ANNUAL REPORT 2007

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SUMMARY

GLOBAL ECONOMIC ENVIRONMENT

→ US economic slowdown

The slow down of the US economy, which began in mid-2006, was more pronounced in 2007. GDP rose by 2.2% in 2007 against 2.9% in 2006.
Several factors contributed to this trend:

- Private investment slowed due to slower industrial activity. Growth in capital goods investment declined from 5.9% in 2006 to 1.3% in 2007.
- There was further deterioration in the property market in 2007 with housing investment registering a strong decline (-17%);
- Growth in household income slow ed due to a deceleration in wage growth and rising prices.

Growth in household spending slowed from 3.8% in 2006 to 2.3% in 2007. The sub-prime crisis undermined the health of financial institutions which, in order to rebuild their balance sheets, were obliged to tighten credit conditions for households (particularly mortgages) and for the corporate sector.
Only exports, benefiting from the dollar's decline, provided significant support for US demand in 2007.

→ Economic activity strong in Asia, particularly in large emerging economies

Growth remained high amongst Asian emerging economies (+9.0% in 2007 following +8.8% in 2006) despite the slow down of the US economy.
Chinese grow th continued to accelerate despite measures taken by the government to curb inflationary pressures. The tightening of monetary policy remained limited, so too, Yuan appreciation. Exports and investments were again key drivers of economic activity. China's economy continued to support growth across the entire Asian continent due to the high level of economic integration, with Chinese exports comprising a high share of production in neighbouring countries.
Emerging Asian economies continued to register strong growth throughout 2007. After a somewhat subdued first half, the Japanese economy accelerated in the second half due to an increase in corporate investment and strong export growth at the end of 2007, as a result of the overheating of the Chinese economy. Other domestic drivers, on the other hand, remained less sanguine. Consumption continues to suffer from a stagnation in wage growth despite the continued decline in unemployment.
A recovery in consumption remains dependent on a decline in the savings rate. Housing investment weighed dow n on heavily on economic activity, particularly in the second half of 2007, due to an amendment to the law concerning building permits. In 2007, Japanese economic growth slowed modestly to 2% following 2.4% in 2006.

Economic growth was 5.4% in 2007 following 5.8% in 2006

→ Strong growth amongst European countries

Activity remained robust until the fourth quarter 2007. It rose by 3.1% in 2007 following 2.9% growth in 2006.

Central and Eastern European countries experienced strong grow th in 2007 driven by both domestic and external factors.

Economic activity benefited from the expansion of the euro zone and robust domestic demand. Economic growth was 5.4% in 2007 following 5.8% in 2006.

Russia's economy remained in good health, benefiting from further rises in raw materials prices (oil and gas) and strong internal demand, boosted by rapidly rising salaries in real terms, loan growth and an acceleration in investment.

(Source : Ministère français de l'Économie de l'industrie et de l'Emploi)

OUTLOOK FOR THE ICT INDUSTRY

Given the current global economic environment, 2008 is expected to be sluggish in terms of investment in technology. According to the European Information Technology Observatory (EITO), investment growth is likely to decline in varying degrees depending on the country, segment and sector of activity.

In the IT sector, growth in IT spending in Western Europe is likely to border 3%. The UK, which is the country in Western Europe most exposed to the financial crisis and which is experiencing a decline in public spending, is likely to suffer a significant decrease in growth in IT spending compared to 2007.

Investment in IT projects in the banking sector is likely to experience a slowdown in Western Europe following a very strong 2007 in the majority of European countries, particularly in France. The uncertainty surrounding European economic growth in 2008 should also influence decisions to reduce IT spending for non-strategic projects in sectors such as industry, commerce and distribution.

The public sector, which has been a major growth driver for several years, is also likely to remain strong in the majority of European countries, even if in France, this sector has some ground to make up, in some cases, in modernising its information systems.

Certain segments, however, are enjoying more rapid growth than others. However, the market in technical assistance (outsourcing) is likely to post little or no growth in Western European countries this year. Fixed price contract projects should hold up better following the significant investment made last year in applications software and systems.

