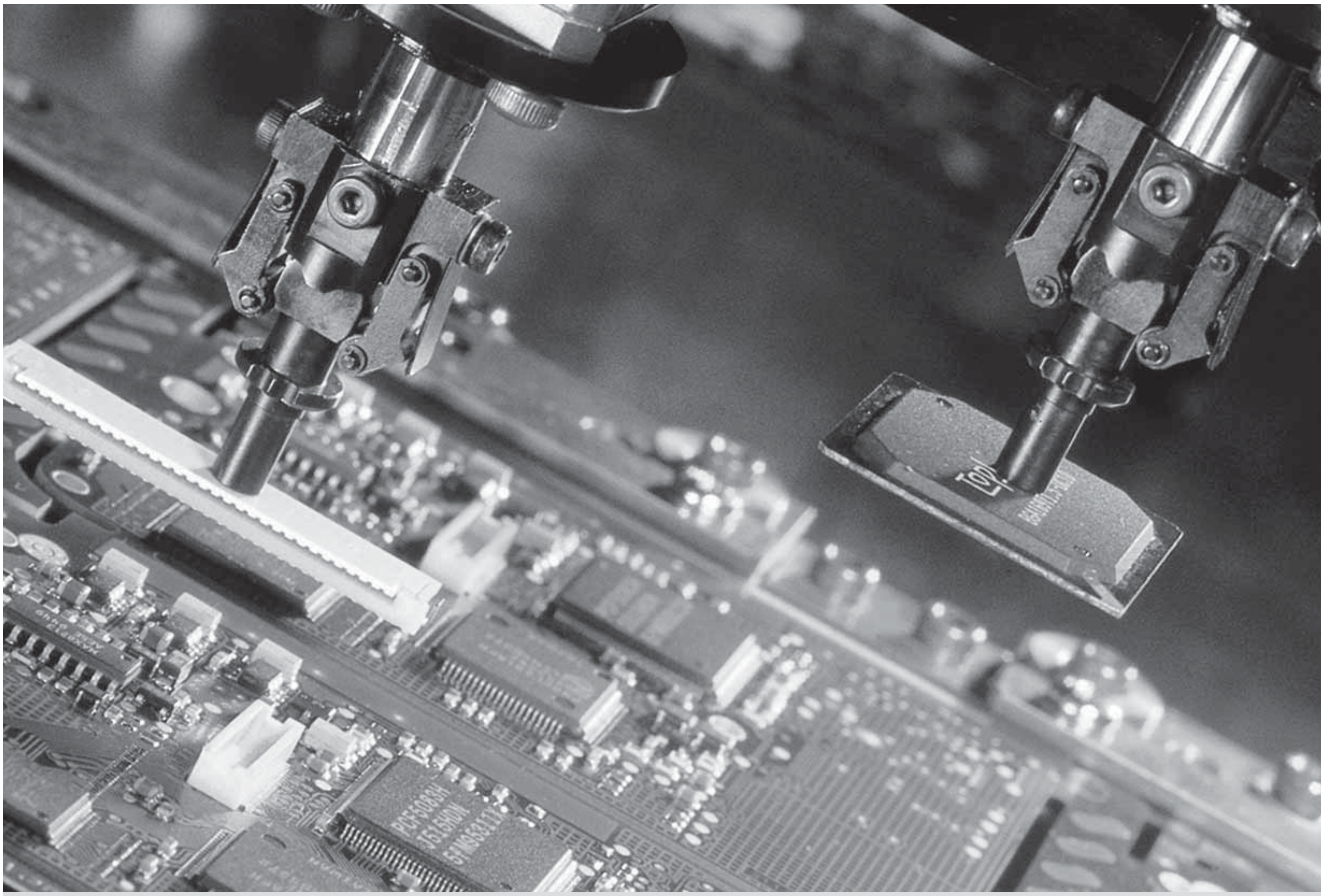


Annual Report 2008

INVESTOR RELATIONS

IPTE NV - Geleenlaan 5 - 3600 Genk - België

Tel: +32 (0)89 623 000 - Fax: +32 (0)89 623 010

www.ipte.com - e-mail: ir@ipte.com

Huub Baren, Voorzitter Raad van Bestuur, IPTE NV

Hugo Ciroux, CFO, IPTE NV

Content

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, Spain, Estonia, Romania, the Czech Republic, China and Mexico. 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 NYSE Euronext Brussels since 2000.

OUR ACTIVITIES

The group's activities are divided into two divisions, 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 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.

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.

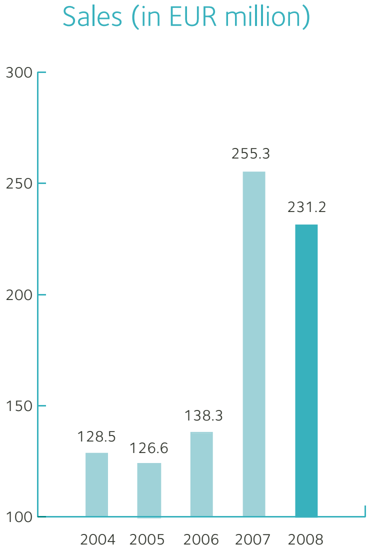
Key figures

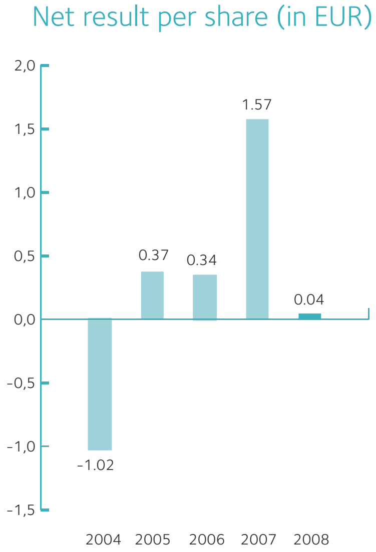
ANNUAL RESULTS IPTE GROUP AT 31 DECEMBER (IN EUR 000)

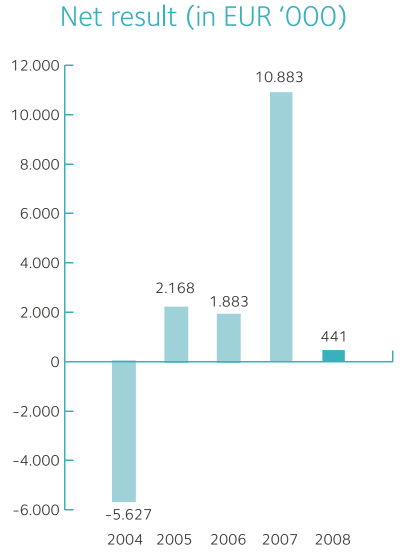
000 EUR	2008	%	2007	%	2006	%
Sales	231,233	100	255,290	100.0	138,282	100.0
Cost of sales	-189,498	-82	-208,396	-81.6	-109,917	-79.5
Gross profit	41,735	18.0	46,894	18.4	28,365	20.5
Research and development expenses	-10,550	-4.6	-7,791	-3.1	-6,255	-4.5
General and administrative expenses	-13,801	-5.9	-13,891	-5.4	-9,134	-6.6
Selling expenses	-13,645	-5.9	-12,889	-5.0	-9,886	-7.1
Other operating income/expense (net)	-5	0.0	104	0.0	304	0.2
Profit from operations	3,734	1.6	12,427	4.9	3,394	2.5
Financial income/charges (net)	-3,023	-1.3	-2,726	-1.1	-1,377	-1.0
Profit before taxes	711	0.3	9,701	3.8	2,017	1.5
Income taxes	-270	-0.1	1,182	0.5	-134	-0.1
Profit after taxes	441	0.2	10,883	4.3	1,883	1.4
Attributable to:						
Equity holders of the parent	274	0.1	10,868	4.3	1,857	1.3
Minority interest	167	0.1	15	0.0	26	0.0
Number of shares: 6,934,424						
Number of warrants: 182,850						
Profit/(loss) per share in EUR	0.04		1.57		0.34	
Diluted profit/loss per share in EUR	0.04		1.53		0.27	

BALANCE SHEET IPTE GROUP AT 31 DECEMBER (IN EUR 000)

000 EUR	2008	2007	2006
Intangible fixed assets	1,296	254	221
Goodwill	8,935	5,943	5,943
Property, plant and equipment	21,161	17,102	12,226
Deferred tax assets	1,562	1,615	1,000
Amounts receivable after one year	3	1,240	1,490
Inventories and contracts in progress	45,179	46,243	28,914
Trade receivables	46,038	52,919	34,781
Other receivables	3,263	2,865	2,396
Cash, bank deposits and current investments	1,807	3,414	2,309
Other current assets	345	212	289
Total assets	**129,589**	**131,807**	**89,569**
Equity	42,668	41,655	23,920
Subordinated loan	0	0	7,200
Provisions	3,712	2,016	1,356
Deferred tax liability	62	115	1,000
Long-term financial debts	4,867	4,630	1,810
Bank loans and overdrafts	31,029	25,650	23,156
Trade payables	31,325	40,818	21,440
Current liabilities	15,926	16,923	9,687
Total liabilities	**129,589**	**131,807**	**89,569**

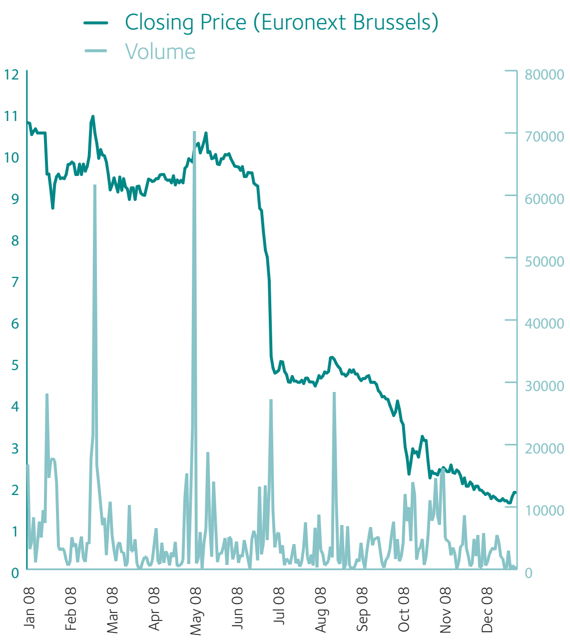






Stock market quotation (at 31/12/2008)

Shares	Highest price	10.90 EUR
	Lowest price	1.60 EUR
	Average price (accounting average)	6.5 EUR
	Price at 31/12/2008	1.85 EUR
Number of shares		6,934,424
Number of warrants		182,850
Average volume traded per day		5,247
Stock market capitalisation (at 31/12/2008)		12,828,684



Double interview Huub Baren & Luc Switten

We meet Chairman Huub Baren and CEO Luc Switten for a discussion at IPTE headquarters, which is buzzing with activity despite the economic malaise. "The market lies open and is calling for innovative solutions", Luc Switten comments. "It is at times like these that we can make the difference by being faster, better and cheaper than our competitors."

2007 was a record year for the IPTE group. How do you look back on 2008?

Huub Baren: "2007 was indeed an absolute top year for the group, in terms of both order intake and net profit. At the end of 2007 this trend also looked to us to be set to continue in 2008. In the second quarter, however, it became clear that the financial crisis, and the ensuing economic crisis, would have serious consequences for us. Looking back on 2008 I believe that, despite the difficult economic situation, we achieved a respectable result. The market may have shrunk owing to the economic crisis, but as a group we have not lost market share compared with 2007, rather we have increased it. Which is a pretty good performance in the present circumstances."

Luc Switten: "When the financial and economic tide turns, we are obviously not spared. Both our Factory Automation and our Contract Manufacturing divisions are heavily dependent on the state of business of our end customers. If our customers are not performing well, we feel this directly in our order intake. During 2008 we observed a systematic slow-down of business from nearly all customers. But I can't say that I have a particularly bad feeling about 2008. We pulled out all the stops to prepare ourselves for this sudden crisis, and have proved particularly resilient. You will also see that our investments in technology, capacity and sales produced results in this difficult year. We have been able to broaden our customer base with a number of new names from high-end industrial sectors. Such customers bring stability also in difficult times."

What were for you the positive items in 2008?

Huub Baren: "For the Factory Automation division I would say the items that stand out most were our Estonian acquisition and the investments in Spain and Mexico. The Tallinn takeover is a first step in a move-east campaign to reduce engineering costs. Our new Estonian facility also provides an attractive bridgehead for supporting existing and potential customers in the Nordic area. It is an investment which will certainly be fruitful in the near future. We have also set up a small test site in Barcelona to

further support our existing capacity there. Lastly, in Mexico we have invested in a unit to place our worldwide services better on the map.
In Contract Manufacturing I believe that the main item in 2008 was our positive growth on the technological level. In recent years the Connect Systems division has evolved step by step from pure cable company to total solutions supplier. This development gathered pace in 2008. Within the market we are seeing a greater readiness to outsource responsibilities. This is enabling Connect Systems as a subcontractor to offer customers more and more added value. On the one hand we are being involved in new projects at an earlier stage, thinking along with our customers right from the design stage, on the other hand we are going to be building and testing more and more modules and final products, where previously we delivered just the cable or the PCB. In other words, the business is becoming more complex and diversified, which is enabling us to distinguish ourselves from the competition."

Luc Switten: "For the Contract Manufacturing division the opening of the new factory in Romania in spring 2008 was an absolute milestone. In terms of both capacity and quality this new plant represents an enormous step forward for Contract Engineering's back-office strategy. In the Contract Manufacturing division we have also invested in a new building in Kampenhout with, adjoining it, a brand new warehouse with loading bays and an additional workshop for our constantly growing assembly services. The Rijen facility now has a new cleanroom for assembling cable trees and modules, and in Poperinge we are continuing to invest in technology for assembling and testing print board assemblies (PBA's). We have also made additional efforts at the sales level. At the end of Q2 we started up a specific telecoms group to extend this market segment within Contract Manufacturing, and at the end of Q4 we extended our sales activities into northern France.

