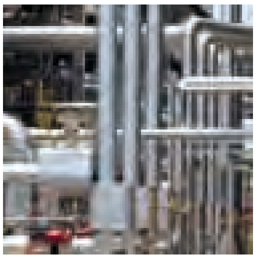
ANNUAL REPORT 2007

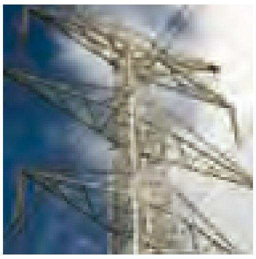
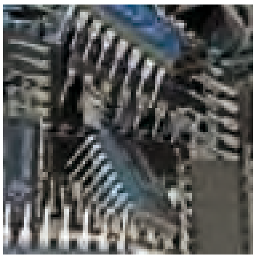


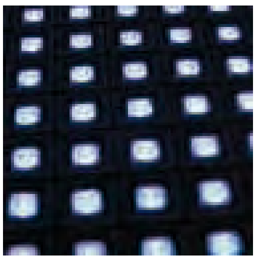


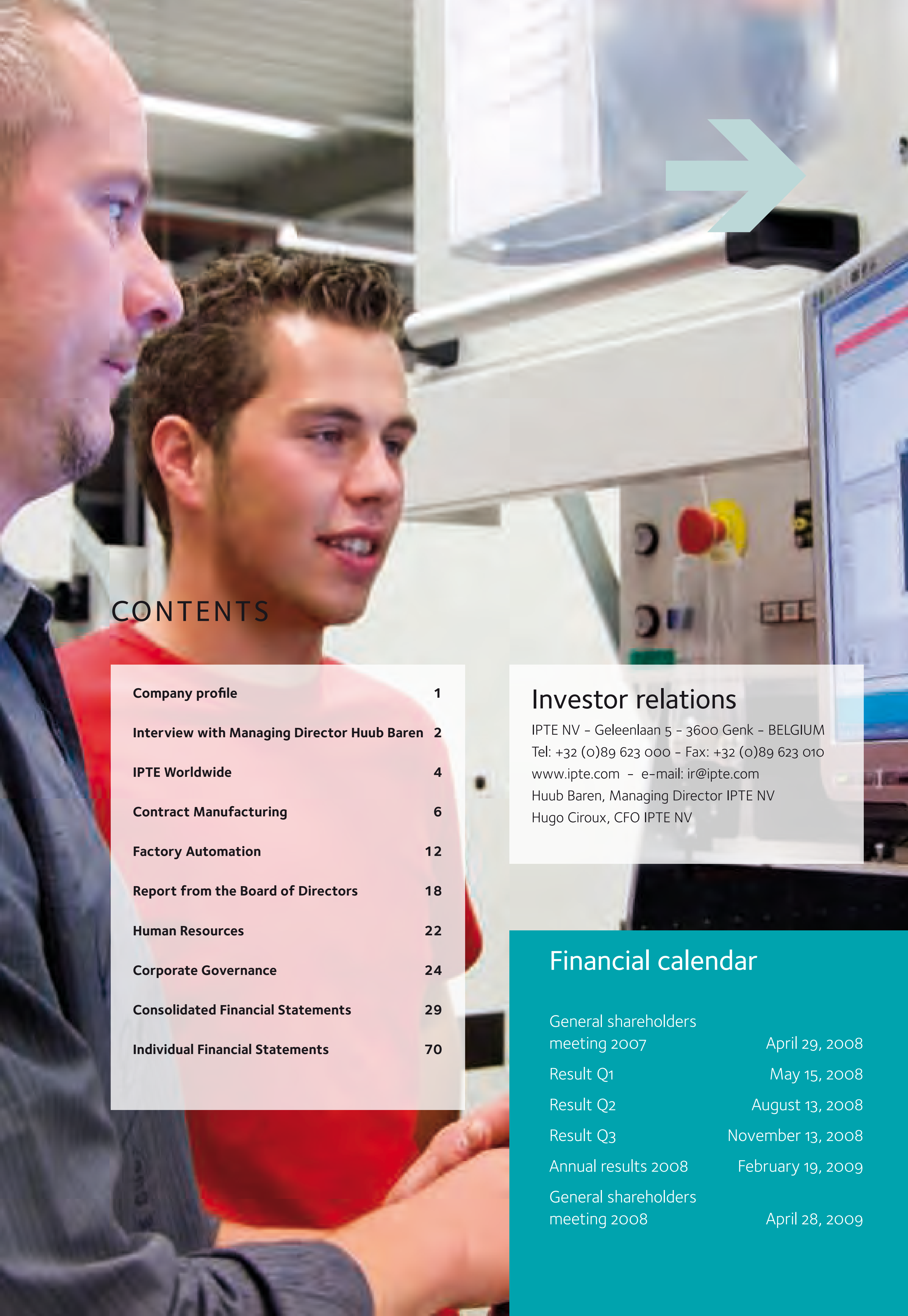



Market driven solutions



CONTENTS

Investor relations

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www.ipte.com – e-mail: ir@ipte.com
Huub Baren, Managing Director IPTE NV
Hugo Ciroux, CFO IPTE NV

Financial calendar

General shareholders meeting 2007	April 29, 2008
Result Q1	May 15, 2008
Result Q2	August 13, 2008
Result Q3	November 13, 2008
Annual results 2008	February 19, 2009
General shareholders meeting 2008	April 28, 2009

KEY FIGURES

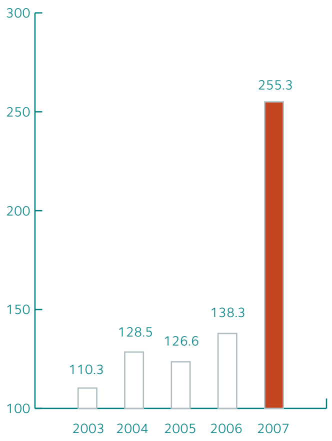
ANNUAL RESULTS IPTE GROUP AT 31 DECEMBER

000 EUR	2007	%	2006	%	2005	%
Sales	255,290	100.0	138,282	100.0	126,662	100.0
Cost of sales	-208,396	-81.6	-109,917	-79.5	-97,886	-77.3
Gross profit	46,894	18.4	28,365	20.5	28,776	22.7
Research and development expenses	-7,791	-3.1	-6,255	-4.5	-5,802	-4.6
General and administrative expenses	-13,891	-5.4	-9,134	-6.6	-8,757	-6.9
Selling expenses	-12,889	-5.0	-9,886	-7.1	-10,010	-7.9
Other operating income/expense (net)	104	0.0	304	0.2	-10	-0.0
Profit from operations	12,427	4.9	3,394	2.5	4,197	3.3
Financial income/charges (net)	-2,726	-1.1	-1,377	-1.0	-2,041	-1.6
Profit before taxes	9,701	3.8	2,017	1.5	2,156	1.7
Income taxes	1,182	0.5	-134	-0.1	12	0.0
Profit after taxes	10,883	4.3	1,883	1.4	2,168	1.7
Attributable to:						
Equity holders of the parent	10,868	4.3	1,857	1.3	2,046	1.6
Minority interest	15	0.0	26	0.0	122	0.1
Number of shares: 6,934,424						
Number of warrants: 182,850						
Profit/(loss) per share in EUR	1.57		0.34		0.37	
Diluted profit/loss per share in EUR	1.57		0.27		0.37	

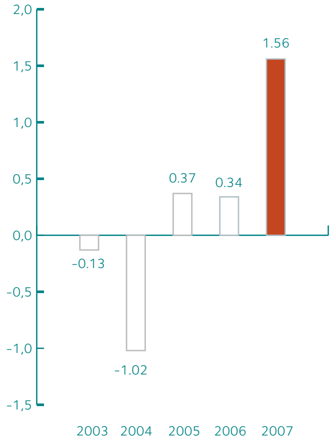
BALANCE SHEET IPTE GROUP AT 31 DECEMBER

000 EUR	2007	2006	2005
Intangible fixed assets	254	221	254
Goodwill	5,943	5,943	5,943
Property, plant and equipment	17,102	12,226	12,000
Deferred tax assets	1,615	1,000	901
Amounts receivable after one year	1,240	1,490	1,502
Inventories and contracts in progress	46,243	28,914	23,988
Trade receivables	52,919	34,781	26,267
Other receivables	2,865	2,396	2,539
Cash, bank deposits and current investments	3,414	2,309	3,694
Other current assets	212	289	390
Total assets	**131,807**	**89,569**	**77,478**
Equity	41,655	23,920	22,894
Subordinated loan	0	7,200	7,000
Provisions	2,016	1,356	2,342
Deferred tax liability	115	1,000	901
Long-term financial debts	4,630	1,810	2,750
Bank loans and overdrafts	25,650	23,156	18,147
Trade payables	40,818	21,440	14,852
Current liabilities	16,923	9,687	8,592
Total liabilities	**131,807**	**89,569**	**77,478**

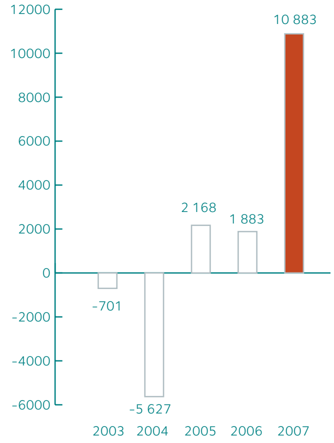
Sales (in EUR 'million)



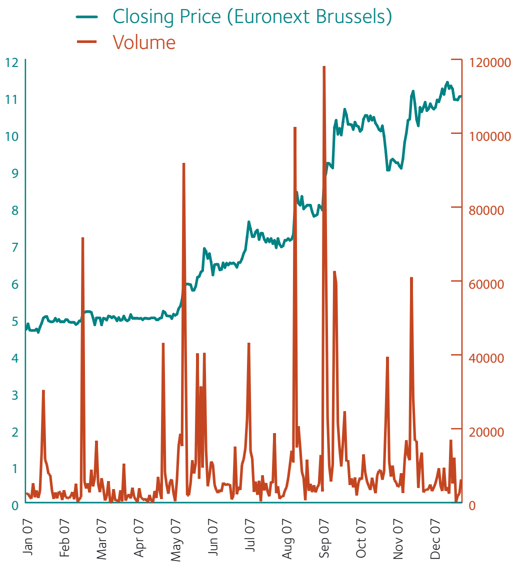
Net result per share (in EUR)

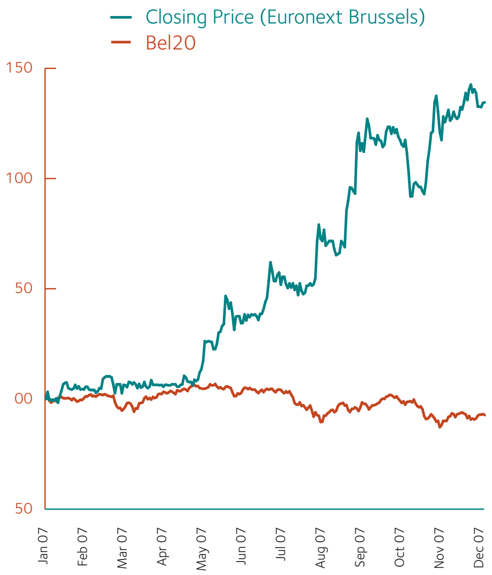


Net result (in EUR '000)



Stock market quotation (at 31/12/2007)			
	Shares	Highest price	11.39 EUR
		Lowest price	4.7 EUR
		Average price (accounting average)	7.36 EUR
		Price at 31/12/2007	11 EUR
	Number of shares		6 934 424
	Number of warrants		182 850
	Average volume traded per day		9 481
	Stock market capitalisation (at 31/12/2007)		76 278 664





COMPANY PROFILE

IPTE is a worldwide supplier of automated production equipment for the electronics industry and a supplier of manufacturing services to electronic and industrial markets in Europe.

IPTE NV's registered office and corporate headquarters are located in Genk, Belgium.

The group has production facilities in Belgium, the Netherlands, Germany, France, Portugal, Slovakia, Romania, Czech Republic and China.

It serves its clients through sales and service offices on three continents.

The company was founded in 1992 and its shares have been traded on Euronext Brussels since 2000.

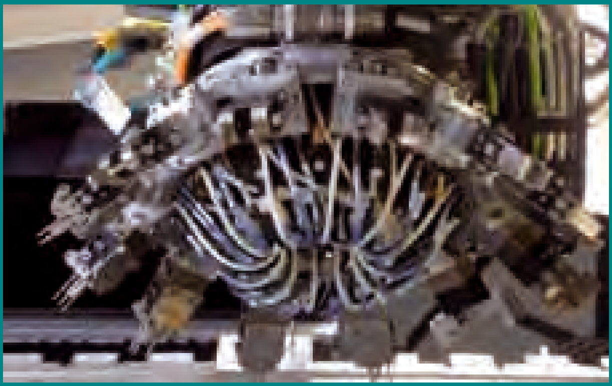
OUR ACTIVITIES

The group's activities are divided into two business units, Factory Automation and Contract Manufacturing, each combining a number of specific processes for the electronics industry.

Both divisions have their own independent marketing approach and make their own strategic decisions for reacting to new markets and opportunities.

The IPTE Factory Automation division develops standard machinery and turnkey automation systems for the production, testing and treatment of printed circuit boards and for final assembly work. The equipment is used in the automotive, telecommunications, consumer and other sectors of the electronics industry.

The IPTE Contract Manufacturing division (Connect Systems Group) delivers, as a contract manufacturer, a full range of cable manufacturing and assembly, PCB assembly and module assembly services to the professional industry.



Interview with
Huub Baren

IPTE presents excellent figures for 2007. What is the basis for this success?

I don't need to tell you that we are excited with the past year's results. The figures speak volumes: group sales of EUR 255 million, or 85% more than in 2006, and a steep increase of net profit to EUR 10.9 million. In addition IPTE as a company has proved so flexible and healthy that we have digested this major growth without negative impact on delivery deadlines or quality. This too is cause for satisfaction.

We can ascribe our good performances on the one hand to the further positive development of the world economy in 2007 in general in general and of the electronics market in particular, and on the other to the proactive way in which the IPTE divisions have taken advantage of this situation.

Was 2007 an exceptionally good economic year?

The past year was indeed excellent, both economically and industrially, better even than expected. And this despite the financial crisis at the end of the year. We saw global growth of 4 to 5%, with consumption rising in the United States, Europe and Asia.

The favourable macro-economic trend expressed itself also on the electronics market, which is still expanding. For example the production of "consumer" equipment in which electronics are essential (GSM, PC, flat screen, etc.) rose by between 10 and 20%. This rise is based on three pillars: the growth of an Asian middle class that is providing an increasing number of potential customers, the prominent place that consumer electronics is conquering in total consumer spending budgets, and the ever more essential role that electronics are playing in a growing number of products. This last factor certainly applies in the automotive sector. Today's motorcar contains numberless pearls of automotive electronics.

I would not, however, talk of 2007 as an out-of-the-ordinary year. The three above-mentioned elements that are supporting electronics growth seem to me so fundamental that there is no single reason to assume that this growth is suddenly going to reduce in 2008.

The same applies to the industrial and professional electronics markets, where the positive developments we saw in 2007 are set to continue for the next few years. Economic growth, driven from Asia, means that more and more energy will need to be generated and distributed. Multi-annual plans for building new electricity power stations will support demand for industrial electronics for some time yet. In the medical sector too, where technology is playing an ever more important role, electronics remains essential. Environmental concerns are going to have a booster effect on the electronics market for some years to come. Think only of the impact that LED technology is having on light electronics.

As you yourself said, IPTE owes its growth not just to good market circumstances, but also to its corporate strategy. What should we understand by this?

First of all, it continues to make economic sense to be active both in contract manufacturing, via our Connect Systems division, and in developing standard and tailored automation systems via the Factory Automation department. Not only do both divisions produce a cross-pollination of knowledge and experience, but by each taking a separate and specific course, they are able to cash in on the specific developments in their sales markets.

GROUP SALES ARE 85% MORE THAN IN 2006

Factory Automation is directed at automotive electronics (two thirds of sales), consumer electronics and the telecom sector. The still very European-directed automotive sector is interesting because of the high innovation content, driven by comfort, safety and the environment. In our various market segments we score well with our unique close-to-the customer philosophy. This means our setting up shop, if desired, geographically close to our customers' production facilities. Where necessary for this we acquire smaller local players, which in many cases also produce added value in terms of product technology for the IPTE group. This philosophy means that we shall be focusing more on large customers. The 20% sales growth to EUR 60 million that we realized in 2007 is based on these strategic choices.

In contract manufacturing we are able to place other accents. We are active in particular in the industrial market segment and, to a lesser degree, in the automotive and telecoms sectors. With sales of EUR 195 million we can be included in the group of 'middle market' contract manufacturers, where gross margins are viable. We have no ambition to compete with the big shots. The outstanding event of 2007 was our taking over of the Barco surface mounting activities. This has gone off particularly well, with the new partnership delivering more than the anticipated sales growth. On top of this, in contract manufacturing too, our size has led us to focus more on large customers.

What are IPTE's plans and prospects for 2008?

We are confident that the market will remain favourable and therefore believe that we will again post a strong performance in 2008. In the meantime, for Factory Automation the year has begun with the signing of the contract to acquire a German sector colleague, Platzgummer GmbH. Obviously this offers growth prospects on the interesting German market. In contract manufacturing we shall be moving forward with the same élan, even if it is clear that it will not be possible to match in 2008 the growth that Barco brought us in 2007. In the medium term we are striving for a sales distribution of one quarter Factory Automation, three quarters Contract Manufacturing.

I would also remind you that the present CEO of Contract Manufacturing, Luc Switten, will be taking over as CEO of the IPTE Group, after the General Meeting.

Talking about the General Meeting, how do you react to the evolution of the share price?

Over the past year our share price evolved favourably, though I remain slightly surprised that our magnificent results have not produced a much better price rise, though I realize that market sentiment in general had a role to play here. For the rest, this year the Board of Directors has again proposed to reinvest the profit in the company instead of paying a dividend to shareholders.

IPTE WORLDWIDE

Added value

We are a reliable, quality supplier of engineering solutions on a worldwide scale. Our focus is on creating 'added value' for our customers, in terms of both our product portfolio and the surrounding services.

WORLDWIDE YET LOCAL, WHERE OUR CUSTOMERS NEED US

IPTE NV's registered office and corporate headquarters are located in Genk, Belgium. The Group has production facilities in Belgium, the Netherlands, Germany, France, Portugal, Slovakia, Romania, Czech Republic and China. It serves its clients through sales and service offices on three continents.

SALES CONTACTS

Europe

- Belgium
- Germany
- France
- United Kingdom
- Portugal
- Spain
- Hungary
- Romania
- Poland
- Norway
- Finland
- Czech Republic

America

- United States
- Mexico

Asia

- Singapore
- China

PRODUCTION SITES

Factory automation

- Genk, Belgium
- Heroldsberg, Germany
- Carlepont, France
- Ovar, Portugal
- Shanghai, China
- Malville, France
- Oradea, Romania

Contract manufacturing

- Kampenhout, Belgium
- Ieper, Belgium
- Poperinge, Belgium
- Rijen, the Netherlands
- Frickenhausen, Germany
- Kladno, Czech Republic
- Vrable, Slovakia
- Oradea, Romania

Committed to quality

We continuously strive to improve the quality level of our products and our services. This in turn reflects in increased success for our customers.

CONTRACT MANUFACTURING, INTEGRATED SUBCONTRACTORS

Connect Systems is one of the leading service providers regarding cable, PCB and module assembly. Connect Systems developed from a cable company to a full service provider and supports its customers with design, production, logistics and after-sales services.

Today, Connect Systems is one of the most innovative technology centers across Europe, constantly aiming to improve the success of its customers by supplying the best Electronic Manufacturing Services.