In the telecoms sector, growth in the equipment market remains moderate (growth below 5% in 2007 and over the medium-term) and is mainly driven by services to operators and by mobile network equipment. As a result of migration to next generation technologies, the decline in the value of access equipment in the fixed and traditional mobile segments continues. In the mobile segment, the GSM/UMTS standard continues to gain ground to the detriment of the CDMA standard.

Concerning the software and services sector, despite the unsettled overall economic environment, Syntec Informatique (professional association of IT services and software firms) in its press release of 27 March 2008, is expecting another year of growth of between 5% and 7% in 2008 against 6.5% in 2007.

Industry, financial sector and the public sector, concentrated 70% of the investment in software and services

Against such a backdrop, the electronic payment systems sector will continue to benefit from various structural growth drivers :

- The need for companies to constantly adapt their systems, particularly to comply with regulatory requirements such as the SEPA initiative, Basel II and the implementation of the EMV standard;
- The need to innovate to differentiate oneself in a context of globalisation –'D0 mobile payment, E-commerce, contactless cards;
- The trend towards globalisation and the interoperation of payment systems;
- The underlying trend of outsourcing to specialists so as to concentrate on core businesses.

HPS' ACTIVITY IN 2007

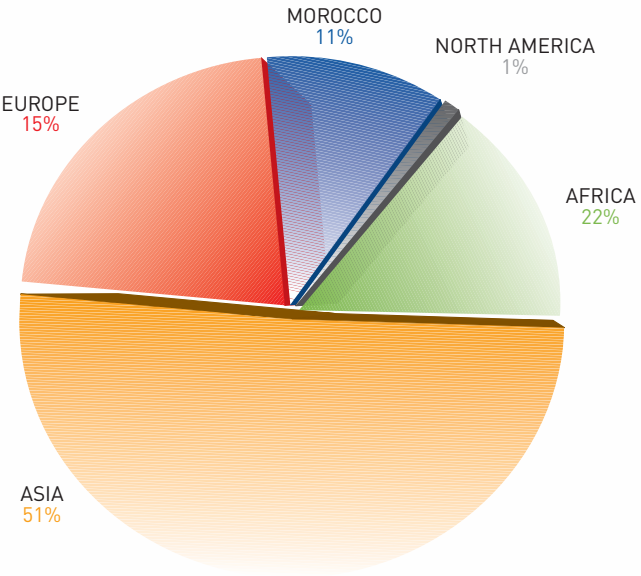
2007 was a ground-breaking year for HPS, which saw a further strengthening of its long-term growth drivers. With 13 new contracts, HPS strengthened its position in regions with strong growth potential, such as the Islamic banking sector and the ASP market.

Much of HPS' activity is export-oriented with exports accounting for 90% of 2007 sales.

2007 saw very good performance in Asia including large-scale projects for Shinsei Bank in Japan, Noor Islamic Bank in Dubai and the signing of a framework contract with a holding company in Singapore.

Whilst the North American market did not make a significant contribution in 2007, its offers many significant growth opportunities in the years to come.