In Factory Automation we are also pleased to report the positive contribution of Platzgummer, the acquisition of which was completed at the start of 2008. This facility is contributing as expected to our earnings, and is one reason why order intake of the Factory Automation division rose by 11.2% in 2008 compared with 2007. In today's market this is a very attractive performance. For IPTE this also means a bigger footprint in the German market, where we believe a lot of growth potential still exists for the electrotechnical industry.

2008 was not only a year of expansion, but also of restructurings.

Huub Baren: "It goes without saying that in times of crisis a company needs to adapt to the prevailing market situation. And in 2008 the IPTE group was no exception. We have pared back our headcount

"In times of crisis it is important to see the threats, but even more important to recognize the opportunities." Huub Baren

group-wide by 20%, in order to generate a lower cost structure. These restructurings have not, however, been allowed to stand in the way of the IPTE group's growth strategy. We are continuing to look for opportunities to do better and to continue to grow within the electronics industry."

Luc Switten: "That's right. We are and continue to be a growth company. But growth companies too need to optimize the way they operate and to adapt to the market. For us this meant taking the decision in October 2008 to close our Contract Manufacturing facility in Slovakia. The path to this decision in fact goes back to before the economic crisis. It made no sense maintaining two back-office facilities with the same mandate, resulting in double transport costs, double management, double stock management etc. The expansion in Romania allowed us to optimize our cost and operating structure here. Healthy management demands such a decision. In the other facilities too we are attempting to adapt our manning levels as best possible to the present market situation, without passing up on our flexibility. Which is why we are continuing to invest in sales and in qualified technical staff. At both Factory Automation and Contract Manufacturing our people form the heart of our company, and only good interaction between staff and management will enable the IPTE group as a whole to come stronger out of the crisis."

How do you look at 2009?

Huub Baren: "2009 will be a pivotal year worldwide. It is difficult to predict when the economy will begin growing again, and I don't think it is sensible to make forecasts here for the IPTE group. But I believe we have all the cards in our hands to make 2009 a successful year. We must make optimal use of every opportunity to further improve the way the IPTE group operates. Where necessary we shall restructure further. When we see opportunities to strengthen our growth and our position, we will not shy away from new investments.

I am also convinced there is still plenty of growth potential in the market for the IPTE group. For example the acquisition of Barco Electronic Manufacturing in 2007 brought in lots of know-how and experience. In 2007 Barco itself was the primary beneficiary, but in 2008 we were able to use this know-how to convince a good number of other customers to work with us. For these reasons I continue to believe in a stable European manufacturing industry that calls for quality and flexibility at competitive price levels."

Luc Switten: "2009 will indeed bring many challenges. Right now our customers' production levels are still not back to where they were in 2007, but we do sense that a certain optimism in the future is returning. 2009 will be the year in which everyone will have to do his or her best to move from a difficult situation to a success story. Today our various sales teams are starting to bring in new projects with their

"The market lies open and is calling for innovative solutions. It is at times like these that we can make the difference by being faster, better and cheaper than our competitors." Luc Switten

stepped-up marketing efforts. I feel myself more than supported also by a team that is going looking for opportunities in new growth markets like wind energy, LED technology, solar energy, etc.

In this context we are continuing to apply the 'get them in & move them up' principle. On the one hand we are tracking down new customers and projects, with the broadest possible market approach. On the other hand we are keen to make clear to existing customers that our group has undergone major changes in recent years and that today we can offer much more than simple cable assembly or testing systems. Most of all we want to offer our (potential) customers a complete package, running from co-engineering to dedicated logistics to after-sales service. It is here too that synergy between the Contract Manufacturing and Factory Automation divisions starts to click in. Having in-house the know-how with which to design a made-to-measure assembly line for a Connect Systems customer is valuable asset and frequently puts us a step ahead of market competitors.

Finally I believe that we have already demonstrated in the past that we are a strong team with a lot of winning points. I would therefore like to thank all IPTE group employees for their efforts during 2008. I am convinced that their determination, flexibility and proactive approach will once again in 2009 enable us to turn opportunities into successes."

IPTE Worldwide

ADDED VALUE

We are a reliable, quality supplier of engineering solutions and manufacturing services for the electronic industry. Our focus is on creating added value for our customers, in terms of both our product portfolio and 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, Spain, Estonia, Romania, the Czech Republic, China and Mexico. 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
- Finland
- Czech Republic

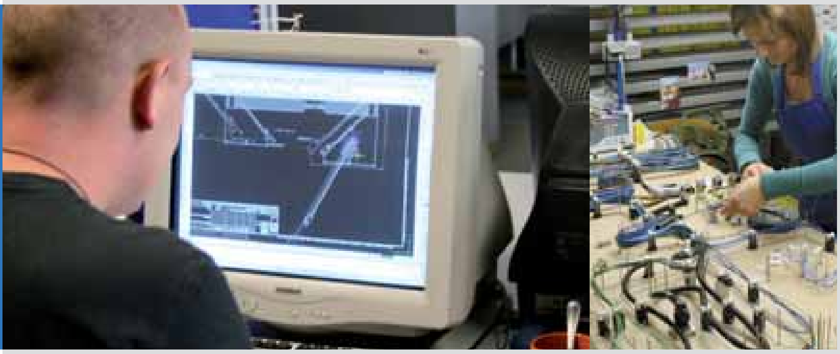
America
- United States
- Mexico

Asia
- Singapore
- China

PRODUCTION SITES

Factory Automation
- Genk, Belgium
- Heroldsberg, Germany
- Karlsfeld, Germany
- Carlepont, France
- Malville, France
- Ovar, Portugal
- Talinn, Estonia
- Oradea, Romania
- Reus, Spain
- Guadalajara, Mexico
- Shanghai, China

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



IPTE – Contract Manufacturing, Integrated Subcontractors

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.

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

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


SWITCH
MASSA CPL
KS
BD
BE
BA
DC

IPTE CONTRACT MANUFACTURING

DESIGN & ENGINEERING

- Design-in
- Co-engineering
- Component definition
- Layout PCB
- Development support
- Prototyping
- FMEA
- Design rules check
- Mechanical design
- Obsolete component management
- Last time buy

CABLE ASSEMBLY

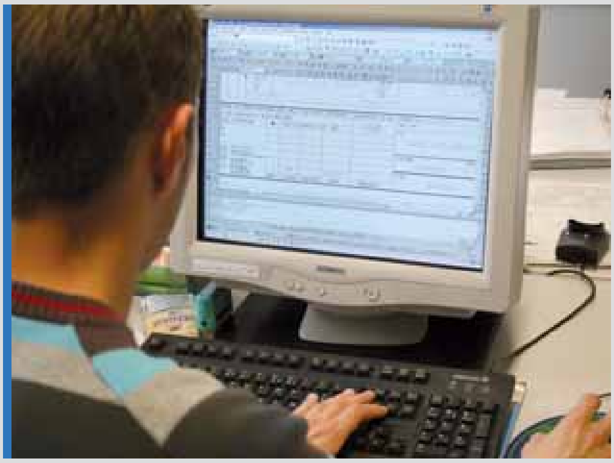
- Design & development
- Cutting
- Stripping
- Crimping
- High level of automation
- Printing
- Welding
- Documentation control
- Moulding & potting
- Braiding
- Harnesses
- 100% testing

PCB ASSEMBLY

- SMD placement
- Manual mounting
- Die & wire bonding
- THT
- Soldering
- Press fit
- High-precision coating
- Clean room
- Testing
- FMEA

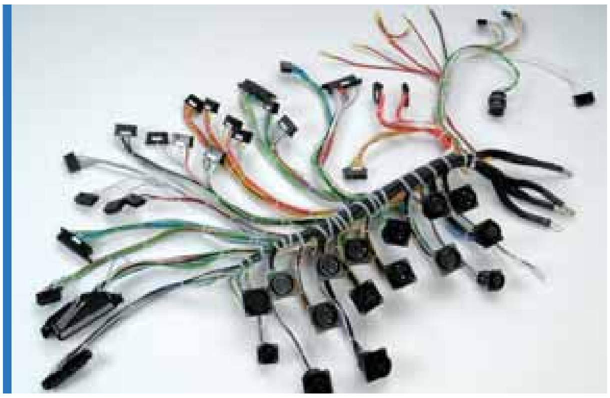
MODULE ASSEMBLY

- 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 on 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 include:

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

OUR MISSION

To continuously improve our customers' success in high-end markets throughout Europe by supplying the best Design & Manufacturing Services over the entire product lifecycle.

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 customers' expectations.

• Logistics
- An integrated offering 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


Telecom

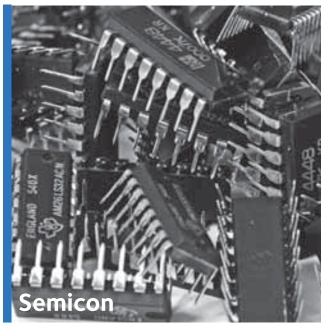

Professional


Medical

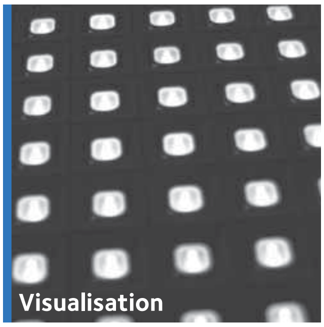

Automotive


Agriculture


Avionics


Semicon


Military


Visualisation


Power

IPTE – Experts in Factory Automation

HIGH TECHNOLOGY

We are constantly innovating to make the most of the benefits of the latest technological innovations 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 standardised solutions for the different process steps in electronic factories. IPTE also provides complete, fully-automatic production lines for the automotive, consumer and other industries.

IPTE FACTORY AUTOMATION

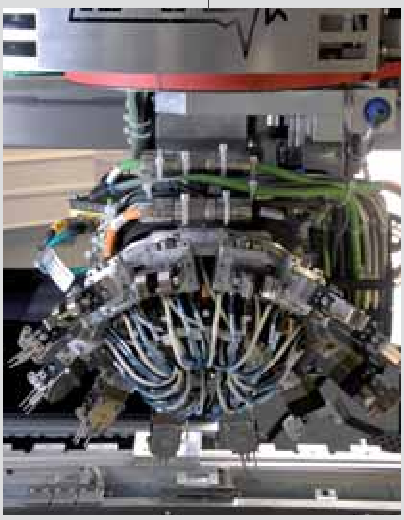
TEST

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 PCBs up to the depaneling stage, placement of odd shape components including feeding, and the whole conveying program to link the complete line together.



ASSEMBLAGE

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 include inline processes with products carried on pallets, or offline processes with rotary tables or individual work stations. Lines based on lean solution principles are part of the portfolio.

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

Our markets

Report from the Board of Directors

OPERATING RESULTS

The economic recession starting in the second half of 2008 put a brutal end to the uptrend in sales and profitability of 2007. As a subcontracting company and automation partner for the electronics industry, IPTE found itself in the middle of markets in which the downturn was the most pronounced. Despite all efforts to adapt to the changing economic outlook, all the positive achievements from 2007 and early 2008 were wiped out at the end of 2008, bringing the group results back to just above breakeven after a very successful 2007 with a net profit of more than EUR 10 million.

On a yearly basis, annual sales decreased by 9.0 % from EUR 255 million in 2007 to EUR 232 million in 2008. On a like-for-like basis (i.e. excluding Platzgummer GmbH acquired as of January 1, 2008), the decrease was 13.8 % (from EUR 255 million to EUR 220 million).

The economic recession hit both divisions. Sales of the Factory Automation division declined by 9 % (from EUR 60 million to EUR 55 million) and sales of the Contract Manufacturing division by 15 % (from EUR 195 million to EUR 166 million).

Average gross margin decreased from 18.4 % to 18.0 %. This decrease reflects the change in product mix between Factory Automation and Contract Manufacturing (24 %/76 % in 2007, 28 %/72 % in 2008) plus the lower gross margin in Factory Automation.

Gross margin in the Contract Manufacturing division increased from 14.7 % to 15.2 %. In the Factory Automation division it decreased from 30.0 % to 24.7 %, owing to a certain number of loss-making projects and the fact that certain plants operated at below normal capacity.


Y-

Research and development costs (mainly related to the factory automation activity) increased significantly (from 10.7 % to 13.2 % of Factory Automation sales) over the year. The company is continuously updating its present product portfolio and expanding its portfolio with new products when sufficient market potential is identified.

General & administrative expenses remained stable. Selling expenses increased from 5.0 % to 5.9 %, reflecting our efforts to retain and gain market share in a slowing market.

Operating result (the heading "profit from operations") decreased significantly from EUR 12.4 million to EUR 3.7 million, or from 4.9 % of sales to 1.6 %. Most of this decline comes from the Factory Automation business which posted an operating loss of EUR 4 million in 2008 (EUR 547,000 profit in 2007). In Contract Manufacturing, operating result slipped from 6.1 % to 4.7 % of sales.

Financial costs were EUR 3.0 million compared to EUR 2.7 million. This increase is mainly the result of exchange losses on the US dollar, Romanian lei and Czech crown. Interest costs decreased slightly, owing to improved credit ratings (lower spreads on borrowings) offset by higher base rates (EURIBOR or IONIA).

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 estimate and that although not utilized in 2008 this deferred tax asset will be fully recoverable in coming years.

