of the Company."

- "In case of a conflict of interests of a director, it being understood that the mere fact that the Director serves as a Director of a corporation belonging to the same group of companies as the Corporation shall not constitute a conflict of interests, he must inform the Board of Directors of such conflict and may not take part in the deliberation and the vote but he will be counted for the quorum. Any director having an interest in a matter submitted for approval to the Board of Directors conflicting with that of the Corporation, shall be obliged to inform the Board thereof and to cause a record of his statement to be included in the minutes of the meeting. He may not take part in the deliberations of such matter. At the following General Meeting, before any other resolution to be voted on, a special report shall be made on any transactions in which any of the Directors may have an interest conflicting with that of the Corporation."

Replacement of the Chairman of the Audit Committee

On June 28, 2004, the Board approved the appointment of Mr. John Ormerod as new Chairman of the Audit Committee, replacing Mr. Bill Price who had resigned as Chairman of the Audit Committee. Bill Price remains a member of the Audit Committee. Mr. Ormerod abstained from the deliberation and the vote.
**Regulatory proceeding**

On October 26, 2004, the Board authorized and approved the conclusion of the fee advance agreement with Mr. Mackintosh for the costs he may incur for his defense in a regulatory proceeding. Messrs. Bonderman, Price and Fink abstained from the deliberation and the vote.

**Replacement of a member of the Compensation Committee**

On February 8, 2005, the Board approved the appointment of Mr. Geoffrey Fink as a member of the Compensation Committee, replacing Mr. Bonderman who had resigned as a member of the Committee. Mr. Fink abstained from the deliberation and the vote.

**Related party transaction**

On April 25, 2005 the Board approved the conclusion of a transaction for the supply of a software solution for improving management of employee performance. The supplier is a company, Successfactor, in which the Texas Pacific Group indirectly owns a 20% interest. The company has been selected after a cost and benefits analysis and benchmarking against other suppliers. The investment represents a value of about 500 K€ over a three year period and there after running costs of about 190 K€ per year. Messrs Bonderman, Price and Fink abstained from the deliberation and the vote.