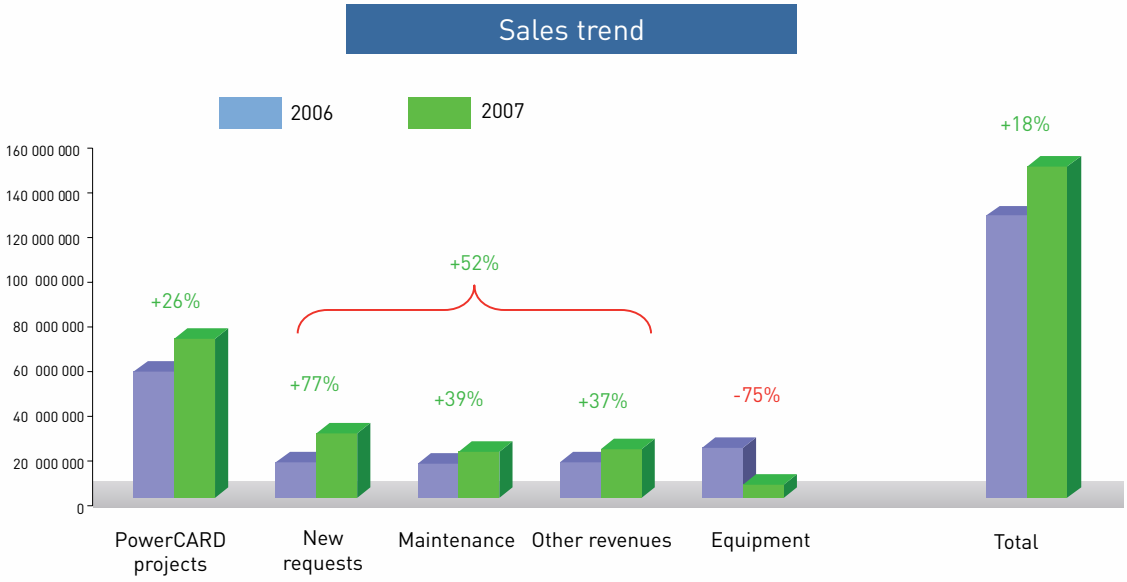
Breakdown of sales



In a benign environment, HPS' performance was very strong in 2007 with growth of 38% in its core business (electronic payments activity excluding equipment).
Total sales rose by 18% to MAD 148 million as a result of :

- A higher retention rate of existing customers with 52% growth in recurring revenues;

- A strong commercial performance as several new, large-scale projectswere realised, resulting in sales growth of 26%;
- A decline in equipment sales, which had been exceptionally strong in 2006.



Operating income, well above forecasts, rose by 27% compared to 2006 to MAD 44.6 million. Thanks to strong control of operating expenses (+8%), the operating margin improved by 3 points to 28.7%.

Net income rose strongly (+41%) to MAD 37.6 million.

ACTIVITY OF SUBSIDIARIES AND INVESTMENTS

HPS has a 33.33% stake in Global Payment Services (GPS).

GPS is a limited responsibility company based in Bahrain. Established in 2005, GPS began its commercial activities in October 2006, providing electronic payment solutions using an ASP model in the Middle East.

Its financial statements for the period ended 31 December 2007, audited by Ernst & Young, show a loss of BHD297,000. These results are in line with its 2005 business plan when the company was formed.

In BHD thousands	From 01/01/2007 to 31/12/2007	From 24/08/05 to 31/12/06
Sales	563	139
Operating expenses	(815)	(414)
Financial income	(45)	(26)
Income for the period	(297)	(301)

In 2007, GPS was awarded 2 new contracts :

- **Bahrain Islamic Bank** : GPS signed a contract with this bank to manage its entire Cards activity;
- **Bank Muscat International** : GPS will handle this bank's card business and provide an interface with Visa International.

RESEARCH AND DEVELOPMENT ACTIVITIES

Since 2003, HPS has continued to make considerable efforts in Research and Development.

In 2007, nearly 6,000 men days were allocated for the company's research and development efforts and to improving PowerCARD solutions for a total investment of MAD 11.6 million. R&D activities are focused on developing PowerCARD solutions by incorporating technical, business and regulatory changes.

FORESEEABLE TRENDS AND FUTURE PROSPECTS

Following a year in which HPS strengthened its position in its key markets, the company can approach 2008 with confidence.

The markets in which HPS has a presence are all growing, boosted by constant changes to the electronic payments sector.

The main motors of growth in the years to come are as follows :

→ The EMV standard

The EMV standard for payment by smartcard was created in 1996 by Europay, MasterCard and Visa. It guarantees the interoperation and security of payments throughout the entire world. Benefiting issuers, acquirers and cardholders, EMC systems ensure an increased level of security, greater multi-functionality and a reduced risk of forgery and fraud.