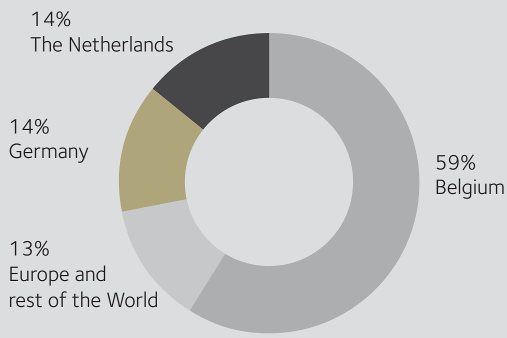
The net profit for 2008 was EUR 0.44 million compared with EUR 10.8 million in 2007.

The order book at the end of the reporting period stood at EUR 78.0 million (end 2007: EUR 83.0 million), of which EUR 24.5 million in Factory Automation (end 2007: EUR 18.3 million), and EUR 53.5 million in Contract Manufacturing (end 2007: € 64.7 million).

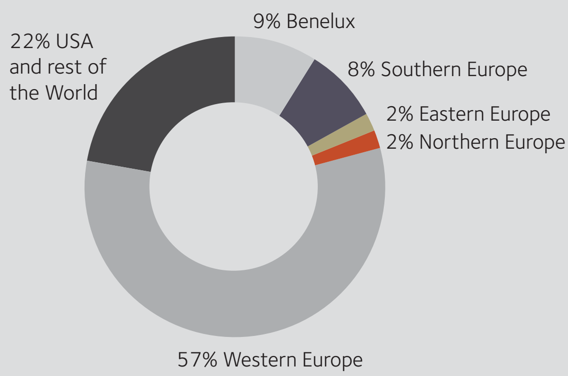
Factory Automation customers come mainly from the automotive (52 %), new energy (20 %), professional products (13 %), consumer electronics (8 %), computers (3 %), telecommunications (2 %) and other markets (2 %).

Contract Manufacturing (ConnectSystems) customers come mainly from the professional products (58 %), automotive (18 %), medical (12 %), telecommunications (11 %) and other market segments (1 %).

Contract Manufacturing by region



Factory Automation by region



BALANCE SHEET

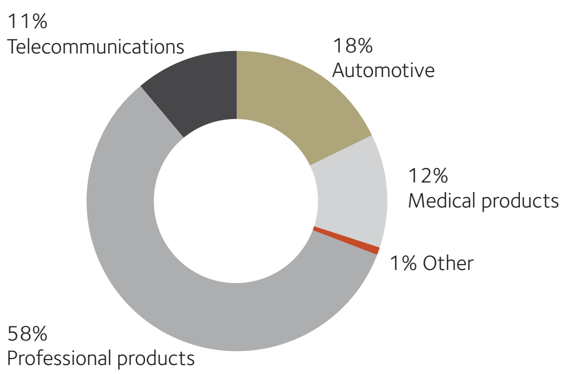
Total balance sheet decreased by 1.6% from EUR 131.7 million to EUR 129.6 million at end 2008. This decrease should be compared with a sales decrease of 9.0%. The Platzgummer acquisition had the effect of increasing assets by 6.0%.

During 2008, several larger investments were made. Two Factory Automation companies, IPTE Estonia (EUR 1.0 million) and Platzgummer (EUR 2.9 million) were acquired. For Contract Manufacturing, a new manufacturing hall at Kampenhout was acquired (EUR 2.5 million), a new plant in Romania was leased (EUR 1.0 million investment), new ERP software was purchased (EUR 1.0 million) and 2 new production lines were acquired. In total the group invested more than EUR 14.0 million.

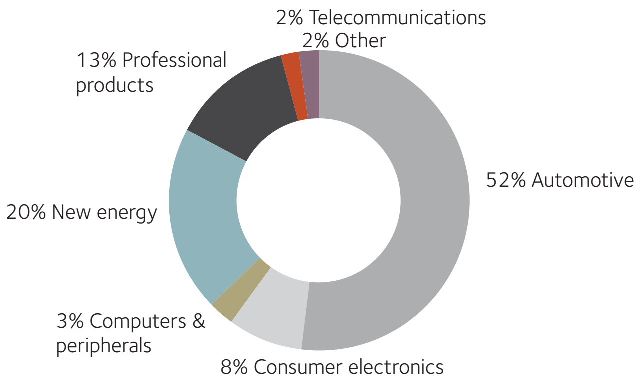
Net financial debt (long and short term borrowing minus cash) increased from EUR 28.3 million to EUR 35.6 million to finance the working capital needs of the business.

Group shareholders' equity improved from EUR 41.6 million (31.6% of the balance sheet total) to EUR 42.6 million (32.8% of the balance sheet total). This increase consists of the profit for the year (EUR 0.4 million), the minority interest from the Platzgummer acquisition (EUR 0.4 million) and some translation effects.

Contract Manufacturing by market



Factory Automation by market



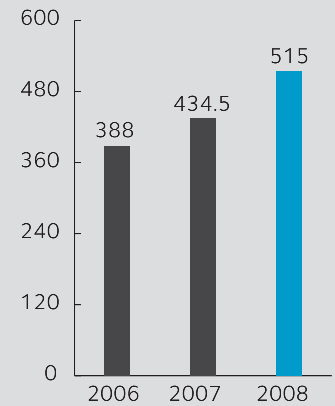
Human Resources

Personnel

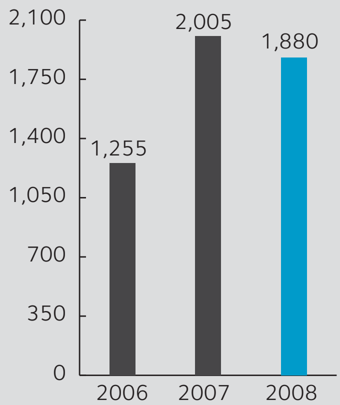
Overview by country

	Factory Automation	Contract Manufacturing	Total
Belgium	113	562	675
Netherlands	0	78	78
Germany	145	97	242
France	120	0	120
United Kingdom	2	0	2
Portugal	26	0	26
Romania	0	793	793
Slovakia	0	123	123
Czech Republic	0	227	227
Finland	1	0	1
Singapore	2	0	2
China	44	0	44
USA	7	0	7
Estonia	38	0	38
Spain	9	0	9
Mexico	8	0	8
Totaal	**515**	**1,880**	**2,395**

Factory Automation



Contract Manufacturing




IPTE
Analog
VISITO

Corporate Governance

Board of Directors*

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

Executive Management*

Luc Switten	Managing Director Group
Hugo Ciroux	Chief Financial Officer

* 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

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 2008, the Board of Directors was made up by the following members:

- **Huub Baren BVBA, represented by Mr. Huub Baren** (appointed on 26 April 2005 for a six-year term). Chairman of the Board of Directors. Dominant shareholder holding 30,23 % of the shares.
- **Luc Switten BVBA, represented by Mr. Luc Switten** (appointed on 16 April 2004 for a six-year term). Managing Director. Dominant shareholder.
- **Vladimir Dobosch BVBA, represented by Mr. Vladimir Dobosch** (appointed on 16 April 2004 for a six-year term). Dominant shareholder.
- **EDJ NV, represented by Mr. Erik Dejonghe** (appointed on 18 April 2003 for a six-year term). Independent Director.
- **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.
- **Immocom NV, represented by Mr. Freddy Daniëls** (appointed on 29 April 2008 for a six-year term). Director representing LRM NV.
- **Becap BVBA, represented by Mr. Pierre Serrure** (appointed on 24 April 2007 for a six year term). Director representing LRM NV.

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 2008 the Board of Directors met on 14/01, 18/02, 17/03, 29/04, 08/05, 11/08, 30/10 en 08/12. 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.

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 2008.

In 2009 the Board of Directors will examine the need for new committees and establish any that it deems necessary.

EXECUTIVE MANAGEMENT

Mr. Luc Switten has been appointed Managing Director in charge of daily management. He is supported by the Chief Financial Officer (together they are the Executive Management). 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 € 0.5 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 2008 financial year.

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:

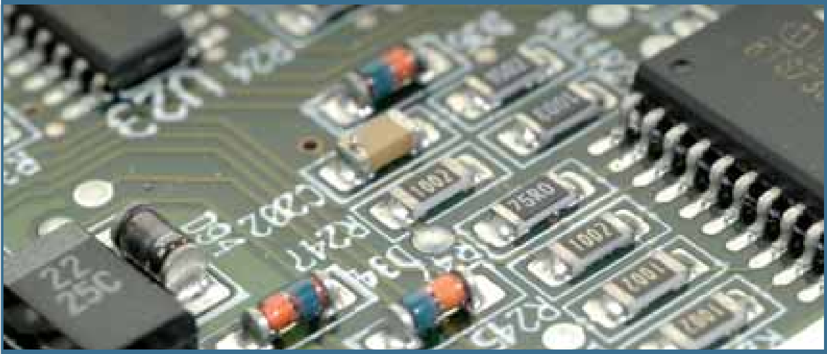
- not deal in IPTE shares during the two months prior to publication of annual results;
- not deal in IPTE shares during the 21 days prior to publication of quarterly results;
- not sell shares within six months of purchase;
- inform the CFO of all intended operations before undertaking them.

DECLARATION REGARDING THE INFORMATION GIVEN IN THIS ANNUAL REPORT 2008

The undersigned declare that :

- the annual accounts, which are in line with the standards applicable for annual accounts, give a true and fair view of the capital, the financial situation and the results of the issuer and the consolidated companies;
- the annual report gives a true and fair view of the development and the results of the company and the position of the issuer and the consolidated companies, as well as a description of the main risks and uncertainties the are faced with.

Luc Switten, CEO
Hugo Ciroux CFO



Financial report

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 comments.

Unqualified audit opinion on the consolidated financial statements with explanatory paragraph

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 2008, 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 129.589 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 274 (000) EUR.

The financial statements of several significant entities included in the scope of consolidation which represent total assets of 41.264 (000) EUR and total sales of 66.762 (000) EUR 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 2008, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Despite the fact that the group has encountered further worsening market conditions early 2009 which may trigger a breach of its debt covenants, the financial statements have been drafted using the going concern principle. This assumption is only justified to the extent that the group will be able to keep and not exceed its existing credit lines and that the group will be able to adequately compensate the effects of the economic downturn by implementing several restructuring measures. Without modifying the above unqualified opinion, we draw your attention to the directors' report and to note 1.3.5 to the financial statements, in which the board of directors, in accordance with Belgian legal requirements, justifies the application of the going concern principle. No adjustments have been recorded with respect to the valuation or the classification of certain balance sheet items, which would be required, should the group no longer be able to continue its operations.

Additional comments

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 comments which do 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.

- We draw your attention to note 1.3.5 critical accounting judgements and key sources of estimation uncertainty of the consolidated financial statements, which also describes the impairment analysis on intangible assets, tangible assets and goodwill, and the sensitivities and assumptions that are relevant therein. The realization of the in note 1.3.5 mentioned business plans is essential to support the carrying value of the intangible assets, tangible assets and goodwill.

Diegem, 24 March 2009

The Statutory Auditor
DELOITTE Bedrijfsrevisoren
BV o.v.v.e. CVBA
Represented by

Dominique Roux Gert Vanhees

1.2. Detailed Consolidated Financial Statements (in EUR)

Consolidated Balance Sheets as of 31 December

IPTE NV	2008	2007	2006
Assets			
Current assets:			
Cash and cash equivalents (notes 1.3.7.a)	1,807,341	3,414,192	2,309,267
Trade receivables (notes 1.3.7.b)	46,038,121	52,919,443	34,781,109
Other receivables (notes 1.3.7.c)	3,262,989	2,865,483	2,395,578
Inventories (notes 1.3.7.d)	45,179,020	46,243,204	28,914,324
Other current assets	345,098	211,054	289,418
Total current assets	**96,632,569**	**105,653,376**	**68,689,696**
Non-current assets:			
Other receivables	2,338	1,239,364	1,489,717
Deferred tax assets (notes 1.3.7.n)	1,562,000	1,615,333	999,900
Property, plant and equipment (notes 1.3.7.e)	21,161,124	17,101,944	12,225,580
Intangible assets (notes 1.3.7.f)	1,295,507	254,402	221,470
Goodwill (notes 1.3.7.g)	8,935,345	5,942,561	5,942,561
Total non-current assets	**32,956,314**	**26,153,604**	**20,879,228**
Total assets	**129,588,883**	**131,806,980**	**89,568,924**
Liabilities and equity			
Current liabilities:			
Bank loans and overdrafts (notes 1.3.7.i)	31,028,991	25,649,555	23,155,582
Current portion of long-term debt (notes 1.3.7.j)	1,536,664	1,464,651	7,848,765
Trade payables	31,324,831	40,818,143	21,439,599
Accrued expenses, payroll and related taxes and deferred income (notes 1.3.7.h)	10,710,525	10,749,659	6,308,386
Provisions (notes 1.3.7.k)	3,711,804	2,016,384	1,356,208
Other current liabilities (notes 1.3.7.l)	3,678,862	4,707,522	2,730,092
Total current liabilities	**81,991,677**	**85,405,914**	**62,838,632**
Non-current liabilities:			
Long-term debt less current portion (notes 1.3.7.j)	4,866,832	4,630,255	1,810,118
Deferred tax liability (notes 1.3.7.n)	62,000	115,333	999,900
Total non-current liabilities	**4,928,832**	**4,745,588**	**2,810,018**
Equity (notes 1.3.7.m)			
Shareholders' capital	429,934	429,934	339,411
Legal reserve	42,993	42,993	33,941
Share premium	37,214,276	37,214,276	30,304,699
Retained earnings	3,898,111	(6,970,094)	(8,818,086)
Current year's profit/(loss)	274,197	10,868,205	1,857,151
Cumulative translation adjustment	251,450	70,164	107,352
Equity attributable to equity holders of the parent	**42,110,961**	**41,655,478**	**23,824,468**
Minority interests	557,413	-	95,806
Total equity	**42,668,374**	**41,655,478**	**23,920,274**
Total liabilities and equity	**129,588,883**	**131,806,980**	**89,568,924**

