

Gemalto first half 2010 results

- First half revenue growth of +5% to € 840 million
- Software and services revenue expands by +48% to € 110 million
- Profit from operations of € 67 million in line with Company plan to increase profit in 2010

The income statement is presented on an adjusted basis (see page 2 "Basis of preparation of financial information"). These non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with IFRS. The reconciliation with the IFRS income statement is presented in Appendix 5. The balance sheet is prepared in accordance with IFRS, and the cash position variation schedule is derived from the IFRS cash flow statement. All figures presented in this press release are unaudited.

Amsterdam, August 26, 2010 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announces its results for the first half 2010.

Key figures of the adjusted income statement:

	First Half 2009		First Half 2010		Year-on-year variation at historical exchange rates
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	
Revenue	800		840		+5 %
Gross profit	290	36.3%	299	35.6%	(0.7 ppt)
Operating expenses ¹	211	26.4%	232	27.6%	+1.2 ppt
Profit from operations	79	9.9%	67	8.0%	(1.9 ppt)
Net profit	68	8.4%	63	7.5%	(0.9 ppt)

Olivier Piou, Chief Executive Officer, commented: "Gemalto's first half performance is in line with our plan to increase profit from operations for the full year 2010. We made good progress in our underlying business and made significant investments in the development of the new growth areas of our business. We took advantage of favorable conditions to make acquisitions early in our development plan, supporting our confidence in our ability to deliver on our 2013 objective. On this solid footing and with the gradual economic recovery in developed countries we now aim to record, for the first time in our Company's history, more than 1 billion euros in revenue over the second semester of 2010."

¹ See page 2 "Basis of preparation of financial information"

Basis of preparation of financial information

The Company's interim condensed consolidated financial statements are prepared in accordance with the International Financial Reporting Standards. To better assess its past and future performance, the Company also prepares from here on an additional adjusted income statement where the key metric used to understand, evaluate the business and take operating decisions over the period 2010 to 2013, is the profit from operations.

Profit from operations (PFO) is a non-GAAP measure defined as the IFRS operating result adjusted for the amortization and depreciation of intangibles resulting from acquisitions, for equity-based compensation charges, and for restructuring and acquisition-related expenses:

- Amortization and depreciation of intangibles resulting from acquisitions are defined as the amortization and depreciation expense related to the intangibles recognized as part of the allocation of the excess purchase consideration over the share of net assets acquired.
- Equity-based compensation charges are defined as (i) the discount granted to employees acquiring Gemalto shares under Gemalto Employee Stock Purchase plans; and (ii) the amortization of the fair value of stock options and restricted share units granted by the Board of Directors to employees, and the related costs.
- Restructuring and acquisitions-related expenses are defined as (i) restructuring expenses which are the costs incurred in connection with a restructuring as defined in accordance with the provision of IAS 37 (e.g. sale or termination of a business, closure of a plant,...), and consequent costs; (ii) reorganization expenses defined as the costs incurred in connection with headcount reductions, consolidation of manufacturing and offices sites, as well as the rationalization and harmonization of the product and service portfolio, and the integration of IT systems, consequent to a business combination; and (iii) transaction costs (such as fees paid as part of the acquisition process) which were previously capitalized as part of the cost of an acquisition under previous IFRS versions.

These non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with our interim condensed consolidated financial statements prepared in accordance with IFRS.

Operating expenses are defined as the sum of Research and Engineering, Sales and Marketing and General and Administrative expenses, and Other income (expense) net.

Figures in this press release are at historical exchange rates, except revenue and average selling price variations which are at constant exchange rates, or except where otherwise noted. Fluctuations in currencies exchange rates against the Euro have a translation impact on the Euro value of Group revenues: comparisons at constant exchange rates aim at eliminating the effect of currencies translation movements on the analysis of the Group results by translating prior year revenues at the same average exchange rate as applied in the current year.

The financial reporting from one of our joint ventures (JV) is not available for the first semester 2010 due to a legal dispute with the partner. Therefore, our interim condensed consolidated financial statements as at June 30, 2010 do not include any activity in respect of this JV, but the translation as at June 30, 2010 of the JV's December 31, 2009 statement of financial position, from their functional currency to the Company's reporting currency.