IPTE CONTRACT MANUFACTURING

DESIGN & ENGINEERING	CABLE ASSEMBLY	PCB ASSEMBLY	MODULE ASSEMBLY
-Design-in -Co-engineering -Component definition -Layout PCB -Development support -Prototyping -FMEA -Design rules check -Mechanical design -Obsolete component management -Last time buy	-Design & development -Cutting -Stripping -Crimping -High level of automation -Printing -Welding -Documentation control -Moulding & potting -Harnesses -100% test	-SMD-placement -Manual mounting -Die & wire bonding -THT -Soldering -Press fit -High precision coating -Clean room -Testing -FMEA	-Co-development -Submodules -Racks -Electronic and mechanical assembly -Partial and functional testing -Project management -Field repairs -After-sales service -Flex-Ops

DESIGN

High quality products start with good design. Connect Systems brings added value to the customer by providing design and engineering services, advice regarding component and materials choices, and layout of cable, PCB and module assemblies.

CABLE ASSEMBLY

Cabling services using copper, coaxial and fiber-optic technologies offer a complete answer to the interconnection needs of OEMs and equipment installers.
Our skilled operators are fully conversant with all regularly used signal, power, HF and coaxial cable, including the most complex constructions.

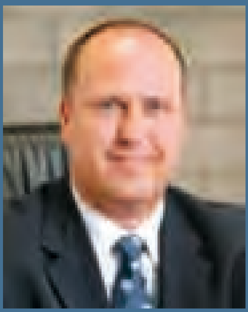
PCB ASSEMBLY

Connect Systems' PCB assembly offers a number of different integrated automatic production lines, built around a series of modern surface mounters, to provide rapid, cost-efficient assembly of SMD circuit boards.
To ensure the best quality, test systems are installed:

- In-circuit test
- Functional test
- Flying probe
- 3D X-ray
- AOI
- Burn-in test
- Lifecycle test.

MECHATRONICS

Connect Systems' mechatronics division offers customers production solutions that integrate cable, electronics and mechanical aspects, from sub-assemblies to fully tested finished products. For the assembly of complete cabled panels, racks and cabinets, the Connect Systems group has versatile and modular production locations to handle customer projects from co-development through to after-sales service.



Luc Switten,
CEO ConnectSystems

IPTE CONTRACT MANUFACTURING, INTEGRATED SUBCONTRACTORS

2007 was for Connect Systems a year in which many expectations were fulfilled. We invested in production capacity, innovative technology, buildings and not at least people. These investments were very successful, as is reflected in the results we were able to report last year. Sales rose by 121 per cent (including 25 percent of internal growth) to EUR 195.3 million, the best ever result since the Contract Manufacturing division was founded.

2007 got off to a good start with the successful integration of the Barco surface mounting activity. This strategic decision very significantly influenced our development in 2007. Not only did we considerably expand our production capacity, but we also added a major new account to our customer portfolio. Our technological capacities now include class III-products (military and medical applications), die & wire bonding, glob topping and a clean-room, which are opening up a number of new market segments to us.

Worldwide we are seeing a strong trend towards environmentally-friendly technologies. Whereas 2006 brought the RoHS directive, the emphasis lay in 2007 on energy-saving applications. LED systems are one example of this. More and more market segments are using this new development for advertising, information dissemination, entertainment, etc. Thanks also to the know-how of the former Barco division we are now more strongly placed to respond to these trends.

Customers are increasingly involving subcontractors in their production processes. Today they are looking for ever higher quality input from subcontractors and ever greater subcontractor involvement in the development process. Right now we are offering increasing support in design and development. In so doing we are evolving from a supplier of assembly services to a supplier of total solutions.

This latter trend has also led to a better delineation of Connect Systems' four activities: design, cable assembly, PCB assembly and mechatronics. In the past the main emphasis was on cable tree and PCB assembly, today it is shifting to design and mechatronics. Our expertise in cabling, PCBs and module assembly remains an invaluable asset for customers looking for real added value in their production process.

In 2007 we started building a new 16,000 m² plant at Oradea, Romania. With space for 1500 employees, this new facility represents a more than doubling of our production capacity in Romania. The official opening is scheduled to take place in May 2008. Our personnel rose from 1200 employees in 2006 to more than 2000 in 2007.

The positive results in 2007 are a good motivation to continue growing on the subcontracting market.

OUR MISSION

"To continuously improve as a total solution provider the success of our customers in the industrial and professional markets throughout Europe by supplying the best Electronic Manufacturing Services."

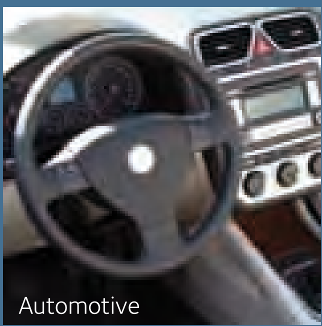
STRATEGY

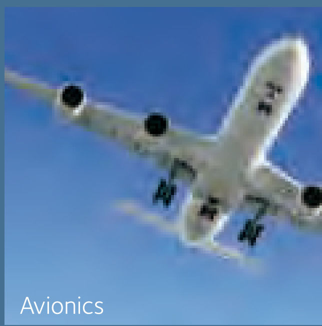
The IPTE Contract Manufacturing strategy is based on a 'hands-on' company culture and customer-oriented organization:

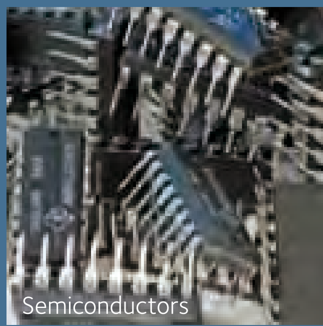
- **Quality**
  We aim for zero defects, delivering products to our customer's expectations.
- **Logistics**
  An integrated offer covered by the different production facilities. Competitive purchase agreements. Wide range of logistical concepts. Component selection for an optimal correlation between purchase and production.
- **Technology**
  We are continuously looking for innovations to implement the latest technologies in our production processes.
- **Costs**
  We aim at the best price for your products through co-engineering, high productivity and centralized purchasing.
- **Flexibility**
  Volume-flexibility, thanks to a network of production facilities. Technology mix. Multifunctional employees. Customer-oriented delivery.

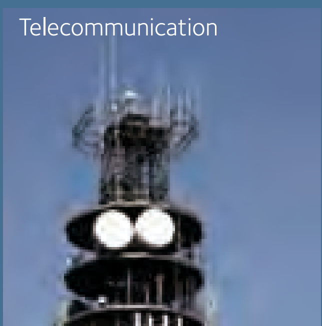
IPTE CONTRACT MANUFACTURING, INTEGRATED SUBCONTRACTORS

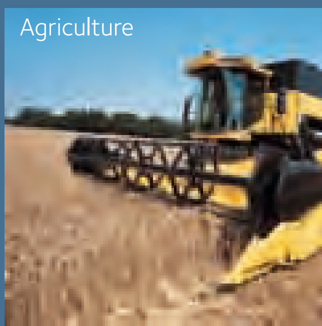
OUR MARKETS


Automotive

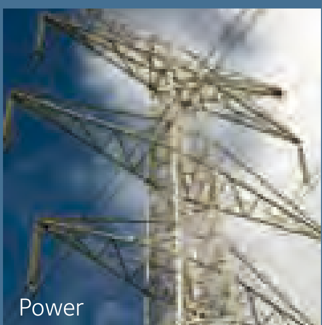

Avionics

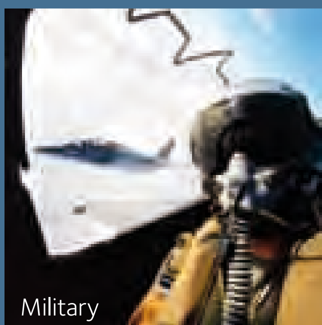

Semiconductors

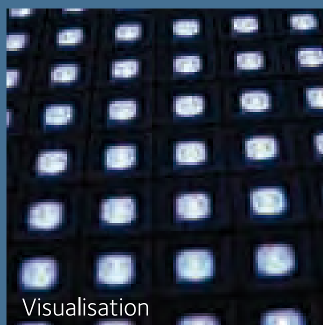

Telecommunication

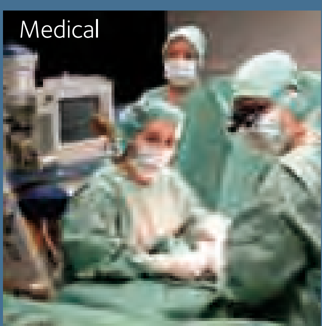

Agriculture


Professional


Power


Military


Visualisation


Medical

High technology

We are constantly innovating to make the most of the benefits of the latest technological innovations in factory automation.

IPTE – EXPERTS IN FACTORY AUTOMATION

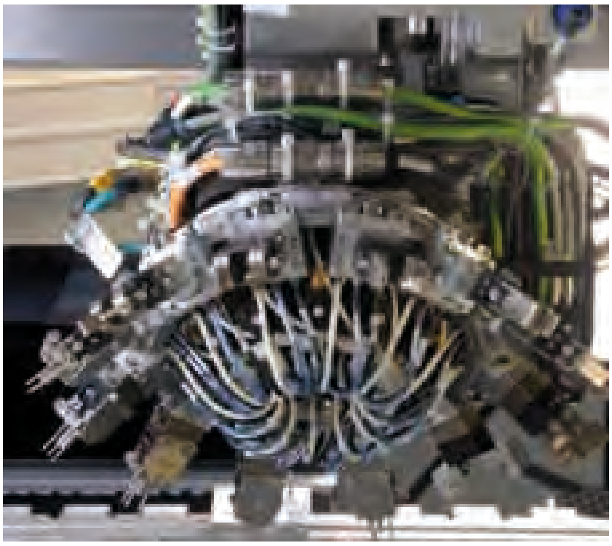
Factory Automation is one of the few leading companies offering full capabilities in test, systems and assembly requirements for the market. Its worldwide presence is of major interest to large companies operating worldwide. The factory automation activities cover manual, semi-automatic and automatic standardized solutions for the different process steps in electronic factories. It also provides full-automatic complete production lines for the automotive, consumer and other industries.

IPTE FACTORY AUTOMATION

TEST	SYSTEMS	ASSEMBLY

TEST

IPTE provides the necessary test stations and applications for PCBs and final products. These include hardware, software, process and management aspects: from test handlers to test systems, fixtures, application programs, tooling, etc. Test capacities range from 'design for testability' (optimizing testability during the development phase), test engineering, installation and startup support to training, process improvements and repair assistance.



SYSTEMS

IPTE offers a complete conveying program, a state-of-the-art range of laser marking, odd-form placement and depaneling systems.

IPTE provides standardized solutions for several process steps in electronics production: marking of PCB's up to depaneling of PCBs, placement of odd shape components including feeding, and the whole conveying program to link the complete line together.

ASSEMBLY

IPTE delivers the assembly stations, linked to build complete production lines for electronic and mechanical products.

Although assembly operations are complicated, IPTE offers a solution that is simple, economical and efficient. IPTE has the technology and experience in-house to solve assembly projects in different application areas. These can be inline processes with pallets carrying the products, or offline processes with rotary tables or individual work stations. Lines based on lean solution principles are part of the portfolio.

Vladimir Dobosch,
CCO Factory Automation

IPTE – EXPERTS IN FACTORY AUTOMATION

2007 was a particularly attractive year for the Factory Automation division. With sales of EUR 60 million – no less than 20% higher than in 2006 – our division was able to make a significant contribution to the strong IPTE group results.

Around two-thirds of our sales were to the automotive sector. With the huge number of technological innovations constantly being introduced, this remains a leading sector for us.

Electronics is playing an ever greater role in today's car. As well as safety, environmental friendliness and comfort determine the driver's ultimate car choice. This is a trend that is set to continue.

Another significant portion of our sales came from the consumer electronics market. For the past year we can mention the boost in sales of test equipment for LCD TVs. With sales and production of cell phones continuing to progress, we are making major efforts in this market segment.

At the same time we have succeeded in growing more strongly than the electronics market as a whole. This we owe above all to the strategic choices we have made in terms of customer approach and the extension of our product and services offering.

Last year, for example, we began more systematically targeting larger customers.

Local IPTE activities are not limited to sales and services. Engineering-wise we can also operate close to our customers via our supply centres in the proximity of customer plants. This pretty much unique approach enables us to offer a maximum response to customers' specific needs in terms of price and service.

In our product range we are continuing to place the emphasis on standardization, so that we can continue to offer maximum value for money. With regard to projects we are concentrating in France, Germany and Belgium on building complex, fully-automated production lines, mostly for the automotive sector. We are also building semi-automated lines in China and Portugal

Factory Automation believes strongly in local presence and will be further invest in developing business units in more countries. This increases our capacity, and our know-how and product offering. The acquisition of PlatzGummer fits perfectly into this strategy.

OUR MISSION

"To be the leading independent global factory automation partner to the electronics manufacturing industry."

STRATEGY

The division's strategy is based on four pillars

- Strengthening the Group's position in its present and new niche markets by optimizing its organizational structure and existing product range
- Concentrating on its known areas of expertise in order to increase profitability
- Achieving a more dynamic professional organization by optimizing synergy between production facilities
- Focusing on the existing customer portfolio with a fully-developed standard product range.

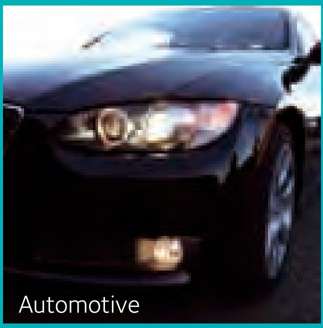
Fully meeting customers' requirements

The IPTE Factory Automation division is committed to meet its customers' needs by providing:

- A high customer care approach
- Leading technology in factory automation
- A worldwide presence
- Excellent price/performance

IPTE – EXPERTS IN FACTORY AUTOMATION

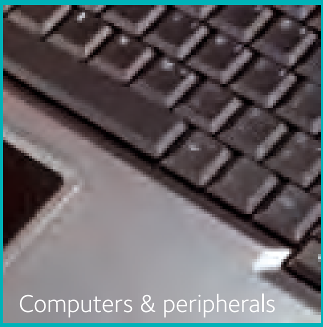
OUR MARKETS



Automotive

Telecom

Consumer electronics



Computers & peripherals

Professional products

A flexible approach

We offer a flexible network of engineering and production entities in the main industrial areas, organized around our major customers.

REPORT FROM THE BOARD OF DIRECTORS

SIGNIFICANT EVENTS

- At the beginning of 2007 IPTE acquired Barco's surface mounting activities at Poperinge (Belgium) and Kladno (Czech Republic). Both plants have since been fully integrated into the contract manufacturing activity.

- In Romania it was decided to move to a new industrial plant. The move took place in February 2008 with limited influence on the production and the Q1 results.

- Luc Switten was appointed as managing director of the IPTE Group from 1 January 2008. Mr Huub Baren will remain joint managing director until the General Meeting of 29 April 2008. From than Huub Baren will be chairman of the Board of Directors, the function that was taken by Mr. Erik Dejonghe, who will keep an active role in the Board of Directors.

- On 6 March 2008 IPTE completed the acquisition Platzgummer GmbH, which specializes in engineering customer-specific automation solutions.

OPERATING RESULTS

Sales rose on an annual basis from EUR 138 million in 2006 to EUR 255 million in 2007. This is an increase of 85 %.

On an autonomic basis, growth was an impressive 23.5 % (from EUR 138 million in 2006 to EUR 170 million in 2007). The additional growth was the result of the acquisition of the Barco surface mounting activity as of January 1, 2007.

Both divisions contribute to the growth. Automation growth was 20 % (from EUR 50 million in 2006 to EUR 60 million in 2007). Contract manufacturing's internal growth was 25 % (from EUR 88 million in 2006 to EUR 110 million in 2007)

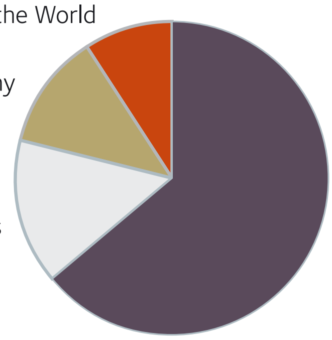
Average gross margin decreased from 20.5% to 18.4 %. This decrease is the result of the change in product mix between automation and contract manufacturing (respectively 36 % and 64 % in 2006 and 24 % and 76 % in 2007), whereby contract manufacturing has a lower gross margin due to the nature of its business.

Gross margin of the contract manufacturing division increased from 13.3 % to 14.7 %. Gross margin of the automation division decreased from 33 % to 30 %. Change for both activities is mainly explained by product mix changes within the division and to a lesser amount inventory write-downs (automation) and purchasing power (contract manufacturing).

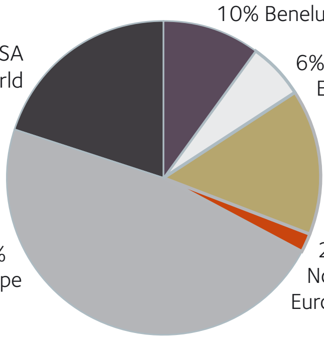
Research and development costs, which are mainly related to the automation activity, remained stable (10.8 % and 10.7 % of automation sales) over the years. The company is continuously updating its present product portfolio and expanding it with new products when sufficient market potential is identified.

General & administrative and selling costs together decreased significantly as a percentage of sales. This decrease is the result of the strong sales growth which is not fully reflected in the overhead cost growth.

Contract manufacturing by region



Factory automation by region



Operating result improved from EUR 3.4 million to EUR 12.4 million. This is an increase from 2.5 % of sales in 2006 to 4.9 % of sales in 2007, and mainly relates to the contract manufacturing business.

Financial costs were EUR 2.7 million compared to EUR 1.3 million. This increase is the combined result of – exchange losses of EUR 0.6 million in 2007 for booking US dollar contracts market to market at yearend and a favorable reversal in 2006 of an interest provision of 0.5 million.

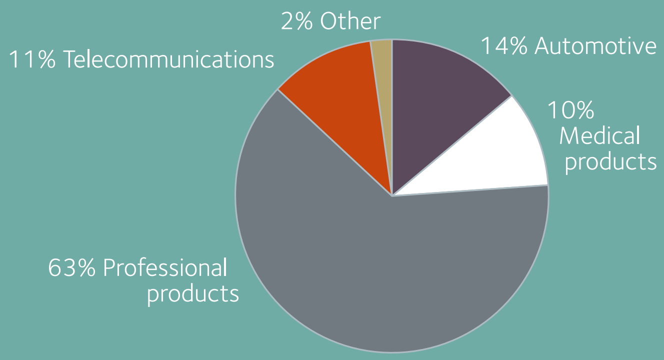
In 2007, the company recognized a deferred tax asset of EUR 1.5 million on prior year losses in accordance with IAS 12, paragraph 37 "Reassessment of unrecognized deferred tax assets". The board of directors believes that this is a conservative estimation and that this deferred tax asset will be fully recoverable in the coming years.

The net profit for 2007 was EUR 10,9 million. This is five times higher compared to the profit of EUR 1.9 million in 2006.

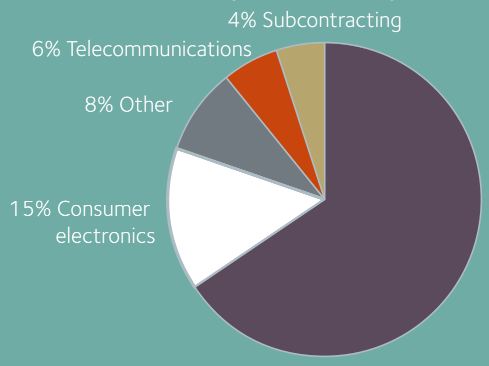
The order book at the end of the reporting period stood at EUR 83 million (end 2006: EUR 50 million). EUR 18.3 million of this relates to Factory Automation (end 2006: EUR 13.5 million). The contract manufacturing order book amounted to EUR 64.7 million (end 2006: € 37.1 million).