With the EMV standard maturing, migration has begun in the North American market. Other international payment systems such as JCB and American Express adopted this protocol for affiliated issuers.

The adoption of the EMV standard by the international community should provide excellent opportunities across the entire electronic payments industry such as for bank cards, acceptance facilities (electronic payment terminals and ticket dispensers), electronic payment networks for flow processing and banking institutions' back-offices. The migration of the entire world's electronic payment systems has created an enormous market for all industry participants.

With the EMV standard maturing, migration has begun in the North American market

In addition, with this next generation of chips, EMV cards will now be a platform for a number of potential services, providing the electronic payments sector with increased diversification opportunities.

Against such a backdrop, HPS sees an opportunity for assisting those institutions for whom EMV migration is a very costly, or even impossible process, based on their current systems.

→ The SEPA initiative

SEPA or Single Euro Payments Area is a European initiative which is the logical extension to the transition to euro-denominated coins and notes. It aims to create a single set of payment instruments, common to all European countries. Thanks to these new European payment instruments, consumers, businesses, shopkeepers and government administrations are able to make and receive payments within Europe under the same conditions, as easily as in their own country.

The adoption of standardised payment instruments within SEPA, based on international standards, will enable banks to rationalise processing at a European level. The SEPA initiative also gives banks the opportunity to develop innovative services for users across the entire region.

To attain this objective, banks, individually and collectively, have undertaken to :

- Modify their information systems;
- Implement new standards of exchange and security;
- Create new systems of exchange;
- Meet the new requirements contained in the directive concerning payment systems.

They also need to promote the new payment instruments amongst their customers. The widespread adoption of the new instruments as a replacement for the corresponding national instruments will alone enable the SEPA initiative to deliver the expected benefits. Banks will also have to manage a transition period in which the former and new payments instruments coexist. In particular, they will have to provide assistance to their customers in relation to transition to the new systems.

Against such a backdrop, HPS sees a considerable opportunity for developing business (transition, interoperation etc.) and extending its network of local and regional partners.

→ New regions

In addition to growing its business in traditional markets, HPS sees new regions as being important grow th drivers for the future, particularly the North American and Asian markets :

- The North American market is one of the largest markets in our business activity.
  Following the initial success of 2007, HPS intends to progressively develop its activities in this market; A direct marketing approach will be adopted in 2008 by participating in specialised trade fairs and searching for local, high value-added partners.

- The Asian market – after several successes in Asia, particularly in Japan and Singapore, HPS has demonstrated its ability to respond to the needs of major institutions and highly selective customers. Recent contracts won in this market have given HPS greater visibility and a reputation to be able develop its business in this region in the years to come.

HPS will continue to invest on a sustained and selective basis in :

- Human resources – HPS intends to increase staff numbers by 60% in 2008, primarily in research and development functions and project teams.
- Developing its geographical presence – in 2007, HPS took the first steps in establishing 2 new regional offices in Paris and Dakar. These should be completed at the beginning of the third quarter 2008.
- CMMI Certification – HPS launched its CMMI project (Capability Maturity Model Integration) at the beginning of 2007 and aims to obtain Level 2 Certification by the end of 2008. CMMI is a model for assessing and improving development processes and software maintenance. It is also a handbook of good practice relating to project management and service quality issues.
- Establishing a training organisation – the creation of the HPS Academy is a fundamental element of corporate strategy. HPS aims to offer staff, customers and partners a full range of training programmes in relation to its electronic payment systems and PowerCARD products.