IFRS results

The IFRS consolidated income statement for the first half 2010 shows an operating income of € 46 million and a profit for the period of € 45 million (respectively € 56 million and € 46 million for the first half 2009).

Basic earnings per share rose to € 0.54 for the reported period, and diluted earnings per share to € 0.53, compared to respectively € 0.53 and € 0.52 in the first semester of 2009.

The Company provides in Appendix 5 the reconciliation between the IFRS and adjusted income statements. In the first half 2010 restructuring and acquisition-related expenses amounted to € 2 million (€ 4 million in the first half 2009); equity-based compensation charges to € 9 million (€ 5 million in H1 2009); and amortization and depreciation of intangibles resulting from acquisitions, net of income tax expense, to € 7 million (€ 12 million in H1 2009).

Balance sheet and cash position variation schedule

In the first half 2010, operating activities generated a cash flow of € 24 million.

Capital expenditure and acquisition of intangibles amounted to € 29 million, or 3.4% of revenue, of which € 20 million were incurred for Plant, Property and Equipment purchases net of proceeds from sales. Working capital was up by € 10 million on December 31, 2009, in preparation for the seasonal ramp-up.

Acquisition of subsidiaries and businesses, net of cash acquired, used € 20 million in cash.

Gemalto's share buy-back program used € 23 million in cash for the purchase of 746,790 shares during the first semester. As at June 30, 2010, the Company owned 4,725,179 shares, i.e. 5.37% of its own shares in treasury. The average acquisition price of the shares repurchased on the market and held in treasury as of June 30, 2010 was € 25.84. The total number of Gemalto shares issued is unchanged, at 88,015,844 shares. Net of the 4,725,179 shares held in treasury, 83,290,665 shares were outstanding June 30, 2010.

The proceeds received by the Company from the exercise of stock options by employees amounted to € 8 million.

On May 31, 2010, Gemalto paid a cash dividend of € 0.25 per share in respect of the fiscal year 2009. This distribution, the first ever in Gemalto's history, used € 21 million in cash.

As a result of these elements Gemalto's net cash position as at June 30, 2010 was € 330 million, a reduction of € 51 million when compared with December 31, 2009, and an increase of € 8 million when compared to June 30, 2009.

Gemalto has finalised on July 28th the acquisition of a leading provider of industrial Machine-to-Machine (M2M) wireless communication modules, and on August 19th the acquisition of a software technology company. The related post semester closing total cash outflow amounts to € 189 million.

Adjusted income statement² analysis

Adjusted income statement	First Half 2009		First Half 2010		Year-on-year variation at historical exchange rates
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	
Revenue	800.4		840.1		+5%
Gross profit	290.4	36.3%	299.0	35.6%	(0.7 ppt)
Operating expenses	211.1	26.4%	231.8	27.6%	+1.2 ppt
EBITDA ³	106.4	13.3%	95.7	11.4%	(1.9 ppt)
Profit from operations	79.2	9.9%	67.2	8.0%	(1.9 ppt)
Net profit	67.5	8.4%	63.2	7.5%	(0.9 ppt)
Earnings per share (€ per share) ⁴ :					
- basic	0.79		0.76		
- diluted	0.78		0.74		

Revenue for the first semester was up by 5% at historical rates to € 840 million, driven by growth in the Security and Mobile Communication segments. Revenue from software and services expanded by 48%, to € 110 million, strongly contributing to the Company's overall growth, and representing 13% of the total semester revenue.

Business conditions in the second quarter were generally comparable to those observed during the first quarter. Seasonality is well aligned with traditional quarterly patterns with revenue increasing by 15% sequentially from the first to the second quarter at historical rates.

Gross profit for the Company is up € 9 million or 3% at € 299 million. This represents gross margin of 35.6%, lower by 0.7% from the previous year. Profitability expansion in the Security segment was offset by lower gross margin in Mobile Communication.

The increase in operating expenses reflects the consolidation of recently acquired businesses and organic investments made in software & services and new growth areas.

The activity of a joint venture that accounted for € 22 million in revenue and € 6 million in profit from operations in the first semester of 2009 is consolidated in the first half 2009 numbers reported above and is not reported in the first half 2010 numbers above due to a legal dispute with the partner².