REPORT FROM THE BOARD OF DIRECTORS

Contract manufacturing by market



Factory automation by market



Total balance sheet rose with 47 % from EUR 89.5 million to EUR 131.8 million end 2007. This increase should be compared with a sales increase of 85 % on a year to year basis. Average working capital needs decreased from 26 % of sales in 2006 to 18 % in 2007.

The acquisition of Barco surface mounting activity resulted as of January 1, 2007 in an increase of the balance sheet total with EUR 22.6 million (EUR 15 million inventories, EUR 2.5 million fixed assets, EUR 5.1 million receivables as assets and EUR 7.2 million trade payables as liabilities. The remaining 15.4 million was financed by bank loans).

The company invested heavily in expansion of its production capacity, needed to cope with the growth of the business. In total, new machines were bought for a total of EUR 6.5 million (EUR 2.8 million in 2006). These investments mainly include electronic production and test equipment.

Net financial debt (long and short term financial debt less cash, bank deposits and current investments) decreased from EUR 30.5 million to EUR 28 million due to repayment of the subordinated loan of EUR 7 million and the capital increase of EUR 7 million.

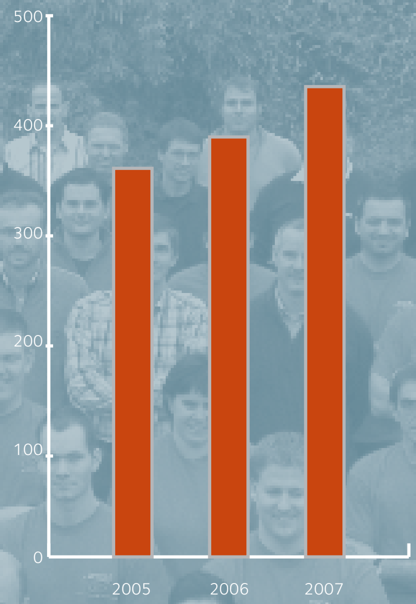
Group shareholders' equity improved from EUR 23.9 million (26.7 % of the balance sheet total) to EUR 41.6 million (31.6 % of the balance sheet total). This increase is the result of – the conversion of the warrants (1,458,333 new shares) into capital (EUR 7 million capital increase) – the profit of the year (EUR 10.9 million) and – the buyout of all shares of the existing minorities in Singapore and USA (minus EUR 0.1 million).

People in partnership

We take our partnerships with our customers not only seriously, but also enthusiastically, to ensure that we provide optimum, cost-efficient and successful solutions.

HUMAN RESOURCES

Factory Automation



Contract Manufacturing

PERSONNEL

Overview by country

	Factory Automation	Contract Manufacturing	Total
Belgium	132	623	755
Netherlands	0	96	96
Germany	109	97	206
France	112	0	112
United Kingdom	2	0	2
Portugal	18	0	18
Romania	20	743	763
Slovakia	0	155	155
Czech Republic	1	270	271
Finland	1	0	1
Singapore	1	0	1
China	52	0	52
USA	7	0	7
Total	**455**	**1 984**	**2 439**

The Group's basic philosophy has always been to support our European industrial customers on site wherever they are producing.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS*

EDJ NV (permanently represented by Mr. Erik Dejonghe)	Chairman, Independent Director (1) (2)
Huub Baren	Managing Director
Vladimir Dobosch	Director
Luc Switten	Director
Stokklinx BVBA (permanently represented by Mr. Guy van Dievoet)	Independent Director (2)
Becap BVBA (permanently represented by Mr. Pierre Serrure)	Director **
Immocom NV (permanently represented by Mr. Freddy Daniëls)	Director** (2)
Dominique Moorkens	Independent Director (1)
Geboers Management & Consulting BVBA (permanently represented by Mr. André Geboers)	Director, till October 17, 2007 ** (1)

EXECUTIVE MANAGEMENT*

Huub Baren	CEO, Managing Director Group
Hugo Ciroux	Chief Financial Officer
Luc Switten	CEO ConnectSystems

* in their own names or via management companies ** representing LRM NV (Limburgse Reconversie Maatschappij)

(1) Member of the Remuneration Committee

(2) Member of the Audit Committee

THE BOARD OF DIRECTORS

The Board of Directors is the highest management body within the company. In addition to its decision-making authority, the Board is charged with exercising full and effective control of the company.

The Board must therefore meet at least six times a year and on as many other occasions as the group's interests require. In addition to its statutory duties the Board of Directors is responsible for defining the group's strategic objectives and establishing general policy on the basis of proposals submitted by management. The Board also supervises the implementation of policy, controls the company and prepares the annual accounts for the shareholders.

COMPOSITION OF THE BOARD OF DIRECTORS

The company is managed by a Board of Directors, comprised of a minimum of five directors, who may or may not be shareholders, and who are appointed by the General Meeting of Shareholders.

In 2007, the Board of Directors was made up by the following members:

- **EDJ NV, represented by Mr. Erik Dejonghe** (appointed on 18 April 2003 for a six-year term). Independent Director, Chairman of the Board of Directors.
- **Huub Baren BVBA, represented by Mr. Huub Baren** (appointed on 26 April 2005 for a six-year term). Managing Director. Dominant shareholder holding 30,23% of the shares.
- **Vladimir Dobosch BVBA, represented by Mr. Vladimir Dobosch** (appointed on 16 April 2004 for a six-year term). Dominant shareholder.
- **Luc Switten BVBA, represented by Mr. Luc Switten** (appointed on 16 April 2004 for a six-year term). Dominant shareholder.
- **Stokklinx BVBA, represented by Mr. Guy van Dievoet** (appointed on 26 April 2005 for a six-year term). Independent Director, dominant shareholder.
- **Mr Dominique Moorkens** (appointed on 25 April 2006 for a six-year term). Independent Director.
- **Geboers Management & Consulting BVBA**, represented by Mr. André Geboers (till October 17, 2007).
- **Immocom NV, represented by Mr. Freddy Daniëls** (appointed on 14 November 2007 as director coopted till the General Meeting of Shareholders of 29 April 2008). Director representing LRM NV.
- **Becap BVBA**, **represented by Mr. Pierre Serrure,** (appointed on 24 April 2007 for a six year term).

Each director may be dismissed by the General Meeting at any time. Retiring or retired Directors may be reappointed. Any Board member may resign by written notification to the Board of Directors. There must be at least two independent directors.

OPERATION OF THE BOARD OF DIRECTORS

In 2006 the Board of Directors met on 08/01, 12/02, 19/03, 24/04, 14/05, 13/08 en 14/11. Items on the agenda included the approval of financial data such as the Group Operating Reports and the group accounts, sales figures, quarterly reporting and budget monitoring, monitoring of subsidiaries, consolidated results, review and appraisal of strategic directions, acquisitions and evaluation of investments.

The Board of Directors can deliberate and come to decisions only if a majority of its members, including at least one independent director, attend the meeting or are represented. Where the first meeting fails to meet the required quorum, the Board of Directors may legally deliberate and make decisions during a following meeting with the same agenda, irrespective of whether the required quorum is present or not.

In the event of a tie, the director chairing the meeting gives the casting vote. The executive management must provide the Board of Directors on a monthly basis with a group management report and group accounts, sales statistics and an interim financial report (income statement and balance sheet). On a quarterly basis it must also provide a complete interim financial report (income statement, balance sheet, detailed budget monitoring, ratio analysis), which is made public. The information provided to the Board must include regularly updated information on current acquisition projects. Each director may ask approval to seek independent professional advice at the company's expense at any time.

CORPORATE GOVERNANCE

COMMITTEES FORMED BY THE BOARD OF DIRECTORS

Audit Committee

The Audit Committee has the task of reporting to and advising the Board of Directors. The Audit Committee supervises the company's accounting operations and financial reporting. It verifies that there are sufficient internal controls and, in collaboration with the statutory auditors, it inquires into accountancy issues, including the assessment. The committee meets at least twice a year to review the half-yearly statements and the draft of the consolidated and individual annual accounts.

Remuneration Committee

The Remuneration Committee is made up of non-executive directors, at least one of whom is required by the by-laws to be an independent director. One of the Remuneration Committee's responsibilities is to ensure that members of staff are remunerated fairly and appropriately in relation to their contribution to the performance and prosperity of the company. The committee also makes recommendations to the Board of Directors on remuneration-related matters. The Board of Directors may assign certain tasks to the Remuneration Committee. The Remuneration Committee met once in 2007.

In 2008 the Board of Directors will examine the need for new committees and establish any that it deems necessary.

Executive management

Mr. Huub Baren has been appointed Managing Director in charge of daily management. He is supported by a Management Committee consisting - apart from himself - of the Chief Financial Officer , and the Chief Executive Officer of ConnectSystems. The Executive Management meets monthly and its responsibilities include the preparation of the meetings of the Board of Directors and the supervision of daily management The remuneration of the Executive Management amounts in total to € 0.9 million.

Appropriation policy

The company does not pursue any strictly defined dividend policy. IPTE wants to conserve cash resources and remain flexible enough to take advantage of opportunities for internal and external expansion. For this reason no dividend will again be declared for the 2007 financial year.

Relations between dominant shareholders

The dominant shareholders have contracted among themselves to sell their IPTE shares only by mutual agreement.

Protocol to prevent abuse of advance information and insider trading

During its meeting on 15 November 2000 the Board of Directors of IPTE drew up a protocol to avoid the illegal use of privileged information – or creating the impression of its illegal use – by directors, shareholders, senior managers and key employees (insiders). The protocol consists of a number of prohibitions, intended primarily to protect the market.

The practice of insiders dealing in company shares whilst in possession of insider information affects the market. If insiders are seen to make (or are suspected of making) financial benefit from insider knowledge, investors will turn their back on the market. This could reduce the liquidity of the listed shares and limit access to new cash resources.

The protocol also includes a number of preventive measures to assure compliance with the legal stipulations and to protect the company's reputation.

The stringent procedures of the protocol require that the persons involved:

- not deal in IPTE shares during the two months prior to publication of annual results;
- not deal in IPTE shares during the 21 days prior to publication of quarterly results;
- not sell shares within six months of purchase;
- inform the CFO of all intended operations before undertaking them.

CONTENTS

1. CONSOLIDATED FINANCIAL STATEMENTS

1.1 Independent Auditor's Report

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of INTEGRATED PRODUCTION AND TEST ENGINEERING NV ("the company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of EUR 131,806,980 and a consolidated profit (Group share) for the year then ended of EUR 10,868,205.

The financial statements of several significant entities included in the scope of consolidation which represent total assets of EUR 31,373,752 and a total turnover of EUR 52,698,759 have been audited by other auditors.

Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.

The Board of Directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole.

Finally, the Board of Directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based upon the reports of other auditors, the consolidated financial statements give a true and fair view of the Group's financial position as of 31 December 2007, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the Group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Hasselt, 18 March 2008
The statutory auditor

DELOITTE Bedrijfsrevisoren
Represented by

Dominique Roux

1.2 Detailed Consolidated Financial Statements (in EUR)

Consolidated Balance Sheets as of 31 December 2007

IPTE NV	2007	2006	2005
Assets			
Current assets:			
Cash and cash equivalents (notes 1.3.7.a)	3,414,192	2,309,267	3,694,792
Trade receivables (notes 1.3.7.b)	52,919,443	34,781,109	26,266,649
Other receivables (notes 1.3.7.c)	2,865,483	2,395,578	2,538,922
Inventories (notes 1.3.7.d)	46,243,204	28,914,324	23,987,772
Other current assets	211,054	289,418	390,068
Total current assets	105,653,376	68,689,696	56,878,203
Non-current assets:			
Other receivables	1,239,364	1,489,717	1,502,044
Deferred tax assets (notes 1.3.7.n)	1,615,333	999,900	901,553
Property, plant and equipment (notes 1.3.7.e)	17,101,944	12,225,580	11,999,604
Intangible assets (notes 1.3.7.f)	254,402	221,470	253,554
Goodwill / negative goodwill (notes 1.3.7.g)	5,942,561	5,942,561	5,942,561
Total non-current assets	26,153,604	20,879,228	20,599,316
Total assets	131,806,980	89,568,924	77,477,519
Liabilities and equity			
Current liabilities:			
Bank loans and overdrafts (notes 1.3.7.i)	25,649,555	23,155,582	18,147,209
Current portion of long-term debt (notes 1.3.7.j)	1,464,651	7,848,765	691,787
Trade payables	40,818,143	21,439,599	14,852,232
Accrued expenses, payroll and related taxes and deferred income (notes 1.3.7.h)	10,749,659	6,308,386	5,865,737
Provisions (notes 1.3.7.k)	2,016,384	1,356,208	2,341,780
Other current liabilities (notes 1.3.7.l)	4,707,522	2,730,092	2,032,942
Total current liabilities	85,405,914	62,838,632	43,931,687
Non-current liabilities:			
Long-term debt less current portion (notes 1.3.7.j)	4,630,255	1,810,118	9,749,930
Deferred tax liability (notes 1.3.7.n)	115,333	999,900	901,553
Total non-current liabilities	4,745,588	2,810,018	10,651,483
Equity (notes 1.3.7.m)			
Shareholders' capital	429,934	339,411	339,411
Legal reserve	42,993	33,941	33,941
Share premium	37,214,276	30,304,699	30,304,699
Retained earnings	(6,970,094)	(8,818,086)	(10,626,062)
Current year's profit / (loss)	10,868,205	1,857,151	2,046,008
Cumulative translation adjustment	70,164	107,352	261,274
Equity attributable to equity holders of the parent	41,655,478	23,824,468	22,359,271
Minority interests	-	95,806	535,078
Total equity	41,655,478	23,920,274	22,894,349
Total liabilities and equity	131,806,980	89,568,924	77,477,519

The accompanying notes to these balance sheets form an integral part of these consolidated financial statements.

Consolidated Income Statements as of 31 December 2007

IPTE NV	2007	2006	2005
Sales (notes 1.3.7.o)	255,290,481	138,281,819	126,662,471
Cost of sales (notes 1.3.7.p)	(208,396,134)	(109,917,429)	(97,885,671)
Gross Profit	46,894,347	28,364,390	28,776,800
Research and development expenses (notes 1.3.7.q)	(7,790,923)	(6,255,331)	(5,801,681)
General and administrative expenses (notes 1.3.7.r)	(13,890,734)	(9,134,290)	(8,756,865)
Selling expenses (notes 1.3.7.s)	(12,888,818)	(9,885,503)	(10,010,522)
Other income (expense) net	103,225	303,762	(10,982)
Profit/(loss) from operations	12,427,097	3,393,028	4,196,750
Financial income (notes 1.3.7.v)	1,102,042	1,041,464	437,638
Financial charges (notes 1.3.7.v)	(3,828,268)	(2,418,061)	(2,478,271)
Profit/(loss) before taxes	9,700,871	2,016,431	2,156,117
Income taxes (notes 1.3.7.w)	1,181,810	(133,633)	12,143
Profit/(loss) for the years	10,882,681	1,882,798	2,168,260
Attributable to:			
Equity holders of the parent	10,868,205	1,857,151	2,046,008
Minority interest (notes 1.3.7.m)	14,476	25,647	122,252
Earnings per share			
Basic earnings per share (notes 1.3.7.x)	1.57	0.34	0.37
Diluted earnings per share (notes 1.3.7.x)	1.57	(*) 0.27	0.37

(*) Taking into account the number of additional ordinary shares, which would have been outstanding assuming the conversion of all warrants granted to LRM NV and the managers into ordinary shares (see note 1.3.7.x.).

The accompanying notes to these income statements form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Date		Number of shares outstanding	Capital	Legal reserve	Share premium	Profit/loss carried forward	Cumulative translation adjustment	Attributable to equity holders of the parent	Minority	Total
31/12/04		5,476,092	339,411	33,941	30,304,699	(11,434,170)	(48,340)	19,195,541	412,826	19,608,367
	Effect of change in valuation rules (1)					808,108		808,108		808,108
	Net income					2,046,008		2,046,008	122,252	2,168,260
	Cumulative translation adjustment						309,614	309,614		309,614
31/12/05		5,476,092	339,411	33,941	30,304,699	(8,580,054)	261,274	22,359,271	535,078	22,894,349
	Net income					1,857,151		1,857,151	25,647	1,882,798
	Cumulative translation adjustment						(153,921)	(153,921)		(153,921)
	Increase participation Antest SARL to 100 % (2)							(238,033)	(464,919)	(702,952)
31/12/06		5,476,092	339,411	33,941	30,304,699	(6,960,936)	107,353	23,824,468	95,806	23,920,274
	Net income					10,868,205		10,868,205	14,476	10,882,681
	Increase legal reserve			9,158		(9,158)				0
	Capital increase	1,458,332	90,417		6,909,577			6,999,994		6,999,994
	Other		106	(106)						0
	Cumulative translation adjustment						(37,189)	(37,189)		(37,189)
	Increase participation IPTE Asia Pacific PTE Ltd to 100% (3)								(110,282)	(110,282)
31/12/07		6,934,424	429,934	42,993	37,214,276	3,898,111	70,164	41,655,478	0	41,655,478

(1) According to IFRS 3.81 the carrying amount of negative goodwill at the beginning of the first annual period beginning or after 31 March 2004 that arose from a business combination for which the agreement date was before 31 March 2004, shall be derecognised at the beginning of that period, with a corresponding adjustment to the opening balance of retained earnings.
(2) The Group already had control over Antest SARL in which it owned 52 % of the shares. On 1 June 2006 it acquired the remaining shares. In accordance with the accounting policies of the Group the excess of the cost of acquisition over the carrying amount of the Group's share of the identifiable net assets acquired is recorded against equity.
(3) The Group already had control over IPTE Asia Pacific PTE Ltd in which it owned 80 % of the shares. On 1 December, 2007 it acquired the remaining shares at the value of the minority.

Consolidated Cash Flow Statements for the 12 month period ending 31 December

IPTE NV	2007	2006	2005
Profit/(loss) from operations	12,427,097	3,393,028	4,196,750
Adjustments for:			
Amortization goodwill/negative goodwill	-	-	-
Allowance for doubtful receivables and obsolete stock	3,593,617	854,089	403,779
Depreciation and amortization	4,190,668	2,640,224	2,566,599
Provisions	660,176	(985,572)	(1,808,608)
Operating profit before changes in working capital	20,871,558	5,901,769	5,358,520
Inventories	(5,764,960)	(5,661,885)	(1,194,965)
Trade receivables	(13,351,210)	(8,633,215)	5,611,125
Trade payables	12,756,331	6,587,367	(3,043,648)
Accrued expenses, payroll and related taxes and deferred income	3,502,908	271,565	(912,439)
Other receivables	(357,587)	143,409	183,667
Other current assets	328,717	113,033	(71,430)
Other payables	2,297,051	714,314	214,600
Cash flow from operating activities	(588,750)	(563,643)	6,145,430
Taxes	(318,190)	(133,633)	12,143
Exchange differences	357,826	328,514	(135,751)
Interests / Financial charges	(3,089,813)	(2,254,315)	(1,929,825)
Other	(118,366)	65	294,300
Net cash from/(used in) operating activities	(3,168,543)	(2,623,012)	4,386,297
Cash flows from investing activities			
Increase in ownership interest, net of cash acquired (notes 1.3.7.y)	(15,387,595)	(702,952)	-
Investments in intangible assets	(103,086)	(98,798)	(86,900)
Investments in property, plant and equipment	(6,752,383)	(2,862,390)	(3,666,022)
Gain/(loss) on the sale of property, plant and equipment	297,973	127,072	-
Interest received	5,761	549,016	24,943
Cash flows used in investing activities	(21,939,330)	(2,988,052)	(3,727,979)
Cash flows from financing activities			
Proceeds/(repayments) from long-term debts	2,820,137	(939,812)	21,828
Proceeds/(repayments) from current portion of long-term debt	(6,384,114)	156,978	71,887
Proceeds/(repayments) from bank loans and overdrafts	2,493,973	5,008,373	91,092
Proceeds from capital increase	6,999,994	-	-
Net cash provided by financing activities	5,929,990	4,225,539	184,807
Monetary (loss)/gain on cash and cash equivalents	-	-	-
Increase/(decrease) in cash and cash equivalents	1,104,925	(1,385,525)	843,125
Cash and cash equivalents at the beginning of the period	2,309,267	3,694,792	2,851,667
Cash and cash equivalents at the end of the period	3,414,192	2,309,267	3,694,792

The accompanying notes to these cash flow statements form an integral part of the consolidated financial statements.

