Report of the Board of Directors on conflicts of interests (1)
to the annual shareholders meeting of April 27, 2004

Reminder:

Article 57 of the Luxembourg law of August 10th, 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 Committee members

On October 28th, 2003, the Board approved the appointment of Mr. Werner Koepf as a member of the Audit Committee, replacing Mr. Kheng Nam Lee who had resigned as a director and as a member of the Audit Committee. Mr. Werner Koepf abstained from the deliberation and the vote.

(1) This report of the Board of Directors includes all conflicts of interests pursuant to Article 57 of the Luxembourg Law of August 10th, 1915.
Transfer of Affiliates

On December 10th, 2003, the Board approved in principle the contemplated transfer of certain subsidiaries of Gemplus S.A. to Gemplus International S.A. subject to (i) review and agreement by the Audit Committee on the transfer prices of the subsidiaries, failing which the motion should be amended and (ii) the consultation of the workers committee of Gemplus S.A. Mr. Thierry Dassault abstained from the vote, based upon his opinion that he had a potential conflict of interest, also being a member of a supervisory board of Gemplus S.A. The general counsel of the Company informed the Board that under Luxembourg company law, common directors do not necessarily have a conflict of interest and are not necessarily required to abstain if they have no personal interest in the transaction, as is the case in this matter. On this basis, the Chairman of the Board (also Chairman of the supervisory board of Gemplus S.A.) decided that he did not have a conflict of interest pursuant to Luxembourg company law and did not abstain from the deliberation and vote.

Delegation of authority

On March 10th, 2004, the Board approved the delegation of authority to Dominique Vignon and Alex Mandl to finalize the article 60 report of the Board of Directors to the annual shareholders meeting of April 27, 2004 on compensation of the Administrateur Délégué, the Chairman of the Board and the Board members. Messrs. Dominique Vignon and Alex Mandl abstained from the deliberation and the vote.