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

Consolidated Income Statements for the 12 month period ending 31 December (in EUR)

IPTE NV	2008	2007	2006
Sales (notes 1.3.7.o)	**231,233,364**	**255,290,481**	**138,281,819**
Cost of sales (notes 1.3.7.p)	(189,498,420)	(208,396,134)	(109,917,429)
Gross Profit	**41,734,944**	**46,894,347**	**28,364,390**
Research and development expenses (notes 1.3.7.q)	(10,550,237)	(7,790,923)	(6,255,331)
General and administrative expenses (notes 1.3.7.r)	(13,800,745)	(13,890,734)	(9,134,290)
Selling expenses (notes 1.3.7.s)	(13,645,052)	(12,888,818)	(9,885,503)
Other income (expense) net	(4,696)	103,225	303,762
Profit/(loss) from operations	**3,734,214**	**12,427,097**	**3,393,028**
Financial income (notes 1.3.7.v)	1,603,378	1,102,042	1,041,464
Financial charges (notes 1.3.7.v)	(4,626,588)	(3,828,268)	(2,418,061)
Profit/(loss) before taxes	**711,004**	**9,700,871**	**2,016,431**
Income taxes (notes 1.3.7.w)	(269,958)	1,181,810	(133,633)
Profit/(loss) for the years	**441,046**	**10,882,681**	**1,882,798**
Attributable to:			
Equity holders of the parent	274,197	10,868,205	1,857,151
Minority interest (notes 1.3.7.m)	166,849	14,476	25,647
Earnings per share			
Basic earnings per share (notes 1.3.7.x)	**0.04**	**1.57**	**0.34**
Diluted earnings per share (notes 1.3.7.x)	**0.04**	**1.57**	**(*) 0.27**

(*) 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 (in EUR)

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 interests	Total
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 % (1)							(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 % (2)								(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
Net income					274,197		274,197	166,849	441,046
Cumulative translation adjustment						181,286	181,286		181,286
Minority share of acquired Platzgummer								390,564	390,564
31/12/2008	6,934,424	429,934	42,993	37,214,276	4,172,308	251,450	42,110,961	557,413	42,668,374

(1) 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.

(2) 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 (in EUR)

IPTE NV	2008	2007	2006
Profit/(loss) from operations	**3,734,214**	**12,427,097**	**3,393,028**
Adjustments for:			
Amortization goodwill/negative goodwill	-	-	-
Allowance for doubtful receivables and obsolete stock	(3,327)	3,593,617	854,089
Depreciation and amortization	5,384,933	4,190,668	2,640,224
Provisions	823,224	660,176	(985,572)
Operating profit before changes in working capital	**9,939,044**	**20,871,558**	**5,901,769**
Inventories	2,316,622	(5,764,960)	(5,661,885)
Trade receivables	7,521,363	(13,351,210)	(8,633,215)
Trade payables	(9,065,430)	12,756,331	6,587,367
Accrued expenses, payroll and related taxes and deferred income	(325,003)	3,502,908	271,565
Other receivables	1,262,514	(357,587)	143,409
Other current assets	(134,043)	328,717	113,033
Other payables	(1,864,811)	2,297,051	714,314
Cash flow from operating activities	**9,650,256**	**20,282,508**	**(563,643)**
Taxes	(269,958)	(318,190)	(133,633)
Exchange differences	(588,193)	357,826	328,514
Interests / Financial charges	(2,445,363)	(3,089,813)	(2,254,315)
Other	37,018	(118,366)	65
Net cash from/(used in) operating activities	**6,383,760**	**(3,168,543)**	**(2,623,012)**
Cash flows from investing activities			
Increase in ownership interest, net of cash acquired (notes 1.3.7.y)	(3,444,376)	(15,387,595)	(702,952)
Investments in intangible assets	(1,229,797)	(103,086)	(98,798)
Investments in property, plant and equipment	(9,014,807)	(6,752,383)	(2,862,390)
Gain/(loss) on the sale of property, plant and equipment	-	297,973	127,072
Interest received	10,345	5,761	549,016
Cash flows used in investing activities	**(13,678,635)**	**(21,939,330)**	**(2,988,052)**
Cash flows from financing activities			
Proceeds/(repayments) from long-term debts	236,577	2,820,137	(939,812)
Proceeds/(repayments) from current portion of long-term debt	72,011	(6,384,114)	156,978
Proceeds/(repayments) from bank loans and overdrafts	5,379,436	2,493,973	5,008,373
Proceeds from capital increase	-	6,999,994	-
Net cash provided by financing activities	**5,688,024**	**5,929,990**	**4,225,539**
Monetary (loss)/gain on cash and cash equivalents	-	-	-
Increase/(decrease) in cash and cash equivalents	**(1,606,851)**	**1,104,925**	**(1,385,525)**
Cash and cash equivalents at the beginning of the period	3,414,192	2,309,267	3,694,792
Cash and cash equivalents at the end of the period	1,807,341	3,414,192	2,309,267

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, Platzgummer 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), China (IPTE Industrial Automation (Shanghai) Co. LTD), Finland (IPTE Nordic Oy), Estonia (IPTE Automation Oü) and Spain (IPTE Spain S.L.U.). 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 2,395 in 2008, 2,439 in 2007 and 1,643 in 2006.

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 23 March 2009 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. 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 2008.

Following Standards and Interpretations became applicable for 2008

- 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 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)

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (amendments to be applied as from 1 July 2008 onwards).

The adoption of the four interpretations issued 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).

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (annual periods beginning on or after 1 July 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).

- Improvements to IFRS (2008) (normally applicable for accounting years beginning on or after 1 January 2009).

- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements (normally prospective application for annual periods beginning on or after 1 January 2009).

- IFRS 1 First-time Adoption of International Financial Reporting Standards (applicable for accounting years beginning on or after 1 January 2009).

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

- IFRIC 15 – Agreements for the construction of real estate (applicable for accounting years beginning on or after 1 January 2009)

- IFRIC 16 Hedges of a net investment in a foreign operation (applicable for accounting years beginning on or after 1 October 2008)

- IFRIC 17 Distributions of Non-cash Assets to Owners (applicable for accounting years beginning on or after 1 July 2009)

- IFRIC 18 Transfers of Assets from Customers (applicable for Transfers received on or after 1 July 2009)

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.

1.3.4. 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 2008

Entity	Ownership interest		
	2008	2007	2006
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	100	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	100	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	100
IPTE RF SA	100	100	100
And-Elec SAS	100	100	100
Antest SARL	100	100	100
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	100	-
Platzgummer GmbH	80	-	-
IPTE Automation Oü	100	-	-
IPTE Spain S.L.U.	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 Dec. 2008	1.049	0.499	0.092	0.719	0.105	0.249	0.033
31 Dec. 2007	1.364	0.473	0.106	0.679	0.093	0.277	0.030
31 Dec. 2006	1.489	0.495	0.111	0.759	0.097	0.296	0.029

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
2008	1.256	0.480	0.104	0.680	0.097	0.272	0.032
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

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) is/are 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 expensed 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 in foreign currency exchange rates on foreign currency payables and receivables including intercompany 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 21 % of revenue in 2008, 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.

1.3.5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Going concern

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

- Consolidated 2008 results are positive and the equity basis of the company is strong;
- The budget 2009 that was prepared in December 2008 and shows a profit and a positive cash flow.

The financial crisis, followed by the economic crisis, is however clearly having an impact on the electronic sector in which IPTE operates. Already during the year declining sales led us to decide to undertake restructuring in all parts of the organization in readiness for a difficult year 2009. Staffing was reduced by more than 250 permanent employees (out of a total 2,400 at the end of 2007) and 150 temporary employees. Investments will be limited to those most necessary to meet customer demands. The unclear market prospects require the company to do everything possible to secure its long-term health. At the end of the year IPTE met its bank covenants, except for the minimum solvency ratio of 30 % requested by one financial institution for which a waiver was obtained.

During the first months of 2009, the company experienced a stronger sales decline than foreseen during the budget preparation. It is uncertain how long the decline will last. The Board of Directors instructed the management to prepare further restructuration plans and to execute them immediately to adapt the company to this fast changing market. The impact of this further restructuration is yet unknown, but, in the boards opinion, the restructuring cost together with the effect of a declining demand in the market will make a positive result over 2009 very unlikely. The further restructuring measures will also have a major impact on the cash flow over 2009 and may force the company to renegotiate the credit facilities with its bankers. Although the outcome of such negotiations is unpredictable, the Board of Directors is confident in the outcome. Under these circumstances, the Board of Directors believes that the preparation of the financial statements under the going concern principle is justified.

Impairment of goodwill, intangible and tangible fixed assets

An impairment analysis of goodwill, intangible and tangible fixed assets has been performed on the level of the cash generating units.

Within the Group, 5 cash generating units have been defined. Based on the organizational structure in front and back offices, the entire Contract Manufacturing business is defined as a first cash generating unit whereas within Factory Automation several cash generating units are identified based on the business model. Platzgummer and And-Elec/Antest are 2 separate cash generating units as they are each operating independently within the Factory Automation segment. Estonia has been recently acquired and is currently not yet integrated in the Group. Based on this reasoning, this is considered to be the fourth cash generating unit. The remaining entities within Factory Automation are dependent on each other within their day to day operations and are as such considered to be the fifth cash generation unit (i.e. Other Automation).

In accordance with IFRS, impairment – if any – is to be recorded between the carrying amount of intangible assets, tangible assets and goodwill, and the higher of the value in use or the fair value of the carrying amount. 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. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

For Contract Manufacturing, Platzgummer and And-Elec/Antest, the recoverable amount of the cash generating unit is higher than its carrying amount of intangible assets, tangible assets and goodwill. The recoverable amount has been determined based upon a value in use calculation. The 2009 budget per cash generating unit has been taken into perpetuity without any growth factor. Various high discount rates, up to 33 %, have been applied as a kind of sensitivity analysis. Based upon these value in use calculations, the recoverable amounts of these 3 cash generating units exceeds the carrying amounts (with EUR 2,215 (000) for Contract Manufacturing, EUR 906 (000) for Platzgummer and EUR 373 (000) for And-Elec/Antest) and as such no impairment has been recognized for the cash generating units Contract Manufacturing, Platzgummer and And-Elec/Antest. A decrease of 1% in the budgeted operating results of these 3 cash generating units would decrease the recoverable amount of Contract Manufacturing with EUR 242 (000), of Platzgummer with EUR 30 (000) and of And-Elec/Antest with EUR 27 (000).

For Estonia, considered to be a separate cash generating unit, the carrying amount is EUR 1,2 mio and mainly consists of goodwill (EUR 964,017). The acquisition dates of mid 2008, was just before the start of the economic crisis and was based on a business plan showing substantial growth in the coming years with large accounts in the Nordic region. Given the current economic circumstances, this business plan is delayed and the 2009 budget as such shows negative EBITDA. The feasibility of the 2 year business plan is however still supported by the Board of Directors on the long term. Various high discount rates, up to 33 %, have been applied as a kind of sensitivity analysis. Upon realization of this 2 year business plan, the recoverable amount of the cash generating unit Estonia would exceed its carrying amount. The key sensitivity for the impairment test of Estonia is the realization of this business plan. A significant adverse change in this key assumption could result in an impairment in this cash generating unit.

The carrying amount of Other Automation amounts approximately to EUR 4 mio and does not include any goodwill. For this cash generating unit, the fair value less cost to sell has been taken into consideration by the Board of Directors as the carrying amount of Other Automation can not be the value in use calculation based on the 2009 budget with negative EBITDA. The fair value was determined by management based on the information currently available to them and not based on third party appraisals from experts. The fair value less costs to sell assessment of the Group assumes significant unrealized more values on real estate and also on demo machines to compensate any possible less values on other fixed assets of the cash generating unit and as such concludes that the fair value less costs to sell exceeds the carrying amount of these assets and hence no impairment has been recognized for this cash generating unit Other Automation.

The company cannot predict whether other events that trigger goodwill impairment will occur, when they will occur or how they will affect the asset values reported. IPTE believes that all of its estimates are reasonable: they are consistent with the internal reporting, external market data and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. While a change in the estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the company is not aware of any reasonably possible change in a key assumption used that would cause a business unit's carrying amount to exceed its recoverable amount.

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 1 January

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.

On 1 January 2008, IPTE acquired 80 % of the shares of Platzgummer GmbH for EUR 3,591,024. This acquisition was financed with short term bank loans. The business is fully integrated into IPTE's automation business starting 1 January 2008. We refer to note 1.3.7.y for additional information related to this business combination. The remaining 20 % will be acquired by January 2011.

On 31 July 2008, IPTE acquired 100 % of the shares of TAF3 for EUR 617,102. This acquisition was financed with short term bank loans. The business will be integrated into IPTE's' automation business starting 1 August 2008. For more information, we refer to note 1.3.7.y.

1.3.7. NOTES

A. Cash and cash equivalents

	2008	2007	2006
Cash at bank and on hand	1,737,341	3,344,132	2,128,749
Cash equivalents	70,000	70,060	180,518
Total	**1,807,341**	**3,414,192**	**2,309,267**

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 2008, 2007 and 2006 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 70,000 in 2008, EUR 70,060 in 2007 and EUR 140,377 in 2006.