1.3 Notes to the Consolidated Financial Statements of the IPTE Group

1.3.1. General

IPTE NV is a limited liability company incorporated under Belgian law, with subsidiaries in Belgium (ConnectSystems NV, ConnectSystems International NV, Connectronics NV and Connect Systems Holding NV), the Netherlands (Connect Systems Nederland BV), France (IPTE RF SARL, And-Elec SAS, Antest SARL, Prodel Automation SARL and Prodel Technologies SA), Germany (IPTE GmbH and Connectronics GmbH), Portugal (IPTE Iberia – Automaçao Industrial LDA), Romania (Connectronics Romania SRL), Slovakia (Connect Systems Slovakia spol. sro), Czech Republic (Connectronics sro), Singapore (IPTE Asia Pacific PTE LTD, IPTE ASIA Holdings PTE LTD), the United Kingdom (IPTE (UK) LTD), Sweden (IPTE Nordic AB), the United States of America (ITE Enterprises Inc., IPTE America LLC and Prodel USA Inc.), China (IPTE Industrial Automation (Shanghai) Co. LTD) and Finland (IPTE Nordic Oy). The company develops and produces test and production equipment for the electronics industry (automation business) and is a subcontractor for the electronics industry (contract manufacturing business).

The number of employees at year-end amounted to 2,439 in 2007, 1,643 in 2006 and 1,467 in 2005.

The registered office address of the Group is located at Geleenlaan 5, 3600 Genk, Belgium. The financial statements were authorized for issue by the Board of Directors subsequent to their meeting held on March 17 2008, in Genk.

1.3.2. Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

These consolidated statements have been prepared under the historical cost convention except for certain accounts for which IFRS requires another convention. Such deviation from historical cost is disclosed in the notes.

1.3.3. Going concern

The Board of Directors reviewed the preparation of the financial statements under the going concern principle given the fact that:

- Consolidated 2007 results are positive;
- Budget 2008 prepared on a conservative basis, shows profit and a positive cash flow.

The Board of Directors is convinced that the preparation of the financial statements under the going concern principle is fully justified.

1.3.4. Adoption of new and revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2007.

Following Standards and Interpretations became applicable for 2007

-IFRS 7 Financial Instruments: Disclosures (applicable for accounting years beginning on or after 1 January 2007)

-IAS 1 Presentation of Financial Statements - Amendment - Capital Disclosures (applicable for accounting years beginning on or after 1 January 2007)

-IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (applicable for accounting years beginning on or after 1 March 2006)

-IFRIC 8 Scope of IFRS 2 (applicable for accounting years beginning on or after 1 May, 2006)

-IFRIC 9 Reassessement of Embedded Derivatives (applicable for accounting years beginning on or after 1 June 2006)

- IFRIC 10 Interim Financial Reporting and Impairment (applicable for accounting years beginning on or after 1 November 2006)

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

The adoption of the four interpretations issues by the International Financial Reporting Interpretations Committee that are effective for the current period has not led to any changes in the Group's accounting policies.

Following Standards and Interpretations were issued but are not yet effective

- IAS 1 Presentation of Financial Statements (annual periods beginning on or after 1 January 2009). This Standard replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005.

- Amendment to IAS 27 Consolidated and Separate Financial Statements (applicable for annual periods beginning on or after 1 July 2009). This Standard amends IAS 27 Consolidated and Separate Financial Statements (revised 2003).

- Amendment to IFRS 2 – Vesting Conditions and Cancellations (applicable for annual periods beginning on or after 1 January 2009).

- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable financial instruments an obligations arising on liquidation (annual periods beginning on or after 1 January 2009).

- IFRS 3 Business Combinations (applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). This Standard replaces IFRS Business Combinations as issued in 2004.

- IFRS 8 Operating Segments (applicable for accounting years beginning on or after 1 January 2009)

- Amendment to IAS 23 Borrowing Costs (applicable for accounting years beginning on or after 1 January 2009)

- IFRIC 11 IFRS 2 Group and Treasury share Transactions (applicable for accounting years beginning on or after 1 March 2007)

- IFRIC 12 Service Concession Arrangements (applicable for accounting years beginning on or after 1 January 2008)

- IFRIC 13 Customer Loyalty Programmes (applicable for accounting years beginning on or after 1 July 2008)

- IFRIC 14 'IAS 19—The limit on a defined benefit asset, minimum funding requirements and their interaction' (applicable for accounting years beginning on or after 1 January 2008)

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group in the period of initial application.

1.3.5. Summary of principal accounting policies

a. Basis of consolidation Subsidiaries

The consolidated financial statements include all the subsidiaries that are controlled by the Group. Control exists when IPTE has the power to govern the financial and operating policies and obtains the benefits from the entities activities. Control is presumed to exist when IPTE owns, directly or indirectly, more than 50 % of an entity's voting rights of the share capital. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.
The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly

attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the remaining difference after reassessment is recognised directly in the income statement.
Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The Group applies a policy of treating transactions with minority interest as transactions with equity owners of the Group. For purchases from minority interest, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interest are also recorded in equity.

Consequently, in case of an increase in ownership for an entity which was already controlled by the Group, the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded against equity.

List of subsidiaries consolidated as of 31 December 2007

Entity	Ownership interest		
	2007	2006	2005
Integrated Production and Test Engineering NV	Parent company		
Integrated Production and Test Engineering (UK) LTD	100	100	100
Integrated Production and Test Engineering GmbH	100	100	100
Integrated Production and Test Engineering Asia Pacific PTE LTD	100	80	80
Integrated Production and Test Engineering Nordic AB	100	100	100
Integrated Test Engineering Enterprises Inc.	100	100	100
Integrated Production and Test Engineering America LLC	100	87.2	87.2
Connect Systems Holding NV	100	100	100
ConnectSystems NV	100	100	100
Connectronics NV	100	100	100
Connect Systems Nederland BV	100	100	100
ConnectSystems International NV	100	100	100
Connect Systems Slovakia spol. sro	100	100	100
Connectronics Romania SRL	100	100	100
Connectronics GmbH	100	100	100
Connectronics sro	100	100	-
IPTE RF SA	100	100	100
And-Elec SAS	100	100	100
Antest SARL	100	100	52
IPTE ASIA Holdings PTE LTD	100	100	100
IPTE Industrial Automation (Shanghai) Co. LTD	100	100	100
Prodel Automation SARL	100	100	100
Prodel Technologies SA	100	100	100
Prodel USA Inc.	100	100	100
IPTE Iberia – Automaçao Industrial LDA	100	100	100
IPTE Nordic Oy	100	-	-

b. Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Euro, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Foreign currency transactions

Foreign currency transactions are recognized initially at exchange rates prevailing at the date of the transactions. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Foreign entities

In consolidation, the assets and liabilities of the Group companies, using a different functional currency then the Euro, are expressed in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity and transferred to the Group's "Cumulative translation adjustment". Such translation differences are recognised as income or as expenses in the period in which the entity is sold, disposed or liquidated. Exchange rates mentioned below have been used to consolidate foreign subsidiaries.

The year-end exchange rates (used to translate assets and liabilities in the financial statements) are as follows:

Date	GBP/ EUR	SGD/ EUR	SEK/ EUR	USD/ EUR	CNY/ EUR	RON/ EUR	SKK/ EUR
31 December 2007	1.364	0.473	0.106	0.679	0.093	0.277	0.030
31 December 2006	1.489	0.495	0.111	0.759	0.097	0.296	0.029
31 December 2005	1.459	0.510	0.107	0.848	0.105	0.272	0.026

The weighted average rates (used to translate revenues and expenses in the financial statements) are as follows:

Year	GBP/ EUR	SGD/ EUR	SEK/ EUR	USD/ EUR	CNY/ EUR	RON/ EUR	SKK/ EUR
2007	1.461	0.473	0.108	0.730	0.096	0.300	0.030
2006	1.468	0.503	0.108	0.803	0.070	0.284	0.027
2005	1.457	0.480	0.108	0.797	0.100	0.279	0.026

c. Intangible Assets

Acquired intangible assets

Licences, patents, trademarks, similar rights and software are measured initially at cost.

Intangible assets obtained in a business combination are initially measured at fair value. After initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. They are amortised on a straight-line basis over their estimated useful life which is not considered to exceed 5 years. At the end of each annual reporting period the amortisation method and period are reviewed.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is recognised in the income statement as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the asset can be clearly identified, when the development costs can be measured reliably and to the extent that it is probable that the asset created will generate future economic benefits. Other development expenditures are recognised as an expense as incurred. Development cost previously recognised as an expense is not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit which normally does not exceed five years.

d. Goodwill

Goodwill arises when the cost of a business combination at the date of acquisition is in excess of the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

The cash-generating unit(s) to which the goodwill is allocated to is tested for impairment annually, and whenever there is an indication that it may be impaired, by comparing its carrying amount with its recoverable amount. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

In case the fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess remaining after reassessment is recognised immediately into profit and loss.

e. Property, plant and equipment

Land is carried at cost less accumulated impairment. All other property, plant and equipment are carried at cost less accumulated depreciation and impairment losses except for property, plant and equipment under construction which is carried at cost less accumulated impairment losses. Cost includes all directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method to their estimated residual value. The depreciation is computed from the date the asset is ready to be used.
The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) are be accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The following useful lives are applicable to the main property, plant and equipment categories:

Buildings	10-20 years
Machinery and equipment	4-5 years
Furniture and office equipment	5 years
Computer equipment	3 years
Vehicles	3-5 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of an asset requiring a long preparation are not included in the cost of this asset but are expenses as incurred.

f. Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

IPTE as lessee

Finance leases

Assets held under finance leases are recognised as assets of the Group at the lower of their fair value and the present value of the minimum lease payments less cumulative depreciation and impairment losses. The corresponding liability to the lessor is included in the balance sheet as obligations under finance leases.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term and its useful life.

Operating lease

Lease payments under an operating lease are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

g. Borrowing costs

All borrowing costs are expensed in the period in which they are incurred.

h. Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

i. Inventories

Inventories are stated at the lower of cost and net realizable value.

Raw materials, consumables and goods purchased for resale are valued at the lower of their cost or their net realizable value. Cost is determined using the moving weighted average cost method. The cost of work in process and finished goods comprise all the costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The conversion costs include the cost of production and the related fixed and variable production overhead costs. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

j. Financial instruments

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Investments
Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings
Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Trade payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Treasury shares
Treasury shares are presented in the balance sheet as a deduction from equity. The acquisition of treasury shares is presented as a change in equity. No gain or loss is recognized in the income statement on the sale, issuance, or cancellation

of treasury shares. Consideration received on the sale of own shares is presented in the financial statements as a change in equity.

Derivative financial instruments
The Group uses derivative financial instruments to manage its exposure to the USD. The Group does not engage in pure speculative transactions nor does it issue or hold financial instruments for trading purposes.

Derivatives are initially recorded at fair value and re-measured at the subsequent reporting dates.

Derivatives that do not qualify for hedge accounting
The changes in the fair value of derivatives which provide effective economic hedges under the Group's risk Management policies, and which do not qualify for hedge accounting under the specific rules in IAS 39 are recognised immediately in the income statement.

Financial risk factors
The financial risk of the Group is limited. However, fluctuations foreign currency exchange rates on foreign currency payables and receivables including inter-company loans are inherent risks in the performance of the business. The Group entities seek to minimize potential adverse effects on the financial performance from their local business.

- Foreign Exchange risks:
  Due to the international character of the Group, we are exposed to different foreign exchange risks arising from various currency exposures primarily with respect to USD, GBP and SGD. The Group uses derivatives to manage part of its exposure to the USD (see note 1.3.7. ac.)

- Credit risks:
  The Group has policies in place to monitor the credit risks on customers. Except for one customer, who represents 33% of revenue in 2007, no significant concentration of risk exists. Customers are closely monitored. (see note 1.3.7 ac and note 1.3.7 b)

- Liquidity risks:
  Liquidity risk is linked to the evolution of our working capital. The Group monitors the change in working capital through focused actions.

- Interest rate risk:
  The Group does not use derivative financial instruments to manage its exposure to fluctuation in interest rates on their short-term loans. All loans are at commercial Belgian banks and are concluded based on EURIBOR + bankers margin.

k. Non-current assets held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.
Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

l. Government grants
Government grants are recognised when there is a reasonable assurance that:
- the Group will comply with the conditions attached to them;
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs are recognised as income of the period in which it becomes receivable.

Government grants related to assets are presented as deferred income. Government grants related to income are presented as a deduction to the related expense.

m. Provisions

Provisions are recognised in the balance sheet when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure to settle the present obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

A restructuring provision is recognised when the Group has a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Warranty

The Group recognizes the estimated liability to repair or replace its products still under warranty at the balance sheet date. This provision is calculated based on the past history of the level of repairs and replacements.

Onerous contracts

The Group recognizes a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

n. Revenue recognition

Revenue is recognised when it is probable that future economic benefits associated with the transaction will flow to the entity and that these benefits can be measured reliably.

Turnover is reported net of sales taxes and rebates.

Sale of goods

Revenue from sales of goods is recognised when:

- The significant risks and rewards of the ownership of goods is transferred to the buyer;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Provisions for rebates and discounts are recorded as a reduction of revenue at the time the related revenues are recorded or when the incentives are offered.

Revenue from projects

Revenue from projects is recognised by reference to the stage of completion when the outcome of a transaction involving the project can be estimated reliably. When the outcome of the transaction involving the project cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. In the period in which it is expected that the benefits to be derived from the project are less than the unavoidable costs of meeting the obligations under the project, the entire amount of the estimated ultimate loss is charged against income.

Interest

Interest is recognised on a time proportion basis that takes into account the effective yield on the asset.

Dividends

Dividends are recognised when the shareholder's right to receive the payment is established.

o. Income taxes

The income tax charge is based on the results for the year and includes current and deferred taxation. They are recorded in the income statement except when they relate to items directly recorded in equity, in which case they are directly recorded in equity.

Current tax is the amount of tax to pay based on the taxable profit of the period, as well as any adjustments relating to previous years. It is calculated using local tax rates adopted (or substantially enacted) at the closing date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

p. Employee benefits

Pension obligations

The Group operates a number of defined contribution retirement benefit plans. Payments to defined contribution benefit plans are charged as an expense as they fall due.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

q. Segment reporting

For Management purposes the Group is organized on a worldwide basis into 2 major operating businesses: the "factory automation" business and the "contract manufacturing" business. The divisions are the basis upon which the Group reports its primary segment information. Financial information on business and geographical segments is presented in 1.3.7.z.

1.3.6. Changes in organization

Acquisitions and disposals

On 1 April 2006, IPTE NV acquired the remaining 48 % of the shares of Antest SARL for a cash consideration of EUR 702,952. The acquisition was financed with a 5 years repayable bank loan. The excess price over the fair value of the net assets acquired was EUR 238,033 and has been deducted from equity, in accordance with the accounting policies set out for an increase in interest in an entity for which the Group already had control. As of that date, IPTE NV owns 100 % of Antest SARL.

On 5 December 2006 ConnectSystems NV acquired 100 % of the business share of a Czech shelf company for an amount of 200,000 CZK, which equaled the amount of its registered capital.

On 1 January 2007 IPTE NV acquired 100 % of the assets of Barco business unit 'surface mounting' located in Poperinge (Belgium) and the assets of Barco business unit 'surface mounting' located in Kladno (Czech Republic). Both acquired activities are together the Barco surface mounting business. The net assets were acquired for a cash consideration of € EUR 15,387,595. This amount represented the fair value of the acquired assets. This acquisition was financed by additional credit lines received from IPTE's bankers (KBC, ING and Fortis). The business was fully integrated into IPTE's business starting January 1, 2007. We refer to note 1.3.7 y for additional information related to this business combination.

On 1 December 2007 the group acquired the remaining 20 % of the shares of IPTE Asia Pacific PTE LTD for a cash consideration of EUR 110,282. There was no excess price over the carrying amount of the net assets acquired. As of that date, IPTE NV owns 100 % of IPTE Asia Pacific PTE LTD

1.3.7. Notes

a. Cash and cash equivalents

	2007	2006	2005
Cash at bank and on hand	3,344,132	2,128,749	3,544,967
Cash equivalents	70,060	180,518	149,825
Total	3,414,192	2,309,267	3,694,792

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

A part of the company's cash balance as of 31 December 2007, 2006 and 2005 served as guarantee for straight loans and short-term commercial loans taken up with commercial banks. The restricted cash balance amounts to respectively approximately EUR 70,060 in 2007, EUR 140,377 in 2006 and EUR 268,785 in 2005.

b. Trade receivables – net

	2007	2006	2005
Trade receivables	53,788,916	35,483,082	26,849,866
Allowance for doubtful accounts	(869,473)	(701,973)	(583,217)
Trade receivables (net)	52,919,443	34,781,109	26,266,649

The average credit period on sales is 68 days, 75 days and 74 days in 2007, 2006 and 2005 respectively. In event of overdue payment, IPTE shall have the right to levy interest at a rate of 1,5 % per month over the total amount overdue.

Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of its customers. The group does not record general reserves for doubtful accounts but specific reserves are recorded in case indications exist that recoverability is doubtful. 10 customers account for approximately 35 %, 36 % and 61 % respectively of the Group net sales in 2005, 2006 and 2007. No other customer accounts for 2 % or more of the Group's total net sales. The 10 highest amounts of trade receivables for a single customer account for approximately 38 %, 36 % and 43 % respectively of Group trade accounts receivable at December 31, 2005, 2006 and 2007 and there is no other significant concentration of credit risk.

Aging of receivables:

2007	Receivables not impaired	Impaired receivables	Total gross receivables
Current (not passed due)	46,451,511	-	46,451,511
1-30	3,471,960	-	3,471,960
31-60	1,528,909	-	1,528,909
61-90	878,960	41,869	920,829
91-180	508,258	665,632	1,173,890
>180	-	241,817	241,817
Total	52,839,598	949,318	53,788,916

2006	Receivables not impaired	Impaired receivables	Total gross receivables
Current (not passed due)	27,688,498	-	27,688,498
1-30	4,169,197	-	4,169,197
31-60	771,670	-	771,670
61-90	484,925	23,300	508,225
91-180	1,478,324	-	1,478,324
>180	111,467	755,701	867,168
Total	34,704,081	779,001	35,483,082

2005	Receivables not impaired	Impaired receivables	Total gross receivables
Current (not passed due)	22,048,095	-	22,048,095
1-30	2,416,784	-	2,416,784
31-60	798,201	-	798,201
61-90	494,697	14,957	509,654
91-180	436,007	-	436,007
>180	-	641,125	641,125
Total	26,193,784	656,082	26,849,866

The group does not have any other financial receivables which are past due.