Businesses acquired in the first half of 2010 contributed € 38 million to revenue and a loss of € 2 million to profit from operations in the first semester of 2010.

² See page 2 "Basis of preparation of financial information" for a detailed description of the adjusted income statement.

³ EBITDA is defined as profit from operations plus depreciation and amortization expenses. In accordance with the adjusted basis of preparation, these amounts exclude amortization and impairment charges related to the intangible assets identified upon acquisitions pursuant to IFRS 3 "Business Combination".

⁴ The first half 2010 adjusted basic earnings per share are determined on the basis of the weighted average number of Gemalto common shares outstanding during the six-month period ended June 30, 2010 (82,959,498 shares), taking into account the effect of the share buy-back on the weighted average number of shares outstanding during the period. The first half 2010 adjusted diluted earnings per share were determined using the IFRS treasury stock method, i.e. on the basis of the same weighted average number of Gemalto shares outstanding for the six-month period ended June 30, 2010 (82,959,498 shares) and considering that all outstanding "in the money" stock options were exercised (5,827,297 options) and the proceeds received from the options exercised (€ 132,778,659) were used to buy-back shares at the average share price of the first half 2010 (i.e. 4,291,499 shares at € 30.94).

First semester 2010 profit from operations came in at € 67 million, i.e. 8% of revenue. The year-on-year variation benefited from the positive developments in the underlying business, driven by growth in Security and by the migration to EMV and contactless in Secure Transactions, offset by the acquisitions and joint-venture effects and by the investments made in organic development of new growth areas and in integrating the acquired technologies.

The impact of one-off profits and expenses⁵ on the year-on-year variation of the profit from operations was not significant.

Net interest income was non material this semester, compared with € 1 million reported the prior year, mainly due to lower yields on short-term investments. Foreign exchange transactions resulted in a gain of € 1 million, compared with a loss of € 4 million in the first half of 2009. As a result, Gemalto financial income for the first half of 2010 increased by € 4 million to € 1 million.

Profit before income tax was € 68 million. Net income tax expenses were € 5 million.

Consequently the adjusted net profit was € 63 million, compared with € 67 million for the same period last year. Basic adjusted earnings per share came at € 0.76 and fully diluted adjusted earnings per share at € 0.74.

⁵ Several one-off profits and expenses were recorded during the semester, in particular a € 6.7 million compensation resulting from the final judgment in a lawsuit with a customer which was in large part offset by other non-recurring items.

Segment information

Revenue from the joint venture whose financial reporting is not available for the first semester 2010 due to a legal dispute with the partner was € 14.5 million in Secure Transactions and € 7.4 million in Security in the first half of 2009. Profit from operations from this joint venture in H1 2009 was € 2.7 million in Secure Transactions and € 2.9 million in Security. For a better understanding of Gemalto's year-on-year business evolution, in this section 'Segment Information' the first half 2009 adjusted income statement⁶ is also restated from the contribution of this joint venture, and the year on year variations have been calculated accordingly. Adjusted income statements prior to this JV restatement are available in Appendix 1.

Excluding the revenue from the JV in 2009, Gemalto's revenue growth in the first semester was 8% at historical rates, and 5% at constant exchange rates.

Extract from the adjusted income statement

	First Half 2009 (restated from JV)		First Half 2010		Year-on-year variation at historical exchange rates
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	
Revenue	778.5		840.1		+ 8 %
Gross profit	283.0	36.3%	299.0	35.6%	(0.8 ppt)
Operating expenses	209.2	26.9%	231.8	27.6%	+0.7 ppt
Profit from operations	73.7	9.5%	67.2	8.0%	(1.5 ppt)

At constant exchange rates, first half 2010 revenue was up by 5% year on year.