B. Trade receivables – net

	2008	2007	2006
Trade receivables	47,070,235	53,788,916	35,483,082
Allowance for doubtful accounts	(1,032,114)	(869,473)	(701,973)
Trade receivables (net)	**46,038,121**	**52,919,443**	**34,781,109**

The average credit period on sales is 71days, 68 days and 75 days in 2008, 2007 and 2006 respectively. In the 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. Allowances for bad debtors are recorded in case indications exist that recoverability is doubtful. 10 customers account for approximately 36 %, 61 % and 45 % respectively of the Group net sales in 2006, 2007 and 2008. 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 36 %, 43 % and 43 % respectively of the Group's trade accounts receivable at 31 December 2006, 2007 and 2008 and there is no other significant concentration of credit risk.

Aging of receivables:

2008	Receivables not impaired	Impaired receivables	Total gross receivables
Current (not passed due)	39,787,647	–	39,787,647
1-30	3,563,872	–	3,563,872
31-60	1,437,567	–	1,437,567
61-90	509,572	–	509,572
91-180	667,217	752,278	1,419,495
>180	72,246	279,836	352,082
Total	**46,038,121**	**1,032,114**	**47,070,235**

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	-	1,478,342
>180	111,467	755,701	867,168
Total	**34,704,081**	**779,001**	**35,483,082**

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

Allowance for doubtful accounts:

Balance at 31 December 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 31 December 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 31 December 2007	**869,473**
New impairment losses recognised on receivables	213,115
Amounts written off (used) during the year	(2,145)
Amounts reversed during the year	(48,329)
Balance at 31 December 2008	**1,032,114**

Total impairments (new and amounts reversed) recorded in the profit and loss statement amount EUR 164,786 and are recorded in the profit and loss statement as cost of sales.

C. Other receivables

	2008	2007	2006
VAT receivables	810,459	772,554	717,352
Income tax receivables	1,863,885	859,809	716,396
Personnel	32,986	-	-
Insurance	4,970	-	298
Capital grants	-	-	145,915
Credit notes to receive	-	-	43,090
Deferrals and accruals	511,394	849,592	709,603
Other	39,295	383,528	62,951
Net	**3,262,989**	**2,865,483**	**2,395,578**

D. Inventories

	2008	2007	2006
Raw materials and supplies, at cost	38,164,015	41,322,845	27,614,294
Work in progress, at cost	8,594,516	10,995,327	3,198,777
Finished goods, at cost	6,350,215	4,436,647	2,803,324
Goods purchased for resale	36,325	-	-
Contracts in progress	3,643,903	1,264,307	3,647,734
Reserve for obsolete inventories	(11,609,954)	(11,775,922)	(8,349,805)
Net	**45,179,020**	**46,243,204**	**28,914,324**

E. Property, plant and equipment

	Land and buildings	Machinery and equipment	Furniture and vehicles	Fixed asset under construction	Total
Year ended December 2008					
Acquisition value:					
Beginning of the period	12,924,116	21,401,003	6,780,749	388,349	41,494,217
Additions of the year	3,606,236	4,024,969	1,007,686	375,916	9,014,807
Acquisitions through business combinations	-	86,560	108,107	12,764	207,431
Retirements	(159,517)	(686,223)	(868,674)	-	(1,714,414)
Transfers	66,862	424,616	(97,640)	(393,838)	-
CTA	50,528	30,942	(9,651)	(7,275)	64,544
End of the period	16,488,225	25,281,867	6,920,577	375,916	49,066,585
Accumulated depreciation:					
Beginning of the period	7,128,656	11,940,630	5,322,987	-	24,392,273
Additions of the year	645,932	3,786,027	659,949	-	5,091,908
Retirements	(159,517)	(426,325)	(785,856)	-	(1,371,698)
Transfers	-	41,066	(41,066)	-	-
CTA	(17,215)	(173,865)	(15,942)	-	(207,022)
End of the period	7,597,856	15,167,533	5,140,072	-	27,905,461
Net book value at December 2008	**8,890,369**	**10,114,334**	**1,780,505**	**375,916**	**21,161,124**

	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**

The gross carrying amount of all items that are fully depreciated but still in active use is EUR 15,823,340.

The company has financial leases for a total amount of EUR 1,689,260, mainly related to machinery and equipment.

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 5,450,804.

For an impairment analysis on tangible fixed assets, we refer to note 1.3.7.g. where an impairment analysis of goodwill, intangible and tangible fixed assets has been disclosed on the level of the cash generating units.

F. Intangible fixed assets

	Development Costs	Licenses	Other	Total
Year ended December 2008				
Acquisition value:				
Beginning of the period	866,493	1,331,239	327,507	2,525,239
Additions of the year	4,290	1,217,344	8,163	1,229,797
Acquisitions through business Combinations	10,014	60,183	-	70,197
Transfers	-	46,615	(46,615)	-
CTA	3,213	50,092	5	53,310
End of the period	884,010	2,705,473	289,060	3,878,543
Accumulated amortization:				
Beginning of the period	866,493	1,158,040	246,304	2,270,837
Additions of the year	4,954	286,060	2,011	293,025
Transfers	-	15,374	(15,374)	-
CTA	3,213	15,958	3	19,174
End of the period	874,660	1,475,432	232,944	2,583,036
Net book value December 2008	**9,350**	**1,230,041**	**56,116**	**1,295,507**

	Development Costs	Licenses	Other	Total
Year ended December 2007				
Acquisition value:				
Beginning of the period	866,828	1,195,818	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	1,331,239	327,507	2,525,239
Accumulated amortization:				
Beginning of the period	866,828	1,026,374	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	1,158,040	246,304	2,270,837
Net book value December 2007	**0**	**173,199**	**81,203**	**254,402**

	Development Costs	Licenses	Other	Total
Year ended December 2006				
Acquisition value:				
Beginning of the period	875,759	990,599	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	1,195,818	270,209	2,332,855
Accumulated amortization:				
Beginning of the period	867,230	803,762	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	1,026,374	218,183	2,111,385
Net book value December 2006	**0**	**169,444**	**52,026**	**221,470**

For an impairment analysis on intangible fixed assets, we refer to note 1.3.7.g. where an impairment analysis of goodwill, intangible and tangible fixed assets has been disclosed on the level of the cash generating units.

G. Goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. For further details on the results of the impairment analysis, we refer to the following paragraph.

The book value of the total goodwill at 31 December 2008, 2007 and 2006 is as follows:

	Acquisition value	Amortization	Net carrying amount
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
Goodwill from new acquisitions	2,992,784		2,992,784
Goodwill on 31 December 2008	**14,290,895**	**(5,355,550)**	**8,935,345**

The net goodwill as of 31 December 2008 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 goodwill from new acquisitions in 2008 amounts to EUR 2,992,784 in total. EUR 2,028,767 relates to the acquisition of Platzgummer GmbH and EUR 964,017 relates to the acquisition of TAF3 (i.e. IPTE Automation Oü).

Per 31 December 2008, 2007 and 2006 the total goodwill can be allocated to the cash generating units defined here below as follows:

	2008	2007	2006
Contract Manufacturing	4,648,712	4,648,712	4,648,712
And-Elec/ Antest	1,293,849	1,293,849	1,293,849
Platzgummer	2,028,767	–	–
Estonia	964,017	–	–
Other Automation	–	–	–
Total	**8,935,345**	**5,942,561**	**5,942,561**

IMPAIRMENT TESTING OF GOODWILL, INTANGIBLE AND TANGIBLE FIXED ASSETS

An impairment analysis of goodwill, intangible and tangible fixed assets has been performed on the level of the cash generating units.

Within the Group, 5 cash generating units have been defined. Based on the organizational structure in front and back offices, the entire Contract Manufacturing business is defined as a first cash generating unit whereas within Factory Automation several cash generating units are identified based on the business model. Platzgummer and And-Elec/Antest are 2 separate cash generating units as they are each operating independently within the Factory Automation segment. Estonia has been recently acquired and is currently not yet integrated in the Group. Based on this reasoning, this is considered to be the fourth cash generating unit. The remaining entities within Factory Automation are dependent on each other within their day to day operations and are as such considered to be the fifth cash generation unit (i.e. Other Automation).

In accordance with IFRS, impairment – if any – is to be recorded between the carrying amount of intangible assets, tangible assets and goodwill, and the higher of the value in use or the fair value of the carrying amount. 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. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

For Contract Manufacturing, Platzgummer and And-Elec/Antest, the recoverable amount of the cash generating unit is higher than its carrying amount of intangible assets, tangible assets and goodwill. The recoverable amount has been determined based upon a value in use calculation. The 2009 budget per cash generating unit has been taken into perpetuity without any growth factor. Various high discount rates, up to 33 %, have been applied as a kind of sensitivity analysis. Based upon these value in use calculations, the recoverable amounts of these 3 cash generating units exceeds the carrying amounts and as such no impairment has been recognized for the cash generating units Contract Manufacturing, Platzgummer and And-Elec/Antest.

For Estonia, considered to be a separate cash generating unit, the carrying amount is EUR 1,2 mio and mainly consists of goodwill (EUR 964,017). The acquisition dates of mid 2008, was just before the start of the economic crisis and was based on a business plan showing substantial growth in the coming years with large accounts in the Nordic region. Given the current economic circumstances, this business plan is delayed and the 2009 budget as such shows negative EBITDA. The feasibility of the 2 year business plan is however still supported by the Board of Directors on the long term. Various high discount rates, up to 33%, have been applied as a kind of sensitivity analysis. Upon realization of this 2 year business plan, the recoverable amount of the cash generating unit Estonia would exceed its carrying amount. The key sensitivity for the impairment test of Estonia is the realization of this business plan. A significant adverse change in this key assumption could result in an impairment in this cash generating unit.

The carrying amount of Other Automation amounts approximately to EUR 4 mio and does not include any goodwill. For this cash generating unit, the fair value less cost to sell has been taken into consideration by the Board of Directors as the carrying amount of Other Automation can not be the value in use calculation based on the 2009 budget with negative EBITDA. The fair value was determined by management based on the information currently available to them and not based on third party appraisals from experts. The fair value less costs to sell assessment of the Group assumes significant unrealized more values on real estate and also on demo machines to compensate any possible less values on other fixed assets of the cash generating unit and as such concludes that the fair value less costs to sell exceeds the carrying amount of these assets and hence no impairment has been recognized for this cash generating unit Other Automation.

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

	2008	2007	2006
Vacation pay accruals	3,510,601	3,267,638	2,463,686
Other social debt	4,138,401	4,807,088	2,299,191
VAT debt	522,513	726,626	503,442
Income taxes	796,214	398,492	23,419
Withholding taxes	2,747	91,727	45,183
Accrued interests	156,938	313,791	145,986
Deferred income	966,402	812,948	496,814
Accrued expenses on projects	5,971	–	–
Other	610,738	331,349	330,665
Total	**10,710,525**	**10,749,659**	**6,308,386**

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

I. Current bank loans and overdrafts

	2008	2007	2006
Secured	31,028,991	25,649,555	23,155,582

As of 31 December 2008 and 2007 IPTE NV has credit lines for a total amount of EUR 45 million at different Belgian commercial banks and no credit lines at foreign banks. In addition, the group has a credit facility for bank guarantees amounting to EUR 3 million at its disposal.

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. 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 2008 EUR 31,028,991 of the credit lines at the Belgian commercial banks were used. Furthermore, the credit facility for bank guarantees was used to its full extent.

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. All bank borrowings are in Euro. Average interest rate on credit lines is based on Euribor plus 1 % bankers margin.

To secure these loans at the Belgian commercial banks, following guarantees have been given as of 31 December 2008:

- Mortgage on the buildings 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 3,197,812 at 31 December 2008) 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 solvency ratio (*) of minimum 30 % at one financial institution; 25% at two other financial institutions as of 31 December 2008. For 2009 and following the agreement stipulates again a minimum solvency ratio of 30 % at one financial institution, 25 % at two other financial institutions;
- The consolidated cash flow (**) over the last 4 quarters needs to be positive on average.

Per 31 December 2008 the minimum solvency ratio of 25 % was reached whereas the minimum solvency ratio of 30 % requested by one financial institution was not met. For this covenant a waiver was obtained and credit facilities remain available if the solvency ratio remains at least 25 % and again 30 % as of 31 December 2009. The second covenant was met per 31 December 2008. Management expects to be able to comply with both covenants in the coming year or in case one of the covenants would not be met to obtain a waiver.

Per 31 December 2007 the Group needed to respect a solvency ratio of 25 % at one financial institution and 22 % at two other financial institutions, and to show a positive consolidated cash flow on a quarterly basis. These covenants were met.

In 2006 the Group needed to respect a solvency ratio of 22 %, and to show a positive consolidated cash flow on a quarterly basis. These covenants were met.

(*) 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

	2008	2007	2006
Secured debt	6,403,496	6,094,906	2,458,884
* Bank loans	3,672,380	2,577,878	2,378,247
* Finance lease liabilities	2,731,116	3,517,028	80,637
Unsecured debt	-	-	7,200,000
* Subordinated loan	-	-	7,200,000
Total long term debt	6,403,496	6,094,906	9,658,884
Less current maturities	(1,536,664)	(1,464,651)	(7,848,765)
Long term portion	4,866,832	4,630,255	1,810,118

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.

2008

	Bankloans Repayment	Bankloans Interest payments	Total
2010	632,352	158,333	**790,685**
2011	518,916	125,466	**644,382**
2012	470,461	97,043	**567,504**
2013	363,564	69,735	**433,299**
2014	363,562	47,306	**410,868**
Beyond 2014	575,912	106,294	**682,206**

	Finance lease payments	Finance lease Interest payments	Total
2010	807,277	91,491	**898,768**
2011	809,559	41,726	**851,285**
2012	325,228	3,792	**329,020**
2013	0	0	**0**
2014	0	0	**0**
Beyond 2014	0	0	**0**

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**

Long-term debts are in Euro. Average interest rate on long-term bank loans is quarterly revised based on Euribor 3 month plus bankers margin between 0.5 % and 1.5 %. 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 EUR 2,207,000, EUR 587,000 and EUR 483,391 at a Belgian commercial bank. An additional mortgage of EUR 200,000 has been taken in 2008 on the new building in Kampenhout.