Allowance for doubtful accounts:

Balance at December 31, 2004	561,720
New impairment losses recognised on receivables	194,871
Amounts written off (used) during the year	-
Amounts reversed during the year	(173,374)
Balance at December 31, 2005	583,217
New impairment losses recognised on receivables	180,207
Amounts written off (used) during the year	-
Amounts reversed during the year	(61,451)
Balance at December 31, 2006	701,973
New impairment losses recognised on receivables	342,537
Amounts written off (used) during the year	-
Amounts reversed during the year	(175,037)
Balance at December 31, 2007	869,473

Total impairments recorded in the profit and loss statement amount 167,500 EUR and are recorded in the profit and loss statement as cost of sales.

c. Other receivables

	2007	2006	2005
VAT receivables	772,554	717,352	410,168
Income tax receivables	859,809	716,396	971,431
Insurance	-	298	2,264
Capital grants	-	145,915	317,943
Credit notes to receive	-	43,090	-
Deferrals and accruals	849,592	709,603	715,221
Other	383,528	62,951	121,894
Net	2,865,483	2,395,578	2,538,922

d. Inventories

	2007	2006	2005
Raw materials and supplies, at cost	41,322,845	27,614,294	24,330,798
Work in progress, at cost	10,995,327	3,198,777	2,875,621
Finished goods, at cost	4,436,647	2,803,324	3,112,308
Goods purchased for resale	-	-	-
Contracts in progress	1,264,307	3,647,734	1,283,517
Reserve for obsolete inventories	(11,775,922)	(8,349,805)	(7,614,472)
Net	46,243,204	28,914,324	23,987,772

e. Property, plant and equipment

	Land and buildings	Machinery and equipment	Furniture and vehicles	Fixed asset under construction	Total
Year ended December 2007					
Acquisition value:					
Beginning of the period	12,456,812	14,234,725	6,255,065	22,645	32,969,247
Additions of the year	546,907	5,018,043	799,084	388,349	6,752,383
Acquisitions through business combinations	–	2,475,319	54,614	–	2,529,933
Retirements	(2,820)	(214,348)	(280,431)	–	(497,599)
Transfers	(64,365)	23,437	(25,394)	(22,645)	(88,967)
CTA	(12,418)	(136,173)	(22,189)	–	(170,780)
End of the period	12,924,116	21,401,003	6,780,749	388,349	41,494,217
Accumulated depreciation:					
Beginning of the period	6,586,373	9,227,635	4,929,659	–	20,743,667
Additions of the year	608,826	2,881,396	612,786	–	4,103,008
Retirements	(2,820)	(124,700)	(167,970)	–	(295,490)
Transfers	(49,594)	–	(24,602)	–	(74,196)
CTA	(14,129)	(43,701)	(26,886)	–	(84,716)
End of the period	7,128,656	11,940,630	5,322,987	–	24,392,273
Net book value at December 2007	5,795,460	9,460,373	1,457,762	388,349	17,101,944

	Land and buildings	Machinery and equipment	Furniture and vehicles	Fixed asset under construction	Total
Year ended December 2006					
Acquisition value:					
Beginning of the period	12,313,158	13,489,536	6,260,502	17,187	32,080,383
Additions of the year	110,847	2,302,390	426,508	22,645	2,862,390
Retirements	(2,805)	(1,751,929)	(275,715)	–	(2,030,449)
Transfers	–	17,187	(164,194)	(17,187)	(164,194)
CTA	35,612	177,541	7,964	–	221,117
End of the period	12,456,812	14,234,725	6,255,065	22,645	32,969,247
Accumulated depreciation:					
Beginning of the period	6,003,734	9,361,252	4,715,793	–	20,080,779
Additions of the year	573,010	1,297,744	580,716	–	2,451,470
Retirements	(1,542)	(1,484,943)	(221,485)	–	(1,707,970)
Transfers	–	–	(145,143)	–	(145,143)
CTA	11,171	53,582	(222)	–	64,531
End of the period	6,586,373	9,227,635	4,929,659	–	20,743,667
Net book value at December 2006	5,870,439	5,007,090	1,325,406	22,645	12,225,580

	Land and buildings	Machinery and equipment	Furniture and vehicles	Fixed asset under construction	Total
Year ended December 2005					
Acquisition value:					
Beginning of the period	11,557,146	12,839,313	6,495,965	20,336	30,912,760
Additions of the year	658,703	2,602,499	698,211	17,187	3,976,600
Retirements	(164,806)	(2,019,369)	(1,045,654)	(11,649)	(3,241,478)
Transfers	-	3,691	4,996	(8,687)	-
CTA	262,115	63,402	106,984	-	432,501
End of the period	12,313,158	13,489,536	6,260,502	17,187	32,080,383
Accumulated depreciation:					
Beginning of the period	5,276,444	9,938,773	5,041,239	-	20,256,456
Additions of the year	637,872	1,136,135	570,486	-	2,344,493
Retirements	(164,326)	(1,726,202)	(970,131)	-	(2,860,659)
Transfers	-	-	-	-	-
CTA	253,744	12,546	74,199	-	340,489
End of the period	6,003,734	9,361,252	4,715,793	-	20,080,779
Net book value at December 2005	6,309,424	4,128,284	1,544,709	17,187	11,999,604

The gross carrying amount of all items that are fully depreciated but still in active use is EUR 21,123,921.

The company has financial leases for a total amount of EUR 2,534,324, mainly related to machinery and equipment.

The company committed at yearend to acquire land and a building located at Kampenhout (Belgium) of 8,455 m2. This building will be used as a production facility and is located opposite the existing plant. The purchase price amounts to EUR 1,500,000.

There are mortgages (see note h) on the buildings of IPTE NV, Connect Systems NV and Connectronics NV. These buildings have a book value of EUR 3,347,030.

f. Intangible fixed assets

	Development Costs	Licenses	Goodwill	Other	Total
Year ended December 2007					
Acquisition value:					
Beginning of the period	866,828	926,040	269,778	270,209	2,332,855
Additions of the year	–	70,317	–	32,769	103,086
Acquisitions through business combinations	–	4,391	–	–	4,391
Retirements	–	(943)	–	–	(943)
Transfers	–	–	64,365	24,602	88,967
CTA	(335)	(2,709)	–	(73)	(3,117)
End of the period	866,493	997,096	334,143	327,507	2,525,239
Accumulated amortization:					
Beginning of the period	866,828	756,596	269,778	218,183	2,111,385
Additions of the year	–	84,068	–	3,592	87,660
Retirements	–	(943)	–	–	(943)
Transfers	–	–	49,594	24,602	74,196
CTA	(335)	(1,053)	–	(73)	(1,461)
End of the period	866,493	838,668	319,372	246,304	2,270,837
Net book value December 2007	0	158,428	14,771	81,203	254,402

	Development Costs	Licenses	Goodwill	Other	Total
Year ended December 2006					
Acquisition value:					
Beginning of the period	875,759	720,821	269,778	234,043	2,100,401
Additions of the year	–	93,069	–	5,729	98,798
Retirements	–	(22,625)	–	–	(22,625)
Transfers	(5,513)	139,189	–	30,518	164,194
CTA	(3,418)	(4,414)	–	(81)	(7,913)
End of the period	866,828	926,040	269,778	270,209	2,332,855
Accumulated amortization:					
Beginning of the period	867,230	533,984	269,778	175,855	1,846,847
Additions of the year	(3,021)	119,461	–	10,350	126,790
Retirements	–	(6,578)	–	–	(6,578)
Transfers	2,988	110,098	–	32,057	145,143
CTA	(369)	(369)	–	(79)	(817)
End of the period	866,828	756,596	269,778	218,183	2,111,385
Net book value December 2006	0	169,444	0	52,026	221,470

	Development Costs	Licenses	Goodwill	Other	Total
Year ended December 2005					
Acquisition value:					
Beginning of the period	1,641,828	757,479	296,489	213,266	2,909,062
Additions of the year	-	66,572	-	49,085	115,657
Retirements	(766,543)	(47,904)	-	(118,411)	(932,858)
Transfers	-	(63,289)	(26,711)	90,000	-
CTA	474	7,963	-	103	8,540
End of the period	875,759	720,821	269,778	234,043	2,100,401
Accumulated amortization:					
Beginning of the period	1,522,383	538,156	280,233	157,759	2,498,531
Additions of the year	110,916	107,023	-	25,938	243,877
Retirements	(766,543)	(44,543)	-	(84,445)	(895,531)
Transfers	-	(66,046)	(10,453)	76,499	-
CTA	474	(606)	(2)	104	(30)
End of the period	867,230	533,984	269,778	175,855	1,846,847
Net book value December 2005	8,529	186,837	0	58,188	253,554

g. Goodwill

In 2005, the Group stopped its RF business and sold the remaining assets. The assets of the business were already fully amortized in the books in 2004.

The book value of the goodwill at 31 December 2007, 2006 and 2005 is as follows:

	Acquisition value	Amortization	Net carrying amount
Goodwill on 1 January 2005	14,652,290	(8,709,729)	5,942,561
Elimination on disposal of activity RF	(3,354,179)	3,354,179	
Goodwill on 31 December 2005	11,298,111	(5,355,550)	5,942,561
Goodwill on 31 December 2006	11,298,111	(5,355,550)	5,942,561
Goodwill on 31 December 2007	11,298,111	(5,355,550)	5,942,561

The net goodwill as of 31 December 2007 is for EUR 4,648,712 allocated to the Connect Systems business and for EUR 1,293,849 to the AndElec/Antest business, part of Factory Automation.
The Group tests goodwill annually for impairment or more, frequently if there are indications that goodwill might be impaired.
The recoverable amounts of the cash generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by Management for the next 5 years and extrapolates cash flows for the following 3 years based on an estimated growth rate of 10 %. This rate does not exceed the average long-term growth rate for the relevant markets.
The rate used to discount the forecast cash flows is 8 percent (pre-tax).

h. Accrued expenses, payroll and related taxes and deferred income

	2007	2006	2005
Vacation pay accruals	3,267,638	2,463,686	2,315,704
Other social debt	4,807,088	2,299,191	2,385,623
VAT debt	726,626	503,442	248,561
Income taxes	398,492	23,419	104,884
Withholding taxes	91,727	45,183	8,583
Accrued interests	313,791	145,986	36,818
Deferred income	812,948	496,814	250,742
Accrued expenses on projects	-	-	10,391
Other	331,349	330,665	504,431
Total	10,749,659	6,308,386	5,865,737

Accrued interests relate to interests on current bank loans and overdrafts.

i. Current bank loans and overdrafts

	2007	2006	2005
Secured	25,649,555	23,155,582	18,147,209

As of 31 December 2007 IPTE NV has credit lines for a total amount of EUR 48 million at different Belgian commercial banks and no credit lines at foreign banks. As of 31 December 2006 IPTE NV had credit lines for a total amount of EUR 30 million at different Belgian commercial banks and for EUR 5,6 million credit lines at foreign banks. As of December 31, 2005 IPTE NV had credit lines for a total amount of EUR 20 million at different Belgian commercial banks and for EUR 3 million credit lines at foreign banks. The credit lines at the foreign banks can only be used by the affiliate to whom the credit line is given. The credit lines given by the Belgian banks can be used by the Group as a whole.

As of December 2007 EUR 25,649,555 of the credit lines at the Belgian commercial banks was used.
As of 31 December 2006, EUR 23,155,582 of the credit lines at the Belgian commercial banks was used. As of 31 December 2005, EUR 18,147,209 of these credit lines at the Belgian commercial banks was used. All bank borrowings are in Euro. Average interest rate on credit lines is based on Euribor plus 1.25 % bankers margin.

To secure these loans at the Belgian commercial banks, following guarantees have been given as of 31 December 2007:

- Mortgage on the building of IPTE NV (Genk), Connectronics NV (Ieper) and Connect Systems NV(Kampenhout) each for EUR 785,860 at one financial institution, and EUR 550,000 at two other financial institutions;
- Pledge on the commercial funds of IPTE NV, Connect Systems NV, Connect Systems International NV and Connectronics NV for a total value of EUR 11,000,000 at one financial institution and EUR 5,500,000 at two other financial institutions;
- A proxy to mortgage the building of IPTE NV (Genk),

Connectronics NV (Ieper) and Connect Systems NV (Kampenhout) for EUR 1,100,000 at one financial institution, EUR 1.375.000 at two other financial institutions and EUR 250,000 at a forth financial institution;

– A proxy to pledge the commercial funds of IPTE NV, Connect Systems NV, Connect Systems International NV and Connectronics NV for a total value of EUR 8,800,000 at one financial institution, EUR 9,350,000 at two other financial institutions and EUR 3,300,000 at a forth financial institution.

All financial institutions obtained following guarantees in parity with their credit lines :
- A 'Zessionsvertrag' on IPTE GmbH;
- A pledge on the inventories of IPTE GmbH;
- A 'Zessionsvertrag' on Connectronics GmbH;
- A pledge on the inventories of Connectronics GmbH;
- A pledge on the receivables (amounting EUR 5,948,457 at December 31, 2007) and the inventories of Connect Systems Nederland BV;
- A pledge on the supply agreement with Barco NV.

Furthermore, the following bank covenants need to be respected on a consolidated level:
a) A solvency ratio (*) of minimum 25 % at one financial institution; 22% at two other financial institutions as of December 31, 2007. The solvency ratio as of December 31, 2007 was reached. For 2008 and following the agreement stipulates a minimum solvency ratio of 30% at one financial institution, 25% at two other financial institutions.
b) The consolidated cash flow (**) on a quarterly basis needs to be positive.

Both covenants were reached as of December 31, 2007 and management expects to comply with these covenants for the next 12 months.

In 2006 and 2005 the Group needed to respect a solvency ratio of 22% and 30% respectively, and to show a positive consolidated cash flow on a quarterly basis. In both years the Group met these covenants.

(*) Defined as tangible equity / modified total balance sheet (tangible equity = equity plus subordinated loan, less goodwill and intangible assets, modified total balance sheet = total balance sheet - goodwill and intangible assets, netting cash on bank with short term financial debt, netting deferred taxes)

(**) Defined as net income of the consolidation period + depreciation on fixed and intangible assets + amortization of goodwill

j. Long-term debt

	2007	2006	2005
Secured debt	6,094,906	2,458,884	3,441,717
* Bank loans	2,577,878	2,378,247	3,400,692
* Finance lease liabilities	3,517,028	80,637	41,025
Unsecured debt	-	7,200,000	7,000,000
* Subordinated loan	-	7,200,000	7,000,000
Total long term debt	6,094,906	9,658,884	10,441,717
Less current maturities	(1,464,651)	(7,848,765)	(691,787)
Long term portion	4,630,255	1,810,118	9,749,930

Breakdown of maturities:

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

2007	Bankloans Repayment	Bankloans Interest payments	Total
2009	489,808	104,094	593,902
2010	382,352	79,255	461,607
2011	268,903	59,162	328,065
2012	220,460	44,748	265,208
2013	211,852	31,736	243,588
Beyond 2013	340,885	28,011	369,069

	Finance lease payments	Finance lease Interest payments	Total
2009	783,990	136,865	920,855
2010	779,431	89,287	868,718
2011	751,762	39,812	791,574
2012	400,812	12,647	413,459
2013	0	0	0
Beyond 2013	0	0	0

2006	Bankloans Repayment	Bankloans Interest payments	Total
2008	440,519	90,625	531,144
2009	277,619	67,542	345,161
2010	248,246	52,994	301,240
2011	217,375	39,986	257,361
2012	173,868	28,596	202,464
Beyond 2012	371,854	37,064	408,918

	Finance lease payments	Finance lease Interest payments	Total
2008	37,516	5,475	42,991
2009	20,253	3,297	23,550
2010	15,694	1,829	17,523
2011	7,174	574	7,748
2012	0	0	0
Beyond 2012	0	0	0

2005	Bankloans Repayment	Bankloans Interest payments	Total
2007	641,326	695,445	1,336,771
2008	7,815,846	570,046	8,385,892
2009	269,351	62,587	331,938
2010	239,002	49,119	288,121
2011	197,659	37,169	234,828
Beyond 2011	545,721	65,660	611,381

	Finance lease payments	Finance lease Interest payments	Total
2007	18,233	1,908	20,141
2008	18,233	847	19,080
2009	4,559	212	4,771
2010	0	0	0
2011	0	0	0
Beyond 2011	0	0	0

Long-term debts are in Euro. Average interest rate on long-term bank loans is quarterly revised based on Euribor 3 month plus 1,25 % bankers margin. There is no material difference between the book value and the fair value of the long-term debts.

The long term bankloans are secured with a mortgage on the building of IPTE NV (Genk), Connectronics NV (Ieper) and Connect Systems NV (Kampenhout) respectively for € 2,207,000, € 587,000 and € 483,391 at a Belgian commercial bank.

The company concluded a financing agreement with the Limburgse Reconversie Maatschappij and the company's Management for a total amount of EUR 7 million of which EUR 3,500,000 was granted in 2003 and EUR 3,500,000 was granted in 2004. This agreement was concluded at 13 March 2003 and executed by the General Shareholders Assemblies of 18 April 2003 and 16 April 2004. This financing comprehends an interest bearing subordinated loan and warrants. The duration for the loan was 5 years and the warrants could be exercised at a rate of EUR 4.8.
3.5 million of the interest bearing loan was given with a start

date 18 April 2003 and with maturity 28 April 2008 and 3.5 million of the interest bearing loan was given with a start date 20 December 2004 and with maturity 20 December 2009. 1,458,332 warrants B1 and B2 were created. All these warrants B1 and B2 were granted to LRM NV and Management members (1,250,000 warrants to LRM NV and 208,332 to Management members). The warrants have the same duration as the subordinated loans.

On 6 December 2006 the company signed an irrevocable agreement with LRM NV and Management that:

- LRM NV and Management irrevocably commit to execute all warrants (1,458,332) before 10 October 2007;
- IPTE commits to repay the outstanding loans to LRM NV and Management (EUR 7,000,000) at the same date.

In October 2007, this agreement was executed. All warrants were converted into shares. The loan was fully repaid and equity was increased with EUR 6,999,994. After the conversion the number of shares equals 6,934,424.

k. Provisions

Provisions have been presented as current liabilities as of 31 December 2005, 2006 and 2007 as the costs are expected to be incurred in the next accounting year (see table at bottom of page).

Warranty provisions

The company and its affiliated companies grant a warranty of 1 year on products and projects sold. For expected warranty claims the company has set up a total reserve of EUR 386,551 as of 31 December 2007, EUR 390,300 as of 31 December 2006 and EUR 520,781 as of 31 December 2005. This estimate is based on historical warranty costs and based on the assumption that warranty costs will remain at this same level. Over the last years the company did not incur any significant warranty claims.

Other provisions

Other provisions should cover risks and contractual commitments existing at balance sheet date,
mainly relating to completed projects. This estimate is based on a project analysis basis.

In 2005 the company finalised a dispute with a government for which a provision of EUR 453,947 was set up in 2000. As no costs were incurred, the provision of EUR 453,947 was fully reversed in 2005.

l. Other liabilities

	2007	2006	2005
Advances received on contracts in progress	3,777,522	2,186,298	1,250,176
Fair value of financial instruments	601,123	-	-
Other	328,877	543,794	782,766
Net	4,707,522	2,730,092	2,032,942

The company concluded US Dollar option contracts against EUR based on the estimated Dollar requirements for 2008. In total, for 20,460,000 US dollars, option contracts were signed with Belgian commercial banks, equally spread over the year. Conditions of these contracts are exchange rates EUR/USD of 1.40 – 1.50, knock-in of 1.50 and strike

	Warranty	Restructuring	Other	Total
Balance at 31 December 2005	520,781	50,000	1,770,999	2,341,780
New provisions recorded in 2006	355,522	-	842,212	1,197,734
Provisions used in 2006	(433,902)	(50,000)	(1,333,031)	(1,816,933)
Provisions reversed in 2006	(52,101)	-	(314,272)	(366,373)
Balance at 31 December 2006	390,300	0	965,908	1,356,208
New provisions recorded in 2007	548,439	-	2,292,913	2,841,352
Provisions used in 2007	(312,424)	-	(1,474,960)	(1,787,384)
Provisions reversed in 2007	(239,764)	-	(154,028)	(393,792)
Balance at 31 December 2007	386,551	0	1,629,833	2,016,384

of 1.40. The group also has forward contracts to buy US dollar 3,000,000 at EUR/USD rates between 1.3923 and 1.3964. At yearend, the company recorded an unrealised financial loss of 601,123 Euro based on the market to market valuation of these contracts.

m. Shareholders' equity and rights attached to the shares

As of 31 December 2007 the common stock consisted of 6,934,424 issued and outstanding ordinary shares without face value.