Segment revenue comparisons

Revenue variations (2009 restated from JV)	Mobile Communication	Secure Transactions	Security	Total three main segments	Others	Total Gemalto
Second quarter 2010	241 M€	112 M€	80 M€	433 M€	17 M€	450 M€
At historical exchange rates	+ 7%	+ 0%	+ 21%	+ 7%	(11%)	+ 7%
At constant exchange rates	+ 2%	(4%)	+ 18%	+ 3%	(13%)	+ 2%
First Half 2010	452 M€	207 M€	148 M€	807 M€	33 M€	840 M€
At historical exchange rates	+ 8%	+ 1%	+ 21%	+ 9%	(5%)	+ 8%
At constant exchange rates	+ 5%	(2%)	+ 19%	+ 6%	(7%)	+ 5%

⁶ The information provided in this section is presented in an adjusted basis as described in page 2 "Basis of preparation of financial information".

Mobile Communication

	First Half 2009		First Half 2010		Year-on-year variation at historical exchange rates
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	
Revenue	416.3		451.7		+8%
Gross profit	174.5	41.9%	173.6	38.4%	(3.5 ppt)
Operating expenses	116.3	27.9%	133.3	29.5%	+1.6 ppt
Profit from operations	58.2	14.0%	40.3	8.9%	(5.0 ppt)

At constant exchange rates, first half 2010 Mobile Communication revenue was up by 5% year on year.

Mobile Communication posted revenue of € 452 million, higher by 5% at constant exchange rates from the previous year. This growth was driven by the success in software and services whose revenue more than doubled year on year. Increased investment in this activity, with new service offerings from both bolt-on acquisitions and organic developments led to this strong performance. When compared to a 2009 first semester that included a particularly strong second quarter, revenue from the traditional SIM card business was slightly lower year on year. This decline was partially offset by the growth in new connected devices such as e-tablets, mobile TV and machine-to-machine communication secure identification modules (MIM).

Volume growth in developing countries was strong. The return of large-scale innovative project deployments in developed markets remained limited during the semester, temporarily restricting product mix improvement and contributing to the reduction in gross margin. As a result, gross profit remained stable at € 174 million. As a sign of the gradual recovery of these developed markets, the end of the second quarter was marked by a strong level of activity in software & services and by a solid pipeline of contracts to be delivered by the end of the year.

Operating expenses increased by € 17 million to € 133 million as a result of the consolidation of acquired companies' operating expenses and investment in software & services. Profit from operations was hence lower by € 18 million year on year, at € 40 million, representing a profit margin of 8.9%.

Secure Transactions

	First Half 2009 (restated from JV)		First Half 2010		Year-on-year variation at historical exchange rates
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	
Revenue	204.6		207.4		+1%
Gross profit	50.9	24.9%	54.3	26.2%	+1.3 ppt
Operating expenses	43.5	21.2%	48.8	23.5%	+2.3 ppt
Profit from operations	7.4	3.6%	5.6	2.7%	(0.9 ppt)

At constant exchange rates, first half 2010 Secure Transactions revenue was lower by 2% year on year.

In line with the first quarter trend, the first semester was marked by strong revenue growth in countries migrating to EMV, notably in the Americas, while upgrades to contactless dual interface payment cards continued to ramp up in Europe. This strong growth in revenue more than offset both the triennial payment card renewal trough in the United Kingdom and the effect of last year's shift from registered mail to standard mail for card deliveries. As a result the 2010 first semester revenue progressed to € 207 million.

During the semester, the favorable contribution from high-end contactless cards more than compensated the effect of lower activity in the United Kingdom. Consequently gross margin and gross profit increased to 26% and € 54 million respectively. The end of the quarter was marked by a return to growing demand from the UK financial institutions as they prepare the return to normal card renewal levels by year end.

Operating expenses were up by € 5 million as a result of the integration of acquired companies and investment to develop Gemalto's Trusted Service Management offers.

As a result, profit from operations came in at € 6 million, representing a profit margin of 2.7% of revenue.

Security

	First Half 2009 (restated from JV)		First Half 2010		Year-on-year variation at historical exchange rates
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	
Revenue	123.0		148.2		+21%
Gross profit	49.6	40.3%	63.0	42.5%	+2.2 ppt
Operating expenses	42.8	34.8%	42.2	28.5%	(6.3 ppt)
Profit from operations	6.8	5.5%	20.8	14.0%	+8.5 ppt

At constant exchange rates, first half 2010 Security revenue was up by 19% year on year

Security posted another semester of strong growth with a 19% year-on-year revenue increase at constant exchange rates. This first semester saw strong levels of growth in Identity and Access Management (IAM) with a 49% increase in revenue on the previous year. Renewed demand from enterprise on-line authentication, solid activity in e-Banking solutions and the integration of recent acquisitions produced this outstanding performance. Government Programs grew by 8% over the period, with the second quarter of 2010 setting another quarterly revenue record. Patent licensing revenue increased also in the first half of 2010, by € 3 million, to € 16.1 million. A figure that is expected to represent the vast majority of the full year's patent licensing activity.