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 2006, 2007 and 2008 as the costs are expected to be incurred in the next accounting year.

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 426,664 as of 31 December 2008, EUR 386,551 as of 31 December 2007 and EUR 390,300 as of 31 December 2006. 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.

	Warranty	Restructuring	Other	Total
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**
Acquired from third parties	50,000	-	822,196	872,196
New provisions recorded in 2008	376,663	8,263	2,834,949	3,219,875
Provisions used in 2008	(290,721)	-	(1,753,945)	(2,044,666)
Provisions reversed in 2008	(95,829)	-	(256,156)	(351,985)
Balance at 31 December 2008	**426,664**	**8,263**	**3,276,877**	**3,711,804**

L. Other liabilities

	2008	2007	2006
Advances received on contracts in progress	3,585,729	3,777,522	2,186,298
Fair value of financial instruments	-	601,123	-
Other	93,133	328,877	543,794
Net	**3,678,862**	**4,707,522**	**2,730,092**

In 2007 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 were exchange rates EUR/USD of 1.40 – 1.50, knock-in of 1.50 and strike of 1.40. The group also had forward contracts to buy US dollar 3,000,000 at EUR/USD rates between 1.3923 and 1.3964. At the end of 2007, the company recorded an unrealised financial loss of EUR 601,123 based on the market to market valuation of these contracts.

Per 31 December 2008 the Group has no such outstanding derivative contracts. A loss amounting to EUR 194.091 has been realized in 2008 on the contracts agreed upon last year.

M. Shareholders' equity and rights attached to the shares

As of 31 December 2008 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 (i.e. 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 2008, the Group's strategy, which was unchanged from 2007 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 31 December 2008, 2007 and 2006 were as follows:

	2008	2007	2006
Total financial debt	37,432,487	31,744,461	25,814,465
Less cash and cash equivalents	(1,807,341)	(3,414,192)	(2,309,267)
Net financial debt	**35,625,146**	**28,330,269**	**23,505,198**
Total equity	42,668,374	41,655,478	23,920,274
Add subordinated loan	-	-	7,000,000
Adjusted capital	**42,668,374**	**41,655,478**	**30,920,274**
Net financial debt to adjusted capital ratio	**0.83**	**0.68**	**0.76**

The increase in the financial debt-to-adjusted capital ratio during 2008 can be attributed to an increase in the financial debt due to the acquisition of Platzgummer GmbH and TAF3 (renamed IPTE Automation Oü) and significant investments in fixed assets.

N. Deferred taxes

Components of deferred tax assets and liabilities are as follows:

	Balance at December 2008	Taxes in result of 2008	Balance at December 2007	Taxes in result of 2007	Balance at December 2006	Taxes in result of 2006	Balance at December 2005
Deferred tax assets	**3,046,630**	**593,703**	**2,452,927**	**1,453,027**	**999,900**	**98,347**	**901,553**
Research costs	-	-	-	(31,191)	31,191	(58,140)	89,331
Tangible fixed assets	163,033	163,033	-	-	-	-	-
Inventories	-	(38,360)	38,360	38,360	-	-	-
Losses consolidated Companies carry forward	2,062,000	(15,465)	2,077,465	1,258,305	819,160	216,250	602,910
Notional interest deduction carry forward	610,000	390,000	220,000	220,000	-	-	-
Other provisions	211,597	94,495	117,102	32,447	149,549	(59,763)	209,312
Deferred tax liabilities	**(1,546,630)**	**(593,703)**	**(952,927)**	**46,973**	**(999,900)**	**(98,347)**	**(901,553)**
Tangible fixed assets	(298,454)	54,642	(353,096)	(7,796)	(345,300)	18,973	(364,273)
Inventories	(1,225,854)	(626,023)	(599,831)	54,769	(654,600)	(117,320)	(537,280)
Other	(22,322)	(22,322)	-	-	-	-	-
Net deferred income tax expense/(income)	**-**	**-**	**-**	**1,500,000**	**-**	**-**	**-**
Net deferred tax assets	**1,562,000**	**-**	**1,615,333**	**-**	**999,900**	**-**	**901,553**
Net deferred tax liabilities	**(62,000)**	**-**	**(115,333)**	**-**	**(999,900)**	**-**	**(901,553)**

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 25,017,000, EUR 23,932,000 and EUR 35,436,000 respectively at 31 December 2008, 2007 and 2006 with no expiry date resulting in tax assets not recognized for EUR 7,505,000, EUR 7,180,000 and EUR 10,630,000 as at 31 December 2008, 2007 and 2006.

Temporary differences on investments in subsidiaries (undistributed earnings) were approximately EUR 48,669,000, EUR 45,994,000 and EUR 41,371,000 at respectively 31 December 2008, 2007 and 2006. 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 26,157,262 contract revenue, arising from projects not completed, recognized as revenue in 2008. This has been booked against trade receivables for EUR 4,422,181 for the amounts not billed and against advances for EUR 21,735,081 for the part already billed to customers. The cost of sales recognized on these not completed projects amounts to EUR 16,457,438.

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.

P. Cost of sales

	2008	2007	2006
Purchases of material	138,885,838	161,440,990	78,790,297
Personnel expenses	40,204,440	38,397,971	26,041,418
Depreciation/ amortization	4,290,877	3,457,469	1,999,650
Investment grants	(1,164)	(1,692)	20,445
Repair and maintenance	1,310,692	1,303,808	607,944
Other	4,807,737	3,797,588	2,457,675
Total	**189,498,420**	**208,396,134**	**109,917,429**

Q. Research and development expenses

	2008	2007	2006
Personnel expenses	9,592,533	7,102,389	5,474,602
Depreciation/ amortization	255,012	219,585	258,428
Investment grants	(1,164)	(1,692)	30,363
Other	703,856	470,641	491,938
Total	**10,550,237**	**7,790,923**	**6,255,331**

R. General and administrative expenses

	2008	2007	2006
Personnel expenses	8,286,210	8,269,363	5,767,516
Depreciation/ amortization	539,196	426,434	221,422
Investment grants	(2,687)	(5,828)	8,055
Professional and Directors fees	2,589,070	2,463,354	1,675,051
Other	2,388,956	2,737,411	1,462,246
Total	**13,800,745**	**13,890,734**	**9,134,290**

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.

S. Selling expenses

	2008	2007	2006
Personnel expenses	8,215,117	8,215,102	6,067,828
Representation and travel expenses	1,996,819	1,649,406	1,508,977
Publicity	610,426	442,159	288,078
Depreciation/ amortization	299,848	87,180	98,760
Investment grants	(3,941)	(188)	3,099
Transportation costs	1,016,063	994,517	693,243
Fair, exhibitions and other	1,510,720	1,500,642	1,225,518
Total	**13,645,052**	**12,888,818**	**9,885,503**

T. Personnel expenses and average number of employees

	2008	2007	2006
Wages and salaries	62,557,092	58,578,923	41,071,346
Insurance	1,008,197	835,543	743,339
Other	2,733,011	2,570,359	1,536,679
Total	**66,298,300**	**61,984,825**	**43,351,364**

The average number of employees was 2,479 in 2008, 2,274 in 2007 and 1,630 in 2006. The main reasons for the increase in the number of employees in 2007 were 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.

The average number of employees further increased over 2008, which is partially a result of current year's acquisitions.

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 619,759, EUR 439,349 and EUR 342,765 as of 31 December 2008, 2007, and 2006.

U. Depreciation charges and amortization

	2008	2007	2006
Property, plant and equipment	5,091,908	4,103,008	2,451,470
Cost of sales	3,997,852	3,369,809	1,872,860
General and administration costs	539,196	426,434	221,422
Selling expenses	299,848	87,180	98,760
Research and development costs	255,012	219,585	258,428
Intangible fixed assets	293,025	87,660	126,790
Cost of sales	293,025	87,660	126,790
Total depreciation charges	**5,384,933**	**4,190,668**	**2,578,260**

V. Financial results

	2008	2007	2006
Interest income	10,345	5,761	63,016
Exchange differences	1,328,031	914,544	492,448
Gain on derecognition of modified subordinated loan (see note j.)	-	-	486,000
Other	265,002	181,737	-
Total financial income	**1,603,378**	**1,102,042**	**1,041,464**
Interest charges	2,304,722	2,419,455	2,095,121
Bank charges	211,550	250,972	159,006
Exchange differences	1,916,225	556,718	163,934
Change in fair value derivative financial instruments	194,091	601,123	-
Total financial charges	4,626,588	3,828,268	2,418,061
Net financial results	**(3,023,210)**	**(2,726,226)**	**(1,376,597)**

In 2008 there are no longer interest charges on the subordinated loans as these loans were paid back in 2007. In 2006 and 2007 the interest charges included respectively EUR 857,387 and EUR 227,913 interests on the subordinated loans.

In December 2006, the subordinated loan agreement was renegotiated resulting in a financial income of EUR 486,000 for 2006 (see note i.).

In 2007 the Group 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. Per 31 December 2008 the group has no such outstanding derivative contracts. A loss amounting to EUR 194.091 has been realized in 2008 on the contracts agreed upon last year.

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 asset on the losses carried forward except for the loss of the parent company IPTE NV.

	2008	2007	2006
Income taxes of the current year	282,233	57,000	177,107
Income taxes of the prior year	(12,275)	261,190	(43,472)
Deferred tax expense/ (income)	0	(1,500,000)	-
Total	**269,958**	**(1,181,810)**	**133,633**

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

	2008	2007	2006
Profit/(loss) before taxes	711,004	9,700,871	2,016,431
Effect of companies reporting losses	9,017,000	1,634,000	4,633,000
Use of tax losses to offset current year's profits	(5,546,170)	(8,177,524)	(2,861,105)
Notional interest deduction	(1,837,642)	(964,490)	(1,285,326)
Non taxable income/expenses	(1,536,192)	(2,030,000)	(2,030,000)
Taxable profit	808,000	162,857	473,000
Income taxes	282,233	57,000	177,107
In %	35 %	35 %	37.4 %

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.

	2008	2007	2006
Net profit/(loss) available for distribution	274,197	10,868,205	1,857,151
Weighted average number of shares – basic	6,934,424	6,934,424	5,476,092
Earnings per share – basic/net profit available for distribution	0.04	1.57	0.34
Weighted average number of shares – diluted	6,934,424	6,934,424	6,934,424
Earnings per share/diluted/net profit available for distribution	0.04	1.57	0.27

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:

- IPTE acquired the net assets as of 1 January 2007 related to the surface mounting division in Belgium and in the Czech Republic;

- The acquisition took effect as of 1 January 2007;

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

- 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 they are presented in the Barco IFRS accounts as at 1 January 2007;

- No operations were disposed as a result of this business combination;

- The net assets which were recognized as of the acquisition date of 1 January 2007 are detailed as follows :

Acquired net assets	2007
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**

- The net assets are included in the consolidated financial statements as of 1 January 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;

- The income statement per 31 December 2007 includes all results of the operations as of 1 January 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 held 100% in all its subsidiaries.

On 1 January 2008 IPTE NV acquired 80 % of the shares of Platzgummer GmbH, a German company located in Karlsfeld and active in the automation sector. In accordance with IFRS 3.67 we provide you with the following information in relation to this business combination:

- In addition to the acquisition of the 80 % shares, IPTE received a call option to acquire the remaining 20 % of the shares in January 2011 form the previous owners of Platzgummer. In return, the previous owners received a put option to sell the remaining 20 % to IPTE in January 2011. The call and put option have exactly the same conditions.
- The price for 100 % of the shares amounted to EUR 4,5 mio. IPTE paid 80 % of this amount for 80 % of the shares. The concluded put and call options are based on the same price.
- The net assets which were recognized as of the acquisition date of 1 January 2008 are detailed as follows:

Net assets	2008
Receivables	1,046,072
Inventories	1,058,348
Property, plant and equipment	85,872
Intangible fixed assets	10,014
Other current assets	70,107
Cash at bank	763,751
Total assets	**3,034,164**
Accounts payable and accrued expenses	(1,081,342)
Fair value of net assets	1,952,822
Fair value of the acquired (net) assets (80 %)	**1,562,257**
Cost of the acquisition (80 %)	3,591,024
Goodwill paid	2,028,767
Cash acquired during the acquisition	**763,751**
Net cash disposed on acquisition	**2,827,273**

- Platzgummer GmbH contributed EUR 12,062 (000) to sales and EUR 684 (000) to the profit for the period between the date of the acquisition (i.e. 1 January 2008) and the balance sheet date.

On 31 July 2008, IPTE NV acquired 100 % of the shares of TAF 3 (renamed to IPTE Automation Oü) a company located in Estonia and active in the automation sector. The acquisition cost for 100 % of the shares amounted to EUR 617,102. The net assets which were recognized as of the acquisition date of 31 July 2008 are detailed as follows:

Acquired net assets	2008
Receivables	2,730
Inventories	28,122
Property, plant and equipment	121,559
Intangible fixed assets	60,183
Other current assets	106,767
Total assets acquired	**319,361**
Accounts payable and accrued expenses	(666,276)
Fair value of net assets acquired	**(346,915)**
Cost of the acquisition	617,102
Goodwill paid	964,017
Cash acquired during the acquisition	**0**
Net cash disposed on acquisition	**617,102**

- IPTE Automation Oü contributed EUR 549 (000) to sales and a loss of EUR 326 (000) to the profit for the period between the date of the acquisition and the balance sheet date.
- If the acquisition had been completed on 1 January 2008, total group sales for the year would have been EUR 231 (000), and the loss for the year would have been EUR 178 (000). The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been contemplated on 1 January 2008, nor is it intended to be a projection of future results.