Each holder of shares is entitled to one vote per share, without prejudice to specific restrictions on the shareholders' voting rights in the company's Articles of Association and Belgian Company Laws, including restrictions for non-voting shares and the suspension or cancellation of voting rights for shares which have not been fully paid up at the request of the Board of Directors.

Under Belgian Company Laws, the shareholders decide on the distribution of profits at the annual shareholders' meeting, based on the latest audited accounts of the company. Dividends may be paid in cash or in kind.

In 2000, the company gave its personnel the possibility to subscribe to a maximum of 200,000 warrants. In total 182,850 warrants were subscribed by employees, each giving the right to purchase IPTE NV shares at a price of EUR 20. Each warrant gives the right to subscribe to one new share. The warrants are granted for a period of 10 years and can be executed at the earliest in 2004. The execution of such warrants will lead to a dilution of existing shareholders. Nothing is recognized in the financial statements.

In April 2003, the company concluded a financing agreement with LRM NV and the company's Management for a total amount of EUR 7 million. This agreement was concluded at 13 March 2003 and executed by the General Shareholders Assembly of 18 April 2003. This financing comprehends an interest bearing subordinated loan and warrants. The duration for the loan is 5 years and the warrants can be exercised at a rate of EUR 4.8.
During the shareholders meeting, 1,458,332 warrants B1 and B2 were created. All these warrants B1 and B2 were granted to LRM NV and Management members (1,250,000 warrants to LRM NV and 208,332 to Management members) who provided in total subordinated loans of EUR 7,000,000.

In October 2007, the agreement was executed. The loan of EUR 7,000,000 was fully repaid, the warrants were converted into shares and equity was increased with EUR 6,999,945.

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide the capital allowing to continue the growth strategy of the group;
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of financial debt-to-adjusted capital ratio. This ratio is calculated as net financial debt – adjusted capital. Net financial debt is calculated as total financial debt, less cash and cash equivalents. Adjusted capital comprises all components of equity (ie. share capital, share premium, minority interest, retained earnings and revaluation reserve) other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinate debt.

During 2007, the Group's strategy, which was unchanged from 2006 was to maintain the debt-to-adjusted capital ratio, in order to secure access to finance at a reasonable cost . The debt-to-adjusted-capital ratios at December 31, 2007 , 2006 and 2005 were as follows:

	2007	2006	2005
Total financial debt	31,744,461	25,814,465	21,588,926
Less cash and cash equivalents	(3,414,192)	(2,309,267)	(3,694,792)
Net financial debt	28,330,269	23,505,198	17,894,134
Total equity	41,655,478	23,920,274	22,894,349
Add subordinated loan	-	7,000,000	7,000,000
Adjusted capital	41,655,478	30,920,274	29,894,349
Net financial debt to adjusted capital ratio	0.68	0.76	0.60

The decrease in the financial debt-to-adjusted capital ratio during 2007 resulted primarily from the strong results posted in 2007, partially offset by the additional financing requirements as a result of the acquisition of the Barco surface mounting business and the investments of the year.

Deferred tax arises in the following circumstances:

- Intangible fixed assets: accelerated tax depreciations lead to tax bases lower than the carrying amounts;
- Property, plant and equipment: accelerated tax depreciations lead to tax bases lower than the carrying amounts;
- Inventories may have carrying amounts higher than the fiscal accepted value resulting from the completed contract method in the fiscal books;
- Provisions recorded in the financial statements which are disallowed for fiscal reasons in local books;
- Companies reporting losses: deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized.

The Group has unrecognized tax losses of EUR 23,932,000, EUR 35,436,000 and EUR 36,774,000 respectively at 31 December 2007, 2006 and 2005 with no expiry date resulting in tax assets not recognized for EUR 7,180,000 EUR 10,630,000 and EUR 10,117,000 as at 31 December 2007, 2006 and 2005.

n. Deferred taxes

Components of deferred tax assets and liabilities are as follows:

	Balance at December 2007	Taxes in result of 2007	Balance at December 2006	Taxes in result of 2006	Balance at December 2005	Taxes in result of 2005	Balance at December 2004
Deferred tax assets	2,452,927	1,453,027	999,900	98,347	901,553	(13,447)	915,000
- Research costs	-	(31,191)	31,191	(58,140)	89,331	(77,669)	167,000
- Inventories	38,360	38,360	-	-	-	-	-
- Losses consolidated companies	2,077,465	1,258,305	819,160	216,250	602,910	(145,090)	748,000
- Notional interest deduction	220,000	220,000	-	-	-	-	-
- Other provisions	117,102	32,447	149,549	(59,763)	209,312	(209,312)	-
Deferred tax liabilities	(952,927)	46,973	(999,900)	(98,347)	(901,553)	13,447	(915,000)
- Tangible fixed assets	(353,096)	(7,796)	(345,300)	18,973	(364,273)	19,727	(384,000)
- Inventories	(599,831)	54,769	(654,600)	(117,320)	(537,280)	(6,280)	(531,000)
- Other	-	-	-	-	-	-	-
Net deferred income tax expense/(income)	1,500,000	1,500,000	-	-	-	-	-
Net deferred tax assets	1,615,333	-	999,900	-	901,553	-	915,000
Net deferred tax liabilities	(115,333)	-	(999,900)	-	(901,553)	-	(915,000)

Temporary differences on investments in subsidiaries (undistributed earnings) were approximately EUR 45,994,000, EUR 41,371,000 and EUR 43,700,000 respectively at 31 December 2007, 2006 and 2005. Since it is the intention of the company to indefinitely reinvest these earnings, no deferred tax liability has been provided.

o. Revenue recognition

The company recognizes revenue from projects by reference to the stage of completion when this can be measured by reference to labour hours incurred to date as a percentage of total estimated hours for the contract. When the outcome of the project cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable. In the period in which it is determined that the loss will result from the performance of the contract, the entire amount of the estimated ultimate loss is charged against income.

Sales include EUR 11,668,393 contract revenue, arising from projects not completed, recognized as revenue in 2007. This has been booked against trade receivables for EUR 6,335,121 for the amounts not billed and against advances for EUR 5,333,272 for the part already billed to customers. The cost of sales recognized on these not completed projects amounts to EUR 7,010,871.

Sales include EUR 8,416,800 contract revenue, arising from projects not completed, recognized as revenue in 2006. This has been booked against trade receivables for EUR 2,442,804 for the amounts not billed and against advances for EUR 5,973,996 for the part already billed to customers. The cost of sales recognized on these not completed projects amounts to EUR 5,077,970.

Sales include EUR 5,430,087 contract revenue, arising from projects not completed, recognized as revenue in 2005. This has been booked against trade receivables for EUR 2,167,391 for the amounts not billed and against advances for EUR 3,262,696 for the part already billed to customers. The cost of sales recognized on these not completed projects amounts to EUR 2,754,013.

p. Cost of sales

	2007	2006	2005
Purchases of material	161,440,990	78,790,297	67,867,814
Personnel expenses	38,397,971	26,041,418	24,424,147
Depreciation/ amortization	3,457,469	1,999,650	1,842,202
Investment grants	(1,692)	20,445	(7,185)
Repair and maintenance	1,303,808	607,944	650,846
Other	3,797,588	2,457,675	3,107,565
Total	208,396,134	109,917,429	97,885,389

q. Research and development expenses

	2007	2006	2005
Personnel expenses	7,102,389	5,474,602	5,067,793
Depreciation/ amortization	219,585	258,428	261,346
Investment grants	(1,692)	30,363	(10,669)
Other	470,641	491,938	483,211
Total	7,790,923	6,255,331	5,801,681

r. General and administrative expenses

	2007	2006	2005
Personnel expenses	8,269,363	5,767,516	5,764,000
Depreciation/ amortization	426,434	221,422	366,865
Investment grants	(5,828)	8,055	(2,830)
Professional and Directors fees	2,463,354	1,675,051	1,464,376
Other	2,737,411	1,462,246	1,164,454
Total	13,890,734	9,134,290	8,756,865

Other G&A expenses mainly include various office supplies, IT and communication services and supplies as well as general taxes such as real estate taxes and community taxes. The increase can be explained by the increase in activities.

s. Selling expenses

	2007	2006	2005
Personnel expenses	8,215,102	6,067,828	5,195,759
Representation and travel expenses	1,649,406	1,508,977	1,359,346
Publicity	442,159	288,078	269,898
Depreciation/ amortization	87,180	98,760	117,957
Investment grants	(188)	3,099	(1,089)
Transportation costs	994,517	693,243	1,793,328
Fair, exhibitions and other	1,500,642	1,225,518	1,275,323
Total	12,888,818	9,885,503	10,010,522

t. Personnel expenses and average number of employees

	2007	2006	2005
Wages and salaries	58,578,923	41,071,346	38,290,371
Insurance	835,543	743,339	587,087
Other	2,570,359	1,536,679	1,574,241
Total	61,984,825	43,351,364	40,451,699

The average number of employees was 2,274 in 2007, 1,630 in 2006 and 1,434 in 2005. The main reasons for the increase in the number of employees was the business growth of 85 % in 2007 compared to 2006 (including the Barco Surface mounting business counting for 400 headcounts at the start in January 2007), the personnel increase in China and further growth in the contract manufacturing division in 2007 and the expansion of the Connect business in Romania in 2007.

Defined contribution plans

The company provides defined contribution plans for some employees. The plan provides for contributions ranging from 2 % to 8 % of the salary. These contributions, partly paid by the employer and partly paid by the employee, are calculated by an insurance company and the costs are charged to income statement in the year to which they relate. Defined contribution costs were EUR 439,349, EUR 342,765 and EUR 291,332 as of 31 December 2007, 2006 and 2005 respectively.

u. Depreciation charges and amortization

	2007	2006	2005
Property, plant and equipment	4,103,008	2,451,470	2,344,493
Cost of sales	3,369,809	1,872,860	1,598,325
General and administration costs	426,434	221,422	366,865
Selling expenses	87,180	98,760	117,957
Research and development costs	219,585	258,428	261,346
Intangible fixed assets	87,660	126,790	243,877
Cost of sales	87,660	126,790	243,877
Total depreciation charges	4,190,668	2,578,260	2,588,370

v. Financial results

	2007	2006	2005
Interest income	5,761	63,016	24,943
Exchange differences	914,544	492,448	412,695
Gain on derecognition of modified subordinated loan (see note j.)	-	486,000	-
Other	181,737	-	-
Total financial income	1,102,042	1,041,464	437,638
Interest charges	2,419,455	2,095,121	1,756,496
Bank charges	250,972	159,006	158,002
Exchange differences	556,718	163,934	563,773
Change in fair value derivative financial instruments	601,123	-	-
Total financial charges	3,828,268	2,418,061	(2,478,271)
Net financial results	(2,726,226)	(1,376,597)	(2,040,633)

The interest charges in 2007 include EUR 227,913 interests on the subordinated loans (EUR 857,387 in 2006). In December 2006, the subordinated loan agreement was renegotiated resulting in a financial income of EUR 486,000 for 2006 (see note i.).

The company accounted for the change in fair value of its US Dollar hedge option contracts based on the market to market valuation of these contracts as at yearend.

w. Income taxes

Income taxes are calculated on the basis of the taxable profit of the individual companies included in the consolidation. The company recognizes deferred taxes according to IAS 12.

Based on the requirements of IAS 12, the company has concluded not to recognize a net deferred tax assets on the losses carried forward except for the loss of the parent company IPTE NV.

	2007	2006	2005
Income taxes of the current year	57,000	177,107	266,129
Income taxes of the prior year	261,190	(43,472)	(278,272)
Deferred tax expense/(income)	(1,500,000)	-	-
Total	(1,181,810)	133,633	(12,143)

The reconciliation of the effective tax rate to the statutory tax rate is as follows:

	2007	2006	2005
Profit/(loss) before taxes	9,700,871	2,016,431	2,156,118
Effect of companies reporting losses	1,634,000	4,633,000	3,214,000
Use of tax losses to offset current year's profits	(8,177,524)	(2,861,105)	(2,172,118)
Notional interest deduction	(964,490)	(1,285,326)	-
Non taxable income/expenses	(2,030,000)	(2,030,000)	(2,330,000)
Taxable profit	162,857	473,000	778,000
Income taxes	57,000	177,107	266,129
In %	35%	37.4 %	34.2 %

The deferred taxes recognized in the balance sheet are the result of timing differences in the recognition of income and expenses in the annual report on one hand and the fiscal books on the other hand.

x. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. On 3 March 2000 the Extraordinary General Assembly of Shareholders decided to split each share into 2000, which brings the total amount of shares up to 4,000,000. The earnings per share after the split shows the net profit for the period attributable to ordinary shareholders divided by the number of shares being 4,000,000 shares. The company increased the number of shares with 1,476,092 at the occasion of the capital increase and the public offering in May 2000. The earnings per share as of 31 December 2002 show the net profit for the period attributable to ordinary shareholders divided by 5,476,092 shares.

The Extraordinary General Assembly of Shareholders of 3 March 2000 has decided to grant 200,000 warrants 'B' to personnel members. In total 182,850 warrants were granted for a period of 10 years and can be exercised in 2004 at the earliest. The exercise of such warrants will lead to a dilution of existing shareholders.

During the shareholders meeting of 18 April 2003, 1,458,332 warrants B1/B2 were created. All these warrants B1/B2 were granted to LRM NV and Management members (1,250,000 warrants to LRM NV and 208,332 to Management members) who provided in total subordinated loans of EUR 7,000,000 (EUR 3,500,000 in April 2003 and EUR 3,500,000 in December 2004).

In October 2007, the subordinated loan was repaid. During the Extraordinary Shareholders meeting of 10 October 2007 the 1,458,332 warrants were exercised resulting in the same number of additional shares. This brings the total number of shares to 6,934,424.

	2007	2006	2005
Net profit/(loss) available for distribution	10,868,207	1,857,151	2,046,008
Weighted average number of shares – basic	6,934,424	5,476,092	5,476,092
Earnings per share – basic/net profit available for distribution	1.57	0.34	0.37
Weighted average number of shares – diluted	6,934,424	6,934,424	5,476,092
Earnings per share/ diluted/net profit available for distribution	1.57	0.27	0.37

There are 182,850 warrants given to employees that can be exercised at a rate of EUR 20.

1,458,332 warrants were given to LRM NV (1,250,000) and Management members (208,332) at an exercise price of EUR 4.80 (see note 1.3.7.k). As at the end of December 2005 the share value amounted to EUR 4.34, none of the existing warrants were taken into account to calculate the diluted earnings per share value.
At 31 December 2006 the share value amounted EUR 4.70, however since an agreement had been concluded between LRM NV and the Managers/Board members and the company that the warrants would be exercised in 2007, the warrants granted in this respect were taken into account to calculate the diluted earnings per share.
Following the notary deed, the 1,458,332 shares that were created on 10 October 2007 share in the profits as of 1 January 2007. Consequently the calculation of the earnings per share is not weighted.

y. Business Combinations

In 2006 the interest held in Antest SARL was increased from 52 % to 100 %. Antest SARL was already consolidated using the full consolidation method. The additional 48 % was purchased for EUR 702,952. As a result, the Minorities were derecognized and the remainder was recorded as a deduction of consolidated equity.

On 1 January 2007 IPTE NV acquired 100 % of the assets of Barco business unit 'surface mounting'. In accordance with IFRS 3.67 we provide you with the following information in relation to this business combination:

(a) IPTE acquired the net assets as of January 1, 2007 related to the surface mounting division in Belgium and in the Czech Republic.

(b) The acquisition took effect as of January 1, 2007;

(c) The acquisition consisted of assets and liabilities related to this business activity. No shares are acquired as part of the business combination;

(d) The net acquisition price for the surface mounting business amounted 15 mio EUR and is based on the net assets value of the transferred business as the are presented in the Barco IFRS accounts as at January 1, 2007;

(e) No operations were disposed as a result of this business combination;

(f) The net assets which were recognized as of the acquisition date of January 1, 2007 are detailed as follows :

Acquired net assets	2007	2006	2005
Receivables	4,954,623	-	-
Inventories	14,990,037	-	-
Property, plant and equipment	2,529,933	-	-
Intangible fixed assets	4,391	-	-
Other current assets	112,383	-	-
Total assets acquired	22,591,367	-	-
Accounts payable and accrued expenses	7,203,772	-	-
Fair value of net assets acquired	15,387,595	-	-
			-
Cost of the acquisition	15,387,595	-	-
			-
Net cash disposed on acquisition	15,387,595	-	-

(g) The net assets are included in the consolidated financial statements as of January 1, 2007. IPTE NV has assessed the fair value of the acquired business and determined that no net goodwill should be recognized on the combination, nor were any other intangible assets recognized based on a sensitivity analysis made by management;

(h) The income statement per December 31, 2007 includes all results of the operations as of January 1, 2007 related to the acquired business. Revenue related to the business combination is 85 mio EUR. The resulting operating profit and net profit recognized in 2007 are similar to the existing Contract Manufacturing business.

In 2007 the Group increased its ownerschip in IPTE Asia Pacific Ltd from 80% to 100%. The purchase occurred for EUR 110,282 which corresponded to the value of the minority. Furthermore the Group acquired the remaining 12,8% in IPTE LLC for EUR 1. No minorities were recognized on this subsidiary.

As of December 2007 the Group holds 100% in all its subsidiaries.

We refer to note 1.3.7. ad Commitments for Business Combinations that have been executed subsequent to December 31, 2007.

z. Segment reporting

Segment information is prepared on the following bases:

A. Business segments

The activities of the Group are divided into 2 business segments, on one hand the "factory automation" business and on the other hand the "contract manufacturing" business.

The income statements for the factory automation segment are as follows (before amortization of goodwill):

	2007	In %	2006	In %	2005	In %
Sales	60,207,429	100	50,178,842	100	48,076,131	100
Cost of sales	(42,204,761)	(70.1)	(33,627,723)	(67.0)	(33,443,749)	(69.6)
Gross margin	18,002,668	29.9	16,551,119	33.0	14,632,382	30.4
Research and development expenses	(6,438,999)	(10.7)	(5,443,889)	(10.8)	(5,068,356)	(10.5)
General and administrative expenses	(6,187,218)	(10.3)	(5,755,341)	(11.5)	(5,129,738)	(10.6)
Selling expenses	(5,239,389)	(8.7)	(5,172,642)	(10.3)	(4,847,252)	(10.0)
Other income (expense) net	410,403	0.7	533,149	1.0	768,476	1.6
Operating income (before amortization of goodwill)	547,465	0.9	712,396	1.4	355,512	0.7

The income statements for the contract manufacturing segment are as follows (before amortization of goodwill):

	2007	In %	2006	In %	2005	In %
Sales	195,312,137	100	88,387,444	100	78,856,801	100
Cost of sales	(166,548,100)	(85.3)	(76,670,300)	(86.7)	(64,712,375)	(82.1)
Gross margin	28,764,037	14.7	11,717,144	13.3	14,144,426	17.9
Research and development expenses	(1,351,925)	(0.7)	(811,442)	(0.9)	(733,324)	(0.9)
General and administrative expenses	(7,997,536)	(4.1)	(3,799,000)	(4.3)	(3,627,128)	(4.6)
Selling expenses	(7,671,578)	(3.9)	(4,733,260)	(5.4)	(5,163,278)	(6.5)
Other income (expense) net	136,636	0.1	307,190	0.3	(779,457)	(0.9)
Operating income (before amortization of goodwill)	11,879,634	6.1	2,680,632	3.0	3,841,239	4.9

Reconciliation to consolidated result:

	2007	2006	2005
Operating income factory automation	547,465	712,396	355,512
Operating income contract manufacturing	11,879,634	2,680,632	3,841,239
Financial income (expense)	(2,726,226)	(1,376,597)	(2,040,633)
Loss on sale of investment	-	-	-
Other (net)	-	-	-
Income taxes	1,181,810	(133,633)	12,143
Amortization of goodwill	-	-	-
Factory automation	-	-	-
Contract manufacturing	-	-	-
Minorities	(14,476)	(25,647)	(122,253)
Consolidated result	10,868,207	1,857,151	2,046,008

Depreciation and amortization charges are as follows:

	2007	2006	2005
Factory automation	837,969	875,277	1,177,153
Contract manufacturing	3,352,699	1,702,983	1,411,217

Capital expenditure is as follows:

	2007	2006	2005
Factory automation	4,441,791	491,210	1,262,566
Contract manufacturing	2,413,678	2,469,978	2,829,691

Intersegment sales:

	2007	2006	2005
External sales Automation	60,181,511	50,096,618	48,069,706
Intersegment sales Automation	25,918	82,224	6,425
External sales Contract Manufacturing	195,108,970	88,185,201	78,592,765
Intersegment sales Contract Manufacturing	203,167	202,243	264,036
Eliminations	(229,085)	(284,467)	(270,461)
Total sales	255,290,481	138,281,819	126,662,471

Intersegment sales are charged at prevailing market prices.