Gross margin improved to 43% as a result of a greater proportion of IAM activity, productivity gains in Government Programs and the slightly higher patent licensing revenue recorded during the semester. The gross margin improvement combined with the segment's double-digit revenue growth resulted in a strong € 13 million increase in gross profit.

The semester operating expenses were stable at € 42 million. Several one-off profits and expenses were recorded during the second quarter, in particular a compensation resulting from the final judgment in a lawsuit, for a total net gain of € 4 million. Otherwise, operating expenses increased by € 3 million to manage the growth.

Profit from operations reached € 21 million, i.e. 14% of revenue. Excluding the contribution of patent licensing and the effect of non-recurring items, the combined activities of Government Programs and Identity and Access Management increased their profit margin from operations by more than 3 percentage points when compared with the first half of 2009.

Others

	First Half 2009		First Half 2010		Year-on-year variation at historical exchange rates
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	
Revenue	34.6		32.9		(5%)
Gross profit	8.0	23.1%	8.1	24.6%	+1.4 ppt
Operating expenses	6.7	19.2%	7.6	23.1%	+3.8 ppt
Profit from operations	1.3	3.9%	0.5	1.5%	(2.4 ppt)

At constant exchange rates, first half 2010 revenue for Public Telephony and POS Terminals combined in Others was lower by 7% year on year

The double digit growth in POS Terminals revenue was more than offset by the rapid decline in Public Telephony, which continues to be substituted by mobile telephony. Gross margin increased on the back of the good performance in POS Terminals. Operating expenses increased by € 1 million as investments were made towards a new range of POS Terminals, leading to a slight decrease in profit from operations.

Outlook

Our business has strong fundamentals and prospects. We continue our mission to provide trust and convenience to the wireless and digital world. In 2010 we are focused on growth, actively promoting our expanded product portfolio and delivering more software and services to our customers, in order to further increase our profit, on our way to achieving the objective we have set for ourselves of € 300 million profit from operations in 2013.

Live Audio Webcast and Conference call

Gemalto First Half 2010 results presentation will be webcast in English today at 3pm Paris time (2pm London time and 9am New York time).

This listen-only live audio webcast of the presentation and the Q&A session will be accessible from our Investor Relations web site:

www.gemalto.com/investors

Questions will be taken by way of conference call. Investors and financial analysts wishing to ask questions should join the presentation by dialling:

(UK) +44 203 367 9458 or (US) +1 866 907 5928 or (FR) +33 1 7200 1369.

The accompanying presentation slide set is also available for download on our Investor Relations web site.

Replays of the presentation and Q&A session will be available in webcast format from approximately 3 hours after the conclusion of the presentation, through our Investor Relations web site. Replays will be available for one year.

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Reporting calendar

The semi-annual report, including the interim condensed consolidated financial statements as of June 30, 2010, is available on our Investor web site (www.gemalto.com/investors).

Third quarter 2010 revenue will be reported on Thursday October 21, 2010, before the opening of Euronext Paris.



About Gemalto

Gemalto (Euronext NL 0000400653 GTO) is the world leader in digital security with 2009 annual revenues of €1.65 billion, and over 10 thousand employees operating out of 75 offices, research and service centers in 41 countries.

Gemalto is at the heart of our evolving digital society. The freedom to communicate, travel, shop, bank, entertain, and work—anytime, anywhere—has become an integral part of what people want and expect, in ways that are convenient, enjoyable and secure.

Gemalto delivers on the growing demands of billions of people worldwide for mobile connectivity, identity and data protection, credit card safety, health and transportation services, e-government and national security. We do this by supplying to governments, wireless operators, banks and enterprises a wide range of secure personal devices, such as subscriber identification modules (SIM) in mobile phones, smart banking cards, electronic passports, and USB tokens for online identity protection. To complete the solution we also provide software, systems and services to help our customers achieve their goals.