Z. Segment reporting

Segment information is prepared on the following bases:

1. Business segment

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):

	2008	In %	2007	In %	2006	In %
Sales	**66,147,078**	**100**	**60,207,429**	**100**	**50,178,842**	**100**
Cost of sales	(49,555,206)	(74.9)	(42,204,761)	(70.1)	(33,627,723)	(67.0)
Gross margin	**16,591,872**	**25.1**	**18,002,668**	**29.9**	**16,551,119**	**33.0**
Research and development expenses	(8,849,081)	(13.3)	(6,438,999)	(10.7)	(5,443,889)	(10.8)
General and administrative expenses	(6,547,136)	(9.9)	(6,187,218)	(10.3)	(5,755,341)	(11.5)
Selling expenses	(5,670,656)	(8.6)	(5,239,389)	(8.7)	(5,172,642)	(10.3)
Other income (expense) net	468,182	0.7	410,403	0.7	533,149	1.0
Operating income (before amortization of goodwill)	**(4,006,819)**	**(6.1)**	**547,465**	**0.9**	**712,396**	**1.4**

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

	2008	In %	2007	In %	2006	In %
Sales	**165,897,641**	**100**	**195,312,137**	**100**	**88,387,444**	**100**
Cost of sales	(140,631,268)	(84.8)	(166,548,100)	(85.3)	(76,670,300)	(86.7)
Gross margin	**25,266,373**	**15.2**	**28,764,037**	**14.7**	**11,717,144**	**13.3**
Research and development expenses	(1,701,156)	(1.0)	(1,351,925)	(0.7)	(811,442)	(0.9)
General and administrative expenses	(7,898,802)	(4.8)	(7,997,536)	(4.1)	(3,799,000)	(4.3)
Selling expenses	(7,981,974)	(4.8)	(7,671,578)	(3.9)	(4,733,260)	(5.4)
Other income (expense) net	56,592	0.1	136,636	0.1	307,190	0.3
Operating income (before amortization of goodwill)	**7,741,033**	**4.7**	**11,879,634**	**6.1**	**2,680,632**	**3.0**

Reconciliation to consolidated result:

	2008	2007	2006
Operating income factory automation	(4,006,819)	547,465	712,396
Operating income contract manufacturing	7,741,033	11,879,634	2,680,632
Financial income (expense)	(3,023,210)	(2,726,226)	(1,376,597)
Loss on sale of investment	-	-	-
Other (net)	-	-	-
Income taxes	(269,958)	1,181,810	(133,633)
Amortization of goodwill	-	-	-
Factory automation	-	-	-
Contract manufacturing	-	-	-
Minorities	(166,849)	(14,476)	(25,647)
Consolidated result	274,197	10,868,207	1,857,151

Depreciation and amortization charges are as follows:

	2008	2007	2006
Factory automation	1,203,837	837,969	875,277
Contract manufacturing	4,181,096	3,352,699	1,702,983

Capital expenditure is as follows:

	2008	2007	2006
Factory automation	2,039,031	4,441,791	491,210
Contract manufacturing	8,205,573	2,413,678	2,469,978

Intersegment sales:

	2008	2007	2006
External sales Automation	65,898,380	60,181,511	50,096,618
Intersegment sales Automation	248,698	25,918	82,224
External sales Contract Manufacturing	165,334,980	195,108,970	88,185,201
Intersegment sales Contract Manufacturing	562,661	203,167	202,243
Eliminations	(811,355)	(229,085)	(284,467)
Total sales	**231,233,364**	**255,290,481**	**138,281,819**

Intersegment sales are charged at prevailing market prices.

The balance sheet per segment as of 31 December 2008 and the comparative figures for 2007 and 2006 are as follows:

	2008		2007		2006	
	Factory automation	Contract manufacturing	Factory automation	Contract manufacturing	Factory automation	Contract manufacturing
Assets						
Current assets:						
Cash and bank deposits	1,571,653	235,688	1,700,561	1,713,631	1,976,392	332,875
Trade receivables	18,380,675	27,657,446	20,669,246	32,250,197	13,452,157	21,328,952
Other receivables	2,909,903	353,091	2,018,664	846,818	1,990,247	404,687
Inventories	11,585,165	33,593,856	8,164,882	38,078,322	8,890,491	20,023,833
Other current assets	144,387	200,063	159,613	50,798	–	–
Total current assets	**34,591,783**	**62,040,144**	**32,712,966**	**72,939,766**	**26,339,287**	**42,090,347**
Other receivables	2,338	-	1,239,364	–	1,489,717	–
Deferred taxes – assets	1,562,000	-	1,615,333	–	999,900	–
Financial fixed assets	66,356,876	-	66,356,876	–	66,507,008	139,285
Tangible fixed assets	4,906,829	16,254,294	3,884,920	13,217,023	3,971,580	8,254,000
Intangible fixed assets	307,032	988,475	211,498	42,904	198,008	23,462
Goodwill	4,286,633	287,854	1,293,849	287,854	1,293,849	287,854
Intercompany receivables	687,652	38,300,207	1,125,523	35,408,071	692,491	35,301,254
Total assets	**112,701,143**	**117,870,974**	**108,440,329**	**121,895,618**	**101,461,840**	**86,096,202**
Liabilities and equity						
Short-term debts						
Bank debts	19,346,553	11,682,438	14,384,425	11,265,130	10,773,032	12,382,550
Current portion of amounts payable after more than one year	473,547	1,063,117	509,341	955,311	7,583,528	265,237
Trade debts	9,128,809	22,196,027	7,428,154	32,630,800	6,142,927	15,296,672
Accrued charges, deferred income, remunerations and taxes	4,059,529	6,651,532	4,178,948	6,570,711	3,501,345	2,807,041
Other debts	3,673,790	4,531	4,702,778	763,932	2,666,259	63,833
Provisions	3,429,169	282,635	1,940,582	75,802	1,352,575	3,633
Total short-term debts	**40,111,397**	**41,880,280**	**33,144,228**	**52,261,686**	**32,019,666**	**30,818,966**
Amounts payable after more than one year	1,397,901	3,468,931	1,859,723	2,770,532	1,543,459	266,659
Deferred taxes – liabilities	62,000	-	115,333		999,900	-
Equity	**32,272,225**	**71,834,111**	**37,912,974**	**65,737,877**	**31,501,755**	**54,318,086**
Minorities	557,413	-	–	–	95,806	–
Intercompany payables	38,300,207	687,652	35,408,071	1,125,523	35,301,254	692,491
Total liabilities	**112,701,143**	**117,870,974**	**108,440,329**	**121,895,618**	**101,461,840**	**86,096,202**

Reconciliation to consolidated equity:

	2008
Equity factory automation	32,272,225
Equity contract manufacturing	71,834,111
Elimination cross participation	(61,995,375)
Equity attributable to equity of the parent	42,110,961

Reconciliation of total assets:

	2008
Assets factory automation	112,701,143
Assets contract manufacturing	117,870,974
Elimination intercompany receivables and payables	(38,987,859)
Elimination participation	(61,995,375)
Total assets	**129,588,883**

2. Geographical segments

The IPTE Group's activities are conducted predominantly in Europe (approximately 95 %); America and Asia count for approximately 5 % of the business.

The geographical spread by business segment (in % of sales by destination) is as follows:

Factory Automation

	2008	2007	2006
Western Europe	65	53	58
Northern Europe	2	2	2
Benelux	9	10	22
Eastern Europe	2	15	5
Total Europe	**78**	**80**	**87**
Asia and America	**22**	**20**	**13**
Total	**100**	**100**	**100**

Contract Manufacturing

	2008	2007	2006
Belgium	59	64	46
The Netherlands	14	15	29
Germany	14	12	12
Other Europe	13	9	13
Total	**100**	**100**	**100**

The geographical spread in K EUR for 2008 is as follows:

All amounts in K EUR	Europe	US	Asia	Total
Revenues (by origin)	216,681	2,406	12,146	231,233
Segments assets	126,638	1,460	1,491	129,589
Capital expenditure	10,135	100	10	10,245

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

2.1. 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.

2.2. STRUCTURE SHAREHOLDERS' EQUITY

Shareholders' Equity (at 31/12/2008)

Origin Name	Number Issued	Declared total	%
Equity	6,934,424	4,349,303	62.72 %
Warrants	182,850	0	0 %
Total	**7,117,274**	**4,349,303**	**61.11 %**

Shareholder Name	Number Declared (*)	%
Huub Baren BVBA	2,096,155	30.23 %
LRM	1,250,000	18.03 %
Het Beste Brood	242,512	3.50 %
Moonen Gaston	244,582	3.53 %
Switten Luc	258,589	3.73 %
Wolodimir Dobosch	257,465	3.71 %
Total	**4,349,303**	**62.72 %**

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

2.3. FINANCIAL INSTRUMENTS

2.3.1. CATEGORIES OF FINANCIAL INSTRUMENT

	2008	2007	2006
Loans and receivables			
Cash and cash equivalents	1,807,341	3,414,192	2,309,267
Trade receivables	46,038,121	52,919,443	34,781,109
TOTAL Loans and receivables	**47,845,462**	**56,333,635**	**37,090,376**

Financial liabilities			
Financial liablities at amortized cost			
Bank loans and overdrafts	31,028,991	25,649,555	23,155,582
Long term debt (incl. ST)	6,403,496	6,094,906	9,658,883
Accrued interest	156,937	313,791	145,986
Trade payables	31,324,831	40,818,143	21,439,599
TOTAL Financial liabilities at amortized cost	**68,914,255**	**72,876,395**	**54,400,050**

Non Hedging financial derivatives			
Fair value of financial instruments	0	601,123	-
TOTAL Non Hedging financial instruments	**0**	**601,123**	**-**

The Group does not have quoted financial instruments.

2.3.2. 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.

2.3.3. 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.

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 had 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:

	2008	2007	2006
Assets			
GBP	-	176,940	232,727
USD	5,093,235	2,320,091	366,201
EUR	489,622	3,427,365	605,929
Liabilities			
GBP	191,532	151,780	169,700
SGD	18,348	64,636	1,000,600
SEK	12,460	59,944	73,144
EUR	13,958,581	13,540,396	3,054,021
JPY	2,955,753	15,174,574	378,180
USD	2,684,331	7,666,072	2,008,515

Foreign currency sensitivity analysis

The Group is mainly exposed to the USD.

The Group's business is more than 95 percent a EUR sales business. Purchasing of material is partially US dollar driven. In 2008, the company purchased materials for approximately 30 mio US dollar (13 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 EUR is difficult to measure and unpredictable for the following reasons:

- Product price setting for customers is based on the US dollar/ EUR 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 US dollar / EUR 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 price history.

- US dollar / EUR exchange fluctuations may be volatile in both directions but gradually moving in one direction or US dollar / EUR exchange fluctuations may be steadily moving in one direction.

The combination of all these elements makes the impact of the US dollar / EUR exchange rate exposure unpredictable. The impact will always be limited to the percentile movement of the US dollar /EUR 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	2008	2007	2006
	EUR	EUR	EUR
Profit or loss	105,119	330,139	113,365

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

Foreign currency option contracts

To offset the US dollar risk, the company concluded in 2007 US dollar hedge contracts 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 were exchange rates EUR / USD of 1.40 – 1.50, knock-in of 1.50 and strike of 1.40. The group also had forward contracts to buy US dollar 3,000,000 at rates between 1.3923 and 1.3964. At the end of 2007, the company recorded a financial loss of EUR 601,123 based on the market to market valuation of these contracts.

Per 31 December 2008 the group has no such outstanding derivative contracts. A loss amounting to EUR 194.091 has been realized in 2008 on the contracts agreed upon last year.

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 370,000 based on the total outstanding financial debt of EUR 37 mio at yearend 2008. For 2007 and 2006 a 1% change in interest rate would have amounted to approximately EUR 320.000. A sensitivity in interest rates would not impact equity.

2.3.4. 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:

	2008	2007	2006
Deposits and receivables			
Cash and cash equivalents	1,807,341	3,414,192	2,309,267
Trade receivables	46,038,121	52,919,443	34,781,109
TOTAL deposits and receivables	**47,845,462**	**56,333,635**	**37,090,376**

The main focus for credit risk management relates to Trade receivables (see note 1.3.7 b) for an amount of EUR 46,038,121, EUR 52,919,443 and EUR 34,781,109 as at 31 December 2008, 2007 and 2006 respectively.

The company has one customer counting for 21 % of its business. 10 customers count for 45 % 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 10 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.

2.3.5. LIQUIDITY RISK MANAGEMENT

The company secured at its bankers credit lines of 45 mio EUR for working capital needs (see note 1.3.7. i). In 2008, on average EUR 30 mio of these lines were used (67 percent) (less than EUR 33 mio or 70 % in 2007). 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.

2008

	Financial liabilities at amortized cost
Current	65,503,697
2010	1,689,453
2011	1,495,667
2012	896,524
2013	433,299
2014	410,868
Beyond 2014	682,206

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

All non-hedging financial derivatives had maturities in 2008 and thus were to be considered as current per end of 2007.

The group had derivative contracts to purchase 23,460,000 US dollars equally spread over the year. These US dollars were used to pay its trade debts in US dollar throughout the year.

Per 31 December 2008 the Group has no outstanding derivative contracts to purchase US dollars.

2.4. COMMITMENTS

The company has no material commitments.

2.5. RELATED PARTY TRANSACTIONS

The company purchased EUR 2,175,057 in the course of 2008 (respectively EUR 2.0 million in 2007 and EUR 1.3 million in 2006) 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 1,443,000 in 2008, EUR 1,245,000 in 2007 and EUR 1,024,000 in 2006. In 2008 there are no interests paid to Management as remuneration for the subordinated loan. In prior years the interest charges paid to Management as remuneration for the subordinated loan were included in the financial expenses and amounted to EUR 55,747 in 2007 and 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 2008, 4,330,791 in 2007 and 3,125,889 in 2006.