The balance sheet per segment as of 31 December 2007 and the comparative figures for 2006 and 2005 are as follows:

	2007		2006		2005	
	Factory automation	Contract manu-facturing	Factory automation	Contract manu-facturing	Factory automation	Contract manu-facturing
Assets						
Current assets:						
Cash and bank deposits	1,700,561	1,713,631	1,976,392	332,875	3,239,260	455,532
Trade receivables	20,669,246	32,250,197	13,452,157	21,328,952	12,912,206	13,354,443
Other receivables	2,018,664	846,818	1,990,247	404,687	1,734,059	804,863
Inventories	8,164,882	38,078,322	8,890,491	20,023,833	6,975,970	17,011,802
Other current assets	159,613	50,798	–	–	253,998	136,127
Total current assets	32,712,966	72,939,766	26,339,287	42,090,347	25,115,493	31,762,767
Other receivables	1,239,364	–	1,489,717	–	1,502,044	–
Deferred taxes – assets	1,615,333	–	999,900	–	901,553	–
Financial fixed assets	66,356,876	–	66,507,008	139,285	66,356,232	–
Tangible fixed assets	3,884,920	13,217,023	3,971,580	8,254,000	4,378,910	7,620,695
Intangible fixed assets	211,498	42,904	198,008	23,462	253,554	–
Goodwill	1,293,849	287,854	1,293,849	287,854	1,293,849	4,648,712
Intercompany receivables	1,125,523	35,408,071	692,491	35,301,254	246,027	34,274,087
Total assets	108,440,329	121,895,618	101,461,840	86,096,202	100,047,662	78,306,261
Liabilities and equity						
Short-term debts						
Bank debts	14,384,425	11,265,130	10,773,032	12,382,550	10,214,605	7,932,604
Current portion of amounts payable after more than one year	509,341	955,311	7,583,528	265,237	423,054	268,733
Trade debts	7,428,154	32,630,800	6,142,927	15,296,672	4,273,148	10,579,084
Accrued charges, deferred income, remunerations and taxes	4,178,948	6,570,711	3,501,345	2,807,041	3,229,310	2,586,443
Other debts	4,702,778	763,932	2,666,259	63,833	2,077,655	5,330
Provisions	1,940,582	75,802	1,352,575	3,633	2,338,637	3,143
Total short-term debts	33,144,228	52,261,686	32,019,666	30,818,966	22,556,409	21,375,337
Amounts payable after more than one year	1,859,723	2,770,532	1,543,459	266,659	9,218,033	531,897
Deferred taxes – liabilities	115,333	–	999,900	–	901,553	–
Equity	37,912,974	65,737,877	31,501,755	54,318,086	32,562,502	56,153,000
Minorities	–	–	95,806	–	535,078	–
Intercompany payables	35,408,071	1,125,523	35,301,254	692,491	34,274,087	246,027
Total liabilities	108,440,329	121,895,618	101,461,840	86,096,202	100,047,662	78,306,261

Reconciliation to consolidated equity:

	2007
Equity factory automation	37,912,974
Equity contract manufacturing	65,737,877
Elimination cross participation	(61,995,373)
Equity attributable to equity of the parent	41,655,478

Reconciliation of total assets:

	2007
Assets factory automation	108,440,329
Assets contract manufacturing	121,895,618
Elimination intercompany receivables and payables	(36,533,594)
Elimination participation	(61,995,373)
Total assets	131,806,980

B. Geographical segments

The IPTE Group's activities are conducted predominantly in Europe (95 %); America and Asia count for 5 % of the business. The geographical spread by business segment (in % of sales by destination) is as follows:

Factory Automation

	2007	2006	2005
Western Europe	53	58	67
Northern Europe	2	2	-
Benelux	10	22	6
Eastern Europe	15	5	8
Total Europe	80	87	81
Asia and America	20	13	19
Total	100	100	100

Contract Manufacturing

	2007	2006	2005
Belgium	64	46	45
The Netherlands	15	29	25
Germany	12	12	14
Europe	9	13	16
Total	100	100	100

The geographical spread in K EUR for 2007 is as follows:

All amounts in K EUR	Europe	US	Asia	Total
Revenues (by origin)	243,530	5,648	6,112	255,290
Segments assets	127,508	2,645	1,539	131,692
Capital expenditure	6,802	0	53	6,855

The geographical spread in K EUR for 2006 is as follows:

All amounts in K EUR	Europe	US	Asia	Total
Revenues (by origin)	131,769	2,545	3,968	138,282
Segments assets	86,657	1,222	1,690	89,569
Capital expenditure	2,853	14	94	2,961

The geographical spread in K EUR for 2005 is as follows:

All amounts in K EUR	Europe	US	Asia	Total
Revenues (by origin)	123,338	2,151	1,173	126,662
Segments assets	74,354	1,990	1,134	77,478
Capital expenditure	3,996	4	47	4,047

aa.Contingent liabilities

Neither the company, nor its subsidiaries are subject to any legal proceeding that can have or may have a significant negative impact on the consolidated financial position of the company.

ab. Structure shareholders' equity

Shareholders' Equity (at 31/12/2007)

Origin Name	Number Issued	Declared total	%
Equity	6,934,424	4,877,134	70,33 %
Warrants	182,850	0	0 %
Total	7,117,274	4,877,134	68,53 %

Shareholder Name	Number Declared (*)	%
Huub Baren BVBA	2,096,155	30.23 %
LRM	1,250,000	18.03 %
Quaeroq CVBA	247,859	3.57 %
Het Beste Brood	224,000	3.23 %
Moonen Gaston	244,582	3.53 %
Switten Luc	258,589	3.73 %
Vladimir Dobosch	257,465	3.71 %
FMR Corporation	298,484	4.30 %
Total	4,877,134	70,33 %

(*) Shareholders holding 3% or more need to declare their interests.

ac. Financial instruments

(i) Categories of financial instrument

	2007	2006	2005
Loans and receivables			
Cash and cash equivalents	3,414,192	2,309,267	3,692,792
Trade receivables	52,919,443	34,781,109	26,266,649
TOTAL Loans and receivables	56,333,635	37,090,376	29,959,441
Financial liabilities			
Financial liablities at amortized cost			
Bank loans and overdrafts	25,649,555	23,155,582	18,147,209
Long term debt (incl. Short Term Debt)	6,094,906	9,658,883	10,441,717
Accrued interest	313,791	145,986	36,818
Trade payables	40,818,143	21,439,599	14,852,232
TOTAL Financial liabilities at amortized cost	72,876,395	54,400,050	43,477,976
Non Hedging financial derivatives			
Fair value of financial instruments	601,123	-	-
TOTAL Non Hedging financial instruments	601,123	-	-

The Group does not have quoted financial instruments.

(ii) Financial risk management objectives

The Group's Corporate Treasury function co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of its USD exchange risks by using derivative financial instruments to manage these risk exposures.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(iii) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note A below) and interest rates (see note B below). The Group enters into derivative financial instruments to manage its exposure to foreign currency risk on the US Dollar using foreign currency option contracts. Foreign currency risks that do not influence the Group's cash flows (the risks resulting from the translation of assets and liabilities of foreign operations in to the Group's reporting currency) are not hedged.

A. Foreign currency risk management

The Group undertakes purchase transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising foreign currency option contracts for US Dollars only. To this effect the group has purchased and written options to buy US Dollars and entered into forward contracts to buy US Dollars. The Group does not use derivative financial instruments to manage its exposure to other foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (versus the functional currencies of the reporting entity and including intercompany financial assets and liabilities) at the reporting date are as follows:

	2007	2006	2005
Assets			
GBP	176,940	232,727	357,848
USD	2,320,091	366,201	447,506
EUR	3,427,365	605,929	295,907
Liabilities			
GBP	151,780	169,700	40,363
SGD	64,636	1,000,600	847,483
SEK	59,944	73,144	69,744
EUR	13,540,396	3,054,021	1,734,206
JPY	15,174,574	378,180	45,375
USD	7,666,072	2,008,515	1,280,056

Foreign currency sensitivity analysis

The Group is mainly exposed to the USD.

The company business is more than 95 percent a Euro sales business. Purchasing of material is partially US dollar driven. In 2007, the company purchased materials for approx 35 mio US dollar (14 percent of sales). These purchases are mainly for the subcontracting business (electronic components). The impact on future financial statements of a 10 percent increase or decrease of the US dollar against the Euro is difficult to measure and unpredictable for the following reasons:
Product price setting for customers is based on the US dollar/ Euro exchange rate at the moment the contract is negotiated. Prices are typically negotiated for a 1 year period.
Customer contracts regularly include clauses allowing Euro price adaptation in case impact of the US dollar content of the product changes with a certain percentage.
During the lifespan of a product, price may change (including the impact of USdollar / Euro effects) as a consequence of minor product changes / revisions.
The company sells several thousands of different products which each have their own lifespan, starting date and revision of prices history.
US dollar / Euro exchange rate fluctuations may be volatile in both directions but gradually moving in one direction or US dollar / Euro exchange rate fluctuations may be steady moving in one direction.

The combination of all these elements makes the impact of the US Dollar / Euro Exchange rate exposure unpredictable. The impact will always be limited to the percentile movement of the US dollar /Euro exchange rate on the total US Dollar purchases in both directions. It can however have a material impact on the financial performance of the company.

The sensitivity analysis below represents the sensitivity of a 10% change in the foreign currency rates of the USD, including only the outstanding US dollars at year end. This sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where the EUR strengthens against the USD. For a 10% weakening of the EUR against the USD, there would be an equal and opposite impact on the profit and the balances below would be negative.

Currency impact USD	2007	2006	2005
	EUR	EUR	EUR
Profit or loss	330,139	113,365	64,157

The Group's sensitivity to the USD has increased over the last two years due to the increased purchases in USD.

Foreign currency option contracts.

To offset the US dollar risk , the company concluded US Dollar hedge contracts based on the estimated Dollar requirements for 2008. In total, for 20,460,000 US dollars , option contracts were signed equally spread over the year. Conditions of these contracts are spil of 1.40 – 1.50, knock-in of 1.50 and strike of 1.40. The group also has firm contracts of US dollar 3,000,000 at rates between 1.3923 and 1.3964. At yearend, the company recorded a financial loss of 601,123 Euro based on the market to market valuation of these contracts.

B. Interest rate risk management and sensitivity analysis.

The group is exposed to interest rate risk as entities in the group borrow funds at floating interest rates (mostly Euribor plus bankers margin). The group has no outstanding interest swap or hedging contracts. The effect on the financial statements of a 1% change in interest rate amounts to less than EUR 320.000 based on the total outstanding financial debt of EUR 32 mio at yearend 2007. For 2006 and 2005 a 1% change in interest rate would have amounted to approximately EUR 320.000 and EUR 280.000. A sensitivtity in interest rates would not impact equity.

(iv) Credit risk management.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure is continuously monitored.

Maximum exposure to credit risk can be detailed as follows:

	2007	2006	2005
Loans and receivables			
Cash and cash equivalents	3,414,192	2,309,267	3,692,792
Trade receivables	52,919,443	34,781,109	26,266,649
TOTAL Loans and receivables	56,333,635	37,090,376	29,959,441

The main focus for credit risk management relates to Trade receivables (see note 1.3.7 b) for an amount of 52,919,443 EUR, 34,781,109 and 26,266,649 as at December 31, 2007, 2006 and 2005 respectively.

The company has one customer counting for 33% of its business. 10 customers count for 61% of the business. We refer to note 1.3.7 b for an analysis of the ageing of Trade receivables and discussions on impairment.

The credit risk on trade receivables is limited because the counterparts are worldwide international electronic manufacturing firms of which 8 are stock quoted with financial data available on a quarterly basis and credit ratings assigned by international credit rating agencies.

The group does not hold any collateral for any of its financial assets.

(v) Liquidity risk management

The company secured at its bankers credit lines of 48 mio for working capital needs. (see note 1.3.7. i) In 2007 on average, less than 33 mio of these lines were used . (less than 70 percent). Bankers have expressed their intention in case needed that credit lines can be further extended. The credit lines are in principal renewable every year. We refer to note 1.3.7 j for a breakdown of the maturities of long term debt.

A breakdown of the cash flows of all financial liabilities at amortized cost is as follows.

2007	Financial liabilities at amortized cost
Current	70,129,856
2009	1,514,757
2010	1,330,325
2011	1,119,639
2012	678,667
2013	243,588
Beyond 2013	369,069

2006	Financial liabilities at amortized cost
Current	55,009,387
2008	574,135
2009	368,711
2010	318,763
2011	265,109
2012	202,464
Beyond 2012	408,918

2005	Financial liabilities at amortized cost
Current	35,823,167
2007	1,356,912
2008	8,404,972
2009	336,709
2010	288,121
2011	234,828
Beyond 2011	611,381

All non-hedging financial derivatives have maturities in 2008 and thus are to be considered as current.
The group has derivative contracts to purchase 23,460,000 US dollars equally spread over the year. These US dollars will be used to pay its trade debts in US dollar throughout the year.

ad. Commitments

The company signed a letter of intent to acquire the land and building located opposite one of their factories in Kampenhout (Belgium) for a purchase price of EUR 1,500,000. The purchase was finalized in February 2008.

Subsequent to yearend the company has committed to acquire 100% of the shares of Platzgummer Gmbh. The company specializes in developing and producing customized automation solutions and is located at Karlsfeld, close to Munich (Germany). Platzgummer's customers are German and international suppliers to the automobile, metal and packaging industries.

In accordance with IFRS 3.71 and 3.67 we provide you with following information in relation to this business combination.

(a) IPTE GmbH will acquire the shares of Platzgummer GmbH.
(b) The acquisition will take effect as of 1 January 2008
(c) The acquisition of Platzgummer GmbH is taking place in two stages. 80% of the shares are acquired in February 2008. The remaining 20 per cent will be purchased in January 2011.
(d) The price for 100 per cent of the shares is EUR 4.5 million. An additional payment can be made if the results in the next three years exceed minimum targets. This additional payment has been set as a function of future results during this three-year period. The 20 per cent of shares that IPTE is not acquiring immediately are held by Platzgummer's executive management. No equity instruments will be issued as part of this business combination.
(e) No operations will be disposed of as a result of the combination
(f) At takeover date, Platzgummer has an equity of EUR 1.8 million. The company has no bank debts. Platzgummer has posted an annual turnover of around EUR 10 million in recent years. The EBIT margin was 8 per cent.
(g) The operations of Platzgummer will be included in the consolidated financial statements of IPTE NV as of 1 January 2008. The assessment of the fair value of the acquired business is still to be determined.
(h) The income statement per December 31, 2007 does not include any profit or loss as a result of this business combination. No costs were incurred in 2007 in relation to this acquisition.

ae. Related party transactions

The company purchased EUR 1,951,223 in the course of 2007 (respectively EUR 1,3 million in 2006 and EUR 1.7 million in 2005) from PMS 724 GmbH.
The purchases mainly relate to parts for machinery. The Board of Directors has discussed the nature and character of these purchases and concluded that they are contracted in the normal course of business and concluded they were contracted at arm's length conditions.
The shares of PMS 724 GmbH are owned for 100 % by a shareholder of IPTE NV who is also a member of the Board of directors.

Board of Directors and Management

The total amount of emoluments to the members of the Board of Directors and Management amount to EUR 1,245,000 in 2007, EUR 1,024,000 in 2006 and EUR 1,037,000 in 2005.
The interest charges paid to Management as remuneration for the subordinated loan are included in the financial expenses and amount to EUR 55,747 in 2007 (EUR 80,000 in 2006).
The total amount of shares held by the members of the

Board of Directors amounted to 4,330,791 in 2007, 3,125,889 in 2006 and 3,125,889 in 2005.
The total amount of warrants held by members of the Board of Directors amounted to 0 in 2007, 1,458,332 in 2006 and 1,458,332 in 2005.

af. Disclosure attest and non attest fees charged by the Statutory Auditor

In accordance with the law of 20 July 2006, article 101, please find below a summary of the attest fees and non attest fees of the statutory auditor Deloitte Bedrijfsrevisoren and its network of professional service firms.

Attest fee (consolidated level)	2007
Agreed fee	149,995

Non Attest fees (consolidated level)	2007
Tax advice	66,803
Other attest services	11,100
Legal missions	3,000
Due diligence services	42,310

ag. Operational lease commitments

		Lease Start Date	Lease End Date	Review Date	Annual Rent	Area (square meters)
Belgium	Connectronics NV Rozendaalstraat 14, 8900 Ieper	01/01/2003	Annual renewable for 1 year	31/12/2006	22,654	813
	Connectronics, Division of IPTE NV Frankrijklaan 22, 8970 Poperinge	01/01/2007	31/12/2015	-	178,800	4,257
	Connectronics, Division of IPTE NV Frankrijklaan 18, 8970 Poperinge	01/01/2007	31/12/2015	-	47,822	1,107
	Connectronics, Division of IPTE NV Vlaanderenlaan 2, 8970 Poperinge	01/01/2004	31/05/2009	-	18,184	615
	IPTE NV Beernem, division IPTE NV	1/11/2006	30/10/2015	3 year 6 months notice	27,600	600
Germany	IPTE Germany GmbH Schleifweg 14, 90562 Heroldsberg	01/04/2005	31/03/2015	31/03/2014	334,948	3,524
	Connectronics GmbH Siemensstr . 11, 72636 Frickenhausen	01/11/2000	31/12/2010	31/12/2009	239,078	4,320
Romania	Connectronics Romania SRL Str Borsului 14/H, Santion – Bihor County	01/04/2004	31/12/2007	-	300,000	7,200
Slovakia	Connect Systems Slovakia spol. sro. Stanicna 1045, 95212 Vrable	01/01/1995	indefinite	3 months notice	58,572	1,200
Czech Republic	Connectronics sro Billundska 2756 272 01 Kladno	01/01/2007	Annual renewable	-	221,952	5,284
Portugal	IPTE Iberia -Automaçao Industrial LDA Zone Ind. de Ovar, 3880-108 Ovar	01/07/2004	indefinite	3 months notice	30,000	500
China	IPTE Industrial Automation (Shanghai) Co. LTD Building C, No 88, Lane 3509, South Hongmei Road, Shanghai	01/05/2006	30/04/2009	3 months notice	30,480	1,200

2. INDIVIDUAL FINANCIAL STATEMENTS

In accordance with article 105 of the Company Law, this annual report includes the directors' report and a condensed version of the individual statutory accounts of IPTE NV.
The directors' report, the statutory auditor's opinion and the fully annual accounts of IPTE NV are available at the registered office of the company at no cost.