As the use of Gemalto's software and secure devices increases with the number of people interacting in the digital and wireless world, the Company is poised to thrive over the coming years.

For more information please visit www.gemalto.com.

This communication does not constitute an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Gemalto.

This communication contains certain statements that are neither reported financial results nor other historical information and other statements concerning Gemalto. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, events, products and services and future performance. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates" and similar expressions. These and other information and statements contained in this communication constitute forward-looking statements for purposes of applicable securities laws. Although management of the Company believes that the expectations reflected in the forward-looking statements are reasonable, investors and security holders are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements, and the Company cannot guarantee future results, levels of activity, performance or achievements. Factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this communication include, but are not limited to: trends in wireless communication and mobile commerce markets; the Company's ability to develop new technology and the effects of competing technologies developed and expected intense competition generally in the companies' main markets; profitability of expansion strategy; challenges to or loss of intellectual property rights; ability to establish and maintain strategic relationships in its major businesses; ability to develop and take advantage of new software and services; the effect of acquisitions and investments; the ability of the Company's to integrate acquired businesses, activities and companies according to expectations; the ability of the Company to achieve the expected synergies from acquisitions; and changes in global, political, economic, business, competitive, market and regulatory forces. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of such forward-looking statements. The forward-looking statements contained in this communication speak only as of the date of this communication and the Company are under no duty, and do not undertake, to update any of the forward-looking statements after this date to conform such statements to actual results, to reflect the occurrence of anticipated results or otherwise except as otherwise required by applicable law or regulations.

Appendix 1

First Half 2010 adjusted income statement by business segment

€ in millions	Six months ended June 30, 2010				Total
	Mobile Communication	Secure Transactions	Security	Other	
Revenue	451.7	207.4	148.2	32.9	840.1
Gross profit	173.6	54.3	63.0	8.1	299.0
Operating expenses	133.3	48.8	42.2	7.6	231.8
Profit from operations	40.3	5.6	20.8	0.5	67.2

First Half 2009 adjusted income statement by business segment (as reported)

€ in millions	Six months ended June 30, 2009				Total
	Mobile Communication	Secure Transactions	Security	Other	
Revenue	416.3	219.1	130.4	34.6	800.4
Gross profit	174.5	55.2	52.6	8.0	290.4
Operating expenses	116.3	45.1	43.0	6.7	211.1
Profit from operations	58.2	10.1	9.6	1.3	79.2

Appendix 2

Deliveries of secure personal devices

In millions of units	Second quarter 2009	Second quarter 2010	% growth
SIM cards	282	320	+ 14%
Secure Transactions	89	93	+ 5%
Security	13	14	+ 7%
Total	384	428	+ 11%

SIM card average selling price was lower year-on-year by 19% at constant exchange rates in the second quarter 2010.

In millions of units	First Half 2009	First Half 2010	% growth
SIM cards	529	608	+ 15%
Secure Transactions	158	174	+ 10%
Security	26	28	+ 7%
Total	713	809	+ 13%

Appendix 3

The revenue by region for the second quarter 2009 and the first half 2009 presented in this appendix are as reported.

Second quarter 2010 revenue variation by region

€ in millions	Second quarter 2009	Second quarter 2010	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
EMEA	242	250	+ 3%	+ 1%
North & South America	103	107	+ 4%	(3%)
Asia	89	93	+ 4%	(1%)
Total revenue	433	450	+ 4%	0%

First Half 2010 revenue variation by region

€ in millions	First half 2009	First half 2010	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
EMEA	433	468	+ 8%	+ 6%
North & South America	204	200	(2%)	(7%)
Asia	163	172	+ 6%	+ 3%
Total revenue	800	840	+ 5%	+ 2%

Appendix 4

Average exchange rates between the Euro and the US dollar

EUR/USD	2009	2010
First quarter	1.33	1.40
Second quarter	1.34	1.31
First half	1.34	1.35
Third quarter	1.41	
Fourth quarter	1.47	
Second half	1.44	
Full year	1.39	