The total amount of warrants held by members of the Board of Directors amounted to 0 in 2008 and 2007 and 1,458,332 in 2006.

2.6. 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)	2008
Agreed fee	170,000

Non Attest fees (consolidated level)	2008
Tax advice	112,216
Other attest services	44,375
Legal missions	-
Acquisition Due diligence services (which are outside the scope of the 1 to 1 rule)	90,252
Total non attest fees	**246,843**

2.7. 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	Annually 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 Wellingstraat 109, 8730 Beernem	01/11/2006	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
	Platzgummer GmbH Dieselstrasse 21, 85757 Karlsfeld	25/03/1992	Annually renewable	9 months notice	157,078	1,416
Romania	Connectronics Romania SRL Soseaua Borsului 40, 3700 Oradea	01/04/2004	31/12/2007	-	300,000	16,000
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	Annually renewable	-	221,952	5,284
Estonia	IPTE Automation OÜ Laki 12, 10621 Tallinn	01/02/2009	31/01/2012	As from 01/02/2011 termination option by IPTE with 6 months notice	64,164	996
Portugal	IPTE Iberia -Automaçao Industrial LDA Rua de Moçambique, Lote 27-323 3880-106 Ovar	01/07/2004	indefinite	3 months notice	30,000	2,000
Spain	IPTE Spain S.L.U Polígon Industrial La Roureda,C/ Colombia, 3 43204 Reus	01/12/2008	01/12/2023	Annually renewable	96,000	350
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 full annual accounts of IPTE NV are available at the registered office of the company at no cost.

2.1 Report Board of Directors

As required by legal and regulatory provisions, we are pleased 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 2008, for your approval.

2.1.1. CAPITAL AND OWNERSHIP OF THE SHARES

The issued capital amounted to EUR 429,934.29, represented by 6,934,424 shares without nominal value. All shares are fully paid-in.

At 31 December 2008, the company still had 182,250 warrants outstanding, which have been allocated to employees (exercise period from 2001 to 2010, exercise price of EUR 20.00). Upon exercise, these warrants entitle their holders to 182,250 new shares of IPTE NV.

2.1.2. ACTIVITIES

IPTE NV is active in the surface mounting, testing and delivery of production machinery for the electronics industry.

2.1.3. COMMENTARY ON THE ANNUAL ACCOUNTS

FINANCIAL SITUATION AT 31 DECEMBER 2008

IPTE NV , closes the year with an operating income EUR 93.3 million compared with EUR 118.7 million in the previous year. This decrease of 21% is due to the economical crisis which started at the end of 2008.

IPTE NV ended the year with a net loss of EUR 4.1 million, compared with a profit of EUR 6.7 million in 2007. The company has an large receivable from and participation in a subsidiary, IPTE GmbH, which is loss making. As a consequence the Board of Directors has decided to record a write-off on a part of the receivable and participation in the amount of the negative equity of the subsidiary (EUR 9 million). Without this write off the result of the year would have been a profit of EUR 4.9 million compared with EUR 6.7 million in 2007. According to the Board of Directors, the remaining receivable on IPTE GmbH for an amount of EUR 8 million will be collectible on the long term.

Shareholders' equity (after distribution of profit) amounts to EUR 44,697,544.02. This is a decrease of EUR 4,162,041.20 compared with last year. This decrease is explained by the movements in capital grants (EUR -5,727) and the loss for the year carried forward (EUR -4,156,314.20).

All amounts in EUR	31/12/2007	Capital increase	Capital grants	Profi/(loss) carried forward	31/12/2008
Capital	429,934.29	0.00	0.00	0.00	429,934.29
Share premium account	38,052,641.81	0.00	0.00	0.00	38,052,641.81
Legal reserve	42,993.00	0,00	0.00	0,00	42,993.00
Profit/(loss) carried forward	10,282,812.12	0.00	0.00	-4,156,314.20	6,126,497.92
Capital grants	51,204.00	0.00	-5,727.00	0.00	45,477.00
Total shareholders' equity	**48,859,585.22**	**0.00**	**-5,727.00**	**-4,156,314.20**	**44,697,544.02**

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 RESULT

The Board of Directors proposes that the loss for the financial year (EUR -4,156,314.20) plus the profit brought forward from the previous year (EUR 10,282,812.12) be appropriated as follows:

Profit carried forward	EUR 6,126,497.92

After the appropriation of the result the shareholders' equity per December 31st 2008 is composed as follows:

Capital	EUR 429,934.29
Share premium account	EUR 38,052,641.81
Legal reserve	EUR 42,993
Capital grant	EUR 45,477
Profit carried forward	EUR 6,126,497.92
Total shareholders' equity	EUR 44,697,544.02

2.1.4. ANNOUNCEMENTS

IMPORTANT EVENTS DURING THE FINANCIAL YEAR

End July 2008 a company named TAF3 and located in Estonia was acquired. TAF3 is specialized in automation and testing. The company engages 30 high skilled mechanical, electrical and software engineers. These engineers have on average more then 10 years experience in the telecom and automotive business. The acquisition was needed to activate potential clients in the North European region.

GOING CONCERN AND IMPORTANT EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

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

- The results of 2008 are negative while the equity basis of the company remains strong. De consolidated results of 2008 are positive;
- The budget 2009 that was prepared in December 2008 shows a profit and a positive cash flow.

The financial crisis, followed by the economic crisis, is however clearly having an impact on the electronic sector in which IPTE operates. Already during the year declining sales led us to decide to undertake restructuring in all parts of the organization in readiness for a difficult year 2009. Staffing on consolidated level was reduced by more than 250 permanent employees (out of a total 2,400 at the end of 2007) and 150 temporary employees. Investments will be limited to those most necessary to meet customer demands. The unclear market prospects require the company to do everything possible to secure its long-term health. At the end of the year IPTE met its bank covenants, except for the minimum solvency ratio of 30 % requested by one financial institution for which a waiver was obtained.

During the first months of 2009, the company experienced a stronger sales decline than foreseen during the budget preparation. It is uncertain how long the decline will last. The Board of Directors instructed the management to prepare further restructuration plans and to execute them immediately. The impact of this further restructuration is yet unknown but may force the group to renegotiate the credit facilities with its bankers. Although the outcome of such negotiations is unpredictable, the Board of Directors is confident in the outcome. Under these circumstances, the Board of Directors believes that the preparation of the financial statements under the going concern principle is justified.

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. At the end of the accounting year the company did not have any hedging contracts outstanding. The receivables and payables in foreign currencies are recorded at the year end rate in the accounts.

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	EUR 84,000
2. Other missions external to the audit	EUR 44,375
3. Tax services	EUR 79,517
4. Acquisition due diligence services outside the scope of the one to one	EUR 90,252

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 independent 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 2008 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 693,442 shares;
   - the buying in shall take place at a price not higher than € 16 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, 23 March 2009

2.2.Condensed Financial Statements (in 000 EUR)

Balance sheet	2008	2007
ASSETS		
FIXED ASSETS	**87 518**	**90 586**
I.FORMATION EXPENSES	**0**	**0**
II.INTANGIBLE ASSETS	**952**	**42**
III.TANGIBLE ASSETS	**4 069**	**3 377**
A. Land & buildings	1 229	1 335
B. Plant, macchinery & equipment	2 264	920
C. Furniture and vehicles	300	251
D. Leasing and other similar rights	261	669
E. Other tangible assets	0	0
F. Assets under construction	14	203
IV.FINANCIAL ASSETS	**82 498**	**87 168**
A. Affiliated enterprises	82 448	87 119
1.Participating interests	72 778	74 161
2.Amounts receivable	9 670	12 958
B. Other enterprises linked by particip. interests	0	0
1.Participating interests	0	0
2.Amounts receivable	0	0
C. Other financial assets	50	49
1.Shares	0	0
2.Amounts receivable and cash guarantees	50	49
CURRENT ASSETS	**44 181**	**48 159**
V.AMOUNTS RECEIVABLE AFTER ONE YEAR	**0**	**0**
A.Trade debtors	0	0
B. Other amounts receivable	0	0
VI.STOCKS AND CONTRACTS IN PROGRESS	**23 077**	**26 217**
A.Stocks	11 365	16 997
1.Raw materials	5 596	9 797
2.Work in progress	3 014	4 853
3.Finished goods	2 754	2 347
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	11 712	9 220
VII.AMOUNTS RECEIVABLE WITHIN ONE YEAR	**20 936**	**21 676**
A. Trade debtors	14 619	17 615
B. Other amounts receivable	6 317	4 061
VIII.INVESTMENTS	**0**	**0**
A. Own shares	0	0
B. Other investments and deposits	0	0
IX.CASH AT BANK AND IN HAND	**45**	**137**
X.DEFERRED CHARGES AND ACCRUED INCOME	**124**	**129**
TOTAL ASSETS	**131 699**	**138 745**

Balance sheet	2008	2007
LIABILITIES		
CAPITAL AND RESERVES	**44 698**	**48 860**
I.CAPITAL	**430**	**430**
A. Issued capital	430	430
B. Uncalled capital	0	0
II.SHARE PREMIUM ACCOUNT	**38 053**	**38 053**
III.REVALUATION SURPLUS	**0**	**0**
IV.RESERVES	**43**	**43**
A. Legal reserves	43	43
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	**6 126**	**10 283**
VI.INVESTMENT GRANTS	**45**	**51**
PROVISIONS AND DEFERRED TAXATION	**1 446**	**740**
VII. A. PROVISION FOR LIABILITIES AND CHARGES	1 422	713
1. Pension and similar rights	100	105
2. Taxation	0	0
3. Major repair and maintenance	0	0
4. Other liabilities and charges	1 322	609
B. DEFERRED TAXATION	23	26
CREDITORS	**85 556**	**89 146**
VIII.AMOUNTS PAYABLE AFTER ONE YEAR	**36 831**	**37 110**
A. Financial debts	36 831	37 110
1. Subordinated loans	0	0
2. Unsubordinated debentures	0	0
3. Leasing and other similar obligations	440	670
4. Credit institutions	965	1 293
5. Ohter loans	35 426	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
IX.AMOUNTS PAYABLE WITHIN ONE YEAR	**48 293**	**50 981**
A. Current portion of amounts payable after one year	558	558
B. Financial debt	18 501	17 967
1. Credit institutions	15 800	15 363
2. Other loans	2 701	2 604
C. Trade debts	9 333	17 921
1. Suppliers	9 333	17 921
2. Bills of exchang payable	0	0
D. Advances received on contracts in progress	16 549	6 762
E. Taxes, remuneration and social security	3 313	3 467
1. Taxes	705	784
2. Remuneration and social security	2 609	2 683
F. Other amounts payable	39	4 306
X.ACCRUED CHARGES AND DEFERRED INCOME	**432**	**1 054**
TOTAL LIABILITIES	**131 699**	**138 745**

Balance sheet	2008	2007
INCOME STATEMENT		
I.OPERATING INCOME	**93 355**	**118 703**
A. Turnover	88 334	113 055
B. Variations in inventory	1 061	1 764
C. Fixed assets own construction	144	198
D. Other operating income	3 817	3 686
II.OPERATING CHARGES	**85 968**	**109 369**
A. Raw materials, consumables and goods for resale	59 532	82 753
1. Purchases	53 989	83 166
2. Movements in stock	5 543	-413
B. Services and other goods	9 474	9 665
C. Remuneration, social security and pensions	16 122	15 148
D. Depreciation, write off formation expenses	1 321	806
E. Write off of inventory, receivables	-1 238	1 633
F. Increase/decrease in prov. for liabil. & charges	709	-885
G. Other operating charges	48	248
H. Operating charges capitalised as reorganization costs	0	0
III.OPERATING PROFIT/(LOSS)	**7 387**	**9 333**
IV.FINANCIAL INCOME	**1 973**	**1 567**
A. Income from financial fixed assets	2	0
B. Income from current assets	914	923
C. Other financial income	1 056	644
V.FINANCIAL CHARGES	**4 426**	**4 159**
A. Interests and other debt charges	2 816	3 121
B. Increase/decrease in amounts written off on current assets	0	0
C. Other financial charges	1 609	1 038
VI.PROFIT/(LOSS) ON ORDINARY ACT. BEFORE TAXES	**4 934**	**6 741**
VII.EXTRAORDINARY INCOME	**1**	**2**
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	1	2
E. Other extraordinary income	0	0

VIII.EXTRAORDINARY CHARGES	**-9 094**	**0**
A. Extraord. deprec. of & extraord. amounts written off form. expenses, tang. and intang. assets	0	0
B. Amounts written off financial fixed assets	9 094	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	**-4 158**	**6 743**
A. Transfers from deferred taxes	3	3
B. Transfers to deferred taxes	0	0
X.INCOME TAXES	**1**	**0**
A. Income taxes	1	0
B. Adjustment of income taxes and write-back of tax provisions	0	0
XI.PROFIT (LOSS) FOR THE YEAR	**-4 156**	**6 746**
XII.TRANSFER TO UNTAXED RESERVES	**0**	**0**
XIII.PROFIT (LOSS) FOR THE YEAR AVAIL. FOR APPROPRIATION	**-4 156**	**6 746**

APPROPRIATION ACCOUNT		
A. PROFIT/(LOSS) TO BE APPROPRIATED	**6 126**	**10 292**
1. Profit/(loss) for the period avalable for appropriation	-4 156	6 746
2. Profit/(loss) brought forward	10 283	3 545
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	**0**	**9**
1. To capital and share premium account	0	0
2. To legal reserve	0	9
3. To other reserves	0	0
D. RESULT TO BE CARRIED FORWARD		
1. Profit to be carried forward	6126	10 283
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

2.3.1. 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%
Software:	20%

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.

2.3.2. 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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