2.1 Report Board of Directors

We are pleased, as required by legal and regulatory provisions, to report to you on the activities of our company during the past financial year and to present the unconsolidated accounts, closed on 31 December 2007, for your approval.

Capital and ownership of the shares
On 10 October 2007, 1,458,332 warrants were exercised and converted into 1,458,332 new shares. The capital increase amounted to EUR 90,523.09 and a share premium of EUR 6,909,577.01 was recorded. (Total increase in shareholders' equity: EUR 6,999,993.60).

Following this capital increase the issued capital of the company amounts to EUR 429,934.29, represented by 6,934,424 shares without nominal value. All shares are fully paid-in.

At 31 December 2007, the company still had 182,250 warrants outstanding, which have been allocated to employees (exercise period from 2001 to 2010, exercisable price at EUR 20.00). Upon exercise, these warrants entitle their holders to 182,250 new shares of IPTE NV.

Activities
On 1 January 2007 IPTE took over BARCO's PCB surface mounting activity. This surface mounting activity takes place in two plants, one at Poperinge (Belgium), the other at Kladno (Czech Republic). The Poperinge plant was acquired by purchase of all its assets/liabilities by IPTE NV. The Kladno (Czech Republic) activity was acquired by a 100% subsidiary of the IPTE group in the Czech Republic. As a result of this acquisition, IPTE NV's annual accounts contain not only the automation activity in Genk and Beernem, but also a surface mounting plant in Poperinge.

Sales of this activity have contributed to the EUR 97.4 million increase in the operating income of this company compared with 2006 (increase in operating income from EUR 21.3 million to EUR 118 million). Through this transaction, IPTE NV was able to add Barco as its largest customer to its customer portfolio.

Commentary on the annual accounts
Financial situation at 31 December 2007
Shareholders' equity (after distribution of profit) amounts to EUR 48,859,585.22. This is an increase of EUR 13,740,020.47 compared with 31 December 2006. This increase is explained by the capital increase of (EUR 6,999,993.60), the movements in capital grants (EUR -6,024) and the profit for the year carried forward (EUR 6,746,050.87).

All amounts in K EUR	31/12/2006	capital increase	capital grants	profit/(loss) carried forward	31/12/2007
Capital	339,411.20	90,523.09	0.00	0.00	429,934.29
Share premium account	31,143,064.80	6,909,577.01	0.00	0.00	38,052,641.81
Legal reserve	33,941.11	(106.5)	0.00	9,158.39	42,993.00
Profit/(loss) carried forward	3,545,919.64	0.00	0.00	6,736,892.48	10,282,812.12
Capital grants	57,228.00	0.00	-6,024.00	0.00	51,204.00
Total shareholders' equity	35,119,564.75	6,999,993.60	-6,024.00	6,746,050.87	48,859,585.22

IPTE NV ended the year with an operating income of EUR 118.7 million (EUR 21.3 million in 2006) and a net profit of EUR 6.7 million, compared with a loss of EUR 0.9 million in 2006.
These positive results were achieved in both the automation activity and the surface mounting activity.
The surface mounting activity was taken over at a net value of EUR 14,660,995.81, broken down as follows:

Intangible assets	57,279.60
Tangible assets	1,126,659.71
Financial assets	3,914.68
Stocks	12,792,866.73
Amounts receivable	4,925,175.74
Prepaid charges	65,005.32
Provisions	(65,800.00)
Trade payables	(3,813,876.20)
Remuneration & social security liabilities	(388,752.80)
Deferred income	(41,476.97)

The Board of Directors has analyzed the risks and uncertainties with which the enterprise is confronted. The Board of Directors is of the opinion that no specific risks and uncertainties need to be reported other than the operating risks that are inherent in the macro-economic climate and the risks for which provisions have been made in the books.

Appropriation of the profit:
The Board of Directors proposes that the profit for the financial year (EUR 6,746,050.87) plus the profit brought forward from the previous year (EUR 3,545,915.65) be appropriated as follows:

Addition to the legal reserves	9,158.39
Profit to be carried forward	10,282,812.12
Following this appropriation, shareholders' equity at 31 December 2007 is composed as follows:	
Capital	429,934.29
Share premium account	38,052,641.81
Legal reserve	42,993
Capital grants	51,204.00
Profit carried forward	10,282,812,12
Total shareholders' equity	48,859,585.22

Announcements

Important events after the closing of the financial year:
No significant events have occurred after the closing of the 2007 financial year that could significantly influence the company's development.

Branches:
The enterprise has facilities at Poperinge (surface mounting activity), Genk and Beernem (automation).

Financial risk management:
The enterprise limits its financial risks. Fluctuations in market prices, exchange rate differences on sales and purchases and inter-company loans are risks inherent to the company's activity. The company is seeking constantly to minimize the financial risks inherent in its activities. To minimize its foreign rate risks, the company has entered into option contracts and forward contracts to purchase USD. These contracts have a negative market value of KEUR 380 and were included in the financial costs for the year.

Research and development:
The company constantly undertakes research and development to strengthen and guarantee its future market position.

Remuneration of the statutory auditor:
As required by article 101 of the law of 20 July 2006, we mention the fees for audit and non-audit activities paid to the statutory auditor and to firms with which the statutory auditor collaborates on a professional basis:

1. Audit fees	80,000	
2. Other legal assignments		3,000
3. Tax advice	51,468	
4. Due diligence services		42,310

Announcement pursuant to articles 95 and 119 of the Companies Code:

1. With respect to the capital structure we refer to the first item of this report.

2. There are no legal or statutory limitations on the transfer of securities.

3. There are no holders of securities to which special rights of control are attached.

4. There are no share plans for employees where the rights of control are not exercised directly by employees.

5. There are no legal or statutory limitations to the exercise of voting rights.

6. There are no shareholder agreements which could limit the exercise of voting rights.

7. The company is governed by a Board of Directors composed of at least 5 directors, who may or may not be shareholders. They are appointed by the General Meeting of Shareholders. The mandates of departing directors who are not reelected end immediately after the annual meeting of the year in which their mandate ends. Directors may be dismissed at any time by the General Meeting. Departing directors may be reelected. Any Board member may resign by written notification to the Board of Directors. At least 2 directors must be independent directors. A person is viewed as an indirect director when he:

- is not a member of the executive management of the Company, nor of the control bodies or of the executive management of the other companies of the group;
- has no family ties with the other directors that could influence his independent judgement;
- is not part of the executive management or board of directors of one of the dominating shareholders, nor has been elected upon the proposal of one of the dominating shareholders, nor has business, financial or other relationships with these persons that are such as could influence his opinion;
- maintains no other relationship with the Company which, in the opinion of the Board of Directors, is such as could potentially influence his judgement; such influence is not deemed to lie in the remuneration that this director receives, nor in his limited personal ownership of shares in the Company.

Only the extraordinary general meeting is authorized to make amendments to the articles of association and, in particular, to decide on the accelerated dissolution of the company, on any increase or decrease of company capital, any merger with one or more companies, changes in the company purpose and the conversion of the company into a company having another legal form.

8. The Board of Directors is authorized to acquire the shares of the company by purchase or exchange, directly or via a person acting in his own name but for the company's account, in order to avoid imminent and serious detriment to the company, without the prior decision of the General Meeting by way of application of the provisions of the Companies Code. The Board of Directors is authorized to sell treasury shares without the prior decision of the General Meeting on the stock market or as the consequence of an offer for sale directed at all shareholders at the same conditions, in order to avoid imminent and serious detriment to the company, without the prior decision of the General Meeting by way of application of the provisions of the Companies Code. On 24 April 2007 the General Meeting moreover renewed the authorization of the Board of Directors to acquire own shares, by purchase or exchange, directly or via a person acting in his own name but for the company's account, and more specifically:

- this acquisition can cover up to 547,609 shares;
- the buying in shall take place at a price no lower than € 4 and no higher than € 8 per share.

This authorization shall be valid for a period of no more than 18 months.

9. There are no significant agreements to which the issuer is a party and which come into effect, undergo changes or expire in the event of a change in control of the issuer after a public takeover bid, or the consequences of the same, except if they are of such that publication of the same would seriously damage the issuer; this derogatory regulation not being applicable in those cases where the issuer is specifically obliged to publish such information under other legal requirements.

10. There are no agreements concluded between the issuer and its directors or employees which provide for remuneration in the event that, as the result of a public takeover bid, directors resign or are required to take redundancy without valid reason or the employment of employees is terminated.

Genk, March 17, 2008

2.2 Condensed financial statements (in 000 EUR)

BALANCE SHEET	2007	2006
Assets		
FIXED ASSETS	90,586	87,263
I.FORMATION EXPENSES	0	0
II.INTANGIBLE ASSETS	41	84
III.TANGIBLE ASSETS	3.377	1.633
A. Land & buildings	1.335	1.451
B. Plant, macchinery & equipment	920	5
C. Furniture and vehicles	250	177
D. Leasing and other similar rights	669	0
E. Other tangible assets	0	0
F. Assets under construction	203	0
IV.FINANCIAL ASSETS	87,168	85,546
A. Affiliated enterprises	87,119	85,520
1.Participating interests	74,161	74,158
2.Amounts receivable	12,958	11,362
B. Other enterprises linked by particip. interests	0	0
1.Participating interests	0	0
2.Amounts receivable	0	0
C. Other financial assets	49	26
1.Shares	0	0
2.Amounts receivable and cash guarantees	49	26
CURRENT ASSETS	48,160	18,630
V.AMOUNTS RECEIVABLE AFTER ONE YEAR I.FORMATION EXPENSES	0	0
A.Trade debtors	0	0
B. Other amounts receivable	0	0
VI.STOCKS AND CONTRACTS IN PROGRESS	26,217	11,623
A.Stocks	16,997	2,262
1.Raw materials	9,796	970
2.Work in progress	4,854	766
3.Finished goods	2,347	526
4.Goods purchased for resale	0	0
5.Immovable property acquired or constructed for resale	0	0
6.Advance payments	0	0
B.Contracts in progress	9,220	9,361
VII.AMOUNTS RECEIVABLE WITHIN ONE YEAR	21,676	6,121
A. Own shares	17,615	5,862
B. Other amounts receivable	4,061	259
VIII.INVESTMENTS	0	0
A. Own shares	0	0
B. Other investments and deposits	0	0
IX.CASH AT BANK AND IN HAND	137	747
X.DEFERRED CHARGES AND ACCRUED INCOME AT BANK AND IN HAND	130	139
TOTAL ASSETS	138,746	105,893

BALANCE SHEET	2007	2006
Liabilities		
CAPITAL AND RESERVES	48,860	35,120
I.CAPITAL	430	339
A. Issued capital	430	339
B. Uncalled capital	0	0
II.SHARE PREMIUM ACCOUNT	38,053	31,143
III.REVALUATION SURPLUS	0	0
IV.RESERVES	43	34
A. Legal reserves	43	34
B. Reserves not available for distribution	0	0
1. In respect of own shares hold	0	0
2. Other	0	0
C. Untaxed reserves	0	0
D. Reserves available for distribution	0	0
V.PROFIT/LOSS CARRIED FORWARD	10,283	3,546
VI.INVESTMENT GRANTS	51	58
PROVISIONS AND DEFERRED TAXATION	740	1,628
VII. A. PROVISION FOR LIABILITIES AND CHARGES	714	1,598
1. Pension and similar rights	105	0
2. Taxation	0	0
3. Major repair and maintenance	0	0
4. Other liabilities and charges	609	1,598
B. DEFERRED TAXATION	26	30
CREDITORS	89,146	69,145
VIII.AMOUNTS PAYABLE AFTER ONE YEAR	37,110	36,345
A. Financial debts	37,110	36,345
1. Subordinated loans	0	0
2. Unsubordinated debentures	0	0
3. Leasing and other similar obligations	670	0
4. Credit institutions	1,293	1,198
5. Ohter loans	35,147	35,147
B.Trade debts	0	0
1. Suppliers	0	0
2. Bills of exchange payable	0	0
C. Advances received on contracts in progress	0	0
D. Other amounts payable	0	0
VIII.AMOUNTS PAYABLE AFTER ONE YEAR	50,982	32,469
A. Current portion of amounts payable after one year	558	7,216
B. Financial debt	17,966	12,675
1. Credit institutions	15,362	9,673
2. Other loans	2,604	3,002
C. Trade debts	17,922	4,704
1. Suppliers	17,922	4,704
2. Bills of exchang payable	0	0
D. Advances received on contracts in progress	6,762	6,897
E. Taxes, remuneration and social security	3,468	952
1. Taxes	784	203
2. Remuneration and social security	2,684	749
F. Other amounts payable	4,306	25
X.ACCRUED CHARGES AND DEFERRED INCOME	1,054	331
TOTAL LIABILITIES	138,746	105,893

2. INCOME STATEMENT	2007	2006
I.OPERATING INCOME	118,703	21,325
A. Turnover	113,055	14,745
B. Variations in inventory	1,764	4,747
C. Fixed assets own construction	198	0
D. Other operating income	3,686	1,833
II.OPERATING CHARGES	-109,369	-21,645
A. Raw materials, consumables and goods for resale	82,755	12,266
1. Purchases	83,167	12,223
2. Movements in stock	-412	43
B. Services and other goods	9,665	4,124
C. Remuneration, social security and pensions	15,148	5,445
D. Depreciation, write off formation expenses	806	411
E. Write off of inventory, receivables	1,633	-121
F. Increase/decrease in prov. for liabil. & charges	-885	-530
G. Other operating charges	247	50
H. Operating charges capitalised as reorganization costs	0	0
III.OPERATING PROFIT/(LOSS)	9,334	-320
IV.FINANCIAL INCOME	1,567	1,686
A. Income from financial fixed assets	0	850
B. Income from current assets	923	770
C. Other financial income	644	66
V.FINANCIAL CHARGES	-4,160	-2,948
A. Interests and other debt charges	3,122	2,534
B. Increase/decrease in amounts written off on current assets		0
C. Other financial charges	1,038	414
VI.PROFIT/(LOSS) ON ORDINARY ACT. BEFORE TAXES	6,741	-1,582
VII.EXTRAORDINARY INCOME	2	638
A. Adjustments to depreciation of and to other amounts intang. & tangibl. assets	0	0
B. Adjustments to amounts written off financial fixed assets	0	0
C. Adjustments to provisions for extraordinary liabilities and charges	0	0
D. Gain on disposal of fixed assets	2	638
E. Other extraordinary income	0	0

VIII.EXTRAORDINARY CHARGES	0	0
A. Extraord. deprec. of & extraord. amounts written off form.	0	0
expenses, tang. and intang. assets	0	0
B. Amounts written off financial fixed assets	0	0
C. Provisions for extraord. liabilities and charges	0	0
D. Loss on disposal of fixed assets	0	0
E. Other extraordinary charges	0	0
F. Extraordinary costs capitalised as restructuring costs	0	0
IX.PROFIT (LOSS) FOR THE YEAR BEFORE TAXES	6,743	-944
A. Transfers from deferred taxes	3	7
B. Transfers to deferred taxes	0	0
X.INCOME TAXES	0	0
A. Income taxes	0	0
B. Adjustment of income taxes and write-back of tax provisions	0	0
XI.PROFIT (LOSS) FOR THE YEAR	6,746	-937
XII.TRANSFER TO UNTAXED RESERVES	0	0
XIII.PROFIT (LOSS) FOR THE YEAR AVAIL. FOR APPROPRIATION	6,746	-937

APPROPRIATION ACCOUNT	2007	2006
A. PROFIT/(LOSS) TO BE APPROPRIATED	10,292	3,546
1. Profit/(loss) for the period avalable for appropriation	6,746	-937
2. Profit/(loss) brought forward	3,546	4,483
B. TRANSFERS FROM CAPITAL AND RESERVES	0	0
1. From capital and share premium account	0	0
2. From reserves	0	0
C. TRANSFERS TO CAPITAL AND RESERVES	-9	0
1. To capital and share premium account	0	0
2. To legal reserve	-9	0
3. To other reserves	0	0
D. RESULT TO BE CARRIED FORWARD	-10,283	-3,546
1. Profit to be carried forward	-10,283	-3,546
2. Loss to be carried forward	0	0
E. SHAREHOLDERS' CONTRIBUTION IN RESPECT OF LOSSES	0	0
F. DISTRIBUTION OF PROFIT	0	0
1. Dividends	0	0
2. Directors' emoluments	0	0
3. Other allocations	0	0

2.3 Summary of the valuation rules

1. ASSETS

I. Formation Expenses

Formation expenses are expensed as incurred.

II Intangible fixed assets

Intangible fixed assets are valued at acquisition cost. These assets are amortized over the contractual period, if any, or the estimated useful life, using the straight-line method:

Research and Development Costs:	20 %- 33 %
Goodwill:	20 %
Brands:	10 %

III. Tangible fixed assets

Tangible fixed assets are valued at acquisition cost or production cost in case of own construction. Tangible fixed assets are depreciated over their estimated useful economic lives using the following:

Annual depreciation rates are:

-Buildings:	5 % double-declining
-Plant, machinery and equipment:	20 % straight-line
-Furniture:	20 % straight-line
-Vehicles:	25 % straight-line
-Computer equipment:	33 % straight-line
-Second-hand equipment	50-100 % straight-line

Fixed assets under construction:

-Formation expenses related to buildings:	20 % double declining
-Buildings:	5 % double-declining
-Furniture:	20 % straight-line

IV. Financial fixed assets

Financial fixed assets are valued at acquisition cost. The Board of Directors evaluates with sincerity, prudence and good faith whether impairment is permanent in nature and determines the corresponding write down.

V. Inventories and Work in progress

Inventories are valued at acquisition cost according to the weighted moving average pricing method. Obsolete or slow-moving inventories are written down if the book value exceeds the net realizable value. The results of work in progress for projects are recognized in accordance to the completed contract method. Losses on projects are recognized immediately. The production costs include the costs of raw materials and consumables; direct labour costs and other direct attributable production costs.

VI. Receivables

Receivables are recorded at their face value. They are written down in case their estimated realizable value at closing date is below their book value.

Receivables in foreign currencies are valued at the year-end exchange rates. Exchange gains or losses resulting from the conversion are included in the profit and loss statement.

VII. Cash and cash equivalents

Cash and cash equivalents are recorded at their face value.

2. LIABILITIES

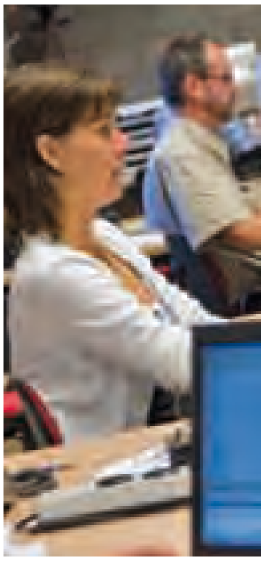
I. Short-term and long-term debts

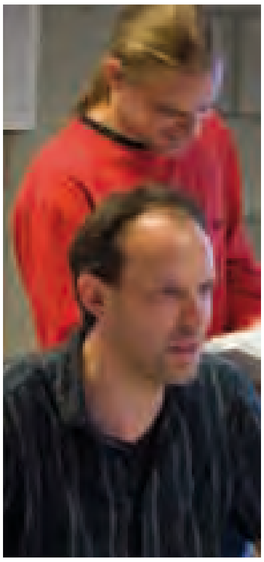
These debts are recorded at their face value.

Debts in foreign currencies are valued at the year-end exchange rates. Exchange gains or losses resulting from the conversion are included in the profit and loss statement.

II. Provisions for liabilities and charges.

At the end of the year, the Board of Directors determines with sincerity, prudence and good faith the provisions necessary to cover risks or potential losses arising from the current period or from the prior periods.





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