Appendix 5

Reconciliation from IFRS to Adjusted financial information

	Six-month period ended June 30, 2010			IFRS financial information
	Adjusted financial information	Adjustments		
		by nature	by IFRS line item	
<i>In thousands of Euro</i>				
Revenue	840,111			840,111
Cost of sales	(541,097)		(1,023)	(542,120)
Gross profit	299,014		(1,023)	297,991
Operating expenses				
Research and engineering	(55,552)		(382)	(55,934)
Sales and marketing	(127,385)		(3,359)	(130,744)
General and administrative	(56,779)		(4,270)	(61,049)
Other income (expense), net	7,870			7,870
Profit from Operations (PFO)	67,168		(9,034)	
Equity-based compensation charges (*)		(9,034)		
Restructuring & acquisition-related expenses		(2,343)	(2,343)	(2,343)
Amortization and depreciation of intangibles resulting from acquisitions		(9,620)	(9,620)	(9,620)
Operating result (EBIT)		(20,997)	(20,997)	46,171
Financial income (expense), net	870			870
Share of profit of associates	361			361
Profit before income tax	68,399	(20,997)	(20,997)	47,402
Income tax expense	(5,217)	2,643	2,643	(2,574)
Profit for the period (Net profit)	63,182	(18,354)	(18,354)	44,828
Earnings per share (€ per share)				
Basic	0.76			0.54
Diluted	0.74			0.53

(*) including equity based earn-out for management of acquired companies.

Six-month period ended June 30, 2009

	Adjusted financial information	Adjustments		IFRS financial information
		by nature	by IFRS line item	
<i>In thousands of Euro</i>				
Revenue	800,355		(122)	800,233
Cost of sales	(509,997)		(871)	(510,868)
Gross profit	290,358		(993)	289,365
Operating expenses				
Research and engineering	(48,984)		(207)	(49,191)
Sales and marketing	(115,883)		(1,935)	(117,818)
General and administrative	(48,178)		(2,238)	(50,416)
Other income (expense), net	1,917		-	1,917
Profit from Operations (PFO)	79,230		(5,373)	
Equity-based compensation charges		(5,251)		
Restructuring & acquisition-related expenses (*)		(3,956)	(3,834)	(3,834)
Amortization and depreciation of intangibles resulting from acquisitions		(14,522)	(14,522)	(14,522)
Operating result (EBIT)		(23,729)	(23,729)	55,501
Financial income (expense), net	(2,825)			(2,825)
Share of profit of associates	608			608
Profit before income tax	77,013	(23,729)	(23,729)	53,284
Income tax expense	(9,464)	2,049	2,049	(7,415)
Profit for the period (Net profit)	67,549	(21,680)	(21,680)	45,869
Earnings per share (€ per share)				
Basic	0.79			0.53
Diluted	0.78			0.52

(*) of which € 122 thousand reported as revenue adjustment

Appendix 6

Cash position variation schedule

€ in millions	First Half 2009	First Half 2010
Cash and cash equivalents, beginning of period	367	404
Cash generated by operating activities, before cash outflows related to restructuring actions	41	27
Including cash provided (used) by working capital decrease (increase)	(59)	(10)
Cash used in restructuring actions	(17)	(3)
Cash generated by operating activities	23	24
Capital expenditure and acquisitions of intangibles	(26)	(29)
Free cash flow	(3)	(5)
Interest received, net	1	1
Cash used by acquisitions	(25)	(20)
Other cash used by investing activities	(3)	0
Cash generated (used) by operating and investing activities	(29)	(24)
Cash used by the share buy-back program	(2)	(23)
Dividend paid to Gemalto shareholders	0	(21)
Other cash provided (used) by financing activities	(7)	5
Other (translation adjustment mainly)	10	11
Cash and cash equivalents, end of period	339	352
Current and non-current borrowings including finance lease and bank overdrafts, end of period ⁶	(18)	(22)
Net cash, end of period	322	330

⁶ Bank overdrafts amount to € 1.8 million as at June 30, 2010, compared to € 2.7 million as at June 30, 2009. Consequently cash plus bank overdraft amounted to € 350 million as at June 30, 2010, and was € 337 million as at June 30, 2009.