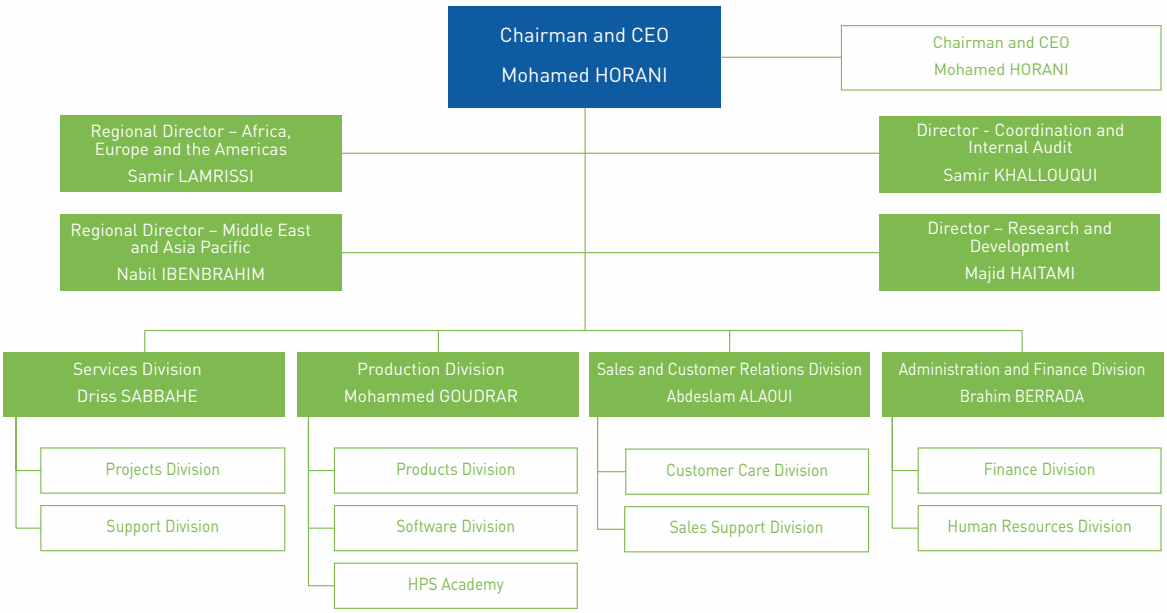
In view of all these factors, HPS aims to generate 30% growth in sales and 32% in operating income.

SIGNIFICANT POSTBALANCE SHEET EVENTS

In view of the rapid growth in its business and the considerable growth potential of all its markets, HPS has decided to adopt a new organisational structure with effect from April 2008.

The new structure, built around 4 divisions, meets several strategic objectives :

- Enhance the support activity;
- Establish the HPS Academy, a training structure specialising in electronic payments for HPS' staff, customers and partners;
- Bolster the two regional divisions to assume greater operational control of existing and future subsidiaries;
- Promote the Human Resources function as an indispensable component for accompanying the Group's business development.



	ASSETS		31 December 2007 Gross	Amort. and provisions	Net	31 December 2006 Net-consolidated
FIXED ASSETS	CAPITALISED COSTS	(A)	1,763,305.00	997,889.06	765,415.4	710,846.13
	Start-up costs		781,606.10	624,294.62	157,311.48	313,632.78
	Deferred costs		981,698.90	373,594,44	608,104.46	397,213.35
	Premiums on the redemption of debentures		-	-	-	-
	INTANGIBLE ASSETS	(B)	14,718,292.72	14,091,651.43	626,641.29	276,183.79
	Research and development		13,560,538.03	13,560,538.03	-	-
	Patents, trademarks, intellectual rights and others		-	-	-	-
	Goodwill		-	-	-	-
	Other intangible assets		1,157,754.69	531,113.40	626,641.29	276,183.79
	PROPERTY, PLANT AND EQUIPMENT	(C)	13,990,301.43	9,125,379.67	4,864,921.76	3,528,637.69
	Land		-	-	-	-
	Buildings		1,344,432.69	112,036.03	1,232,396.66	1,286,173.97
	Technical installations, plant and machinery		6,050,285.02	5,262,364.91	787,920.11	266,754.28
	Vehicles		453,619.43	186,037.62	267,581.81	345,361.98
	Furniture, office equipment and fittings		6,141,964.29	3,564,941.11	2,577,023.18	1,630,347.46
	Other items of property, plant and equipment		-	-	-	-
	Capital work in progress		-	-	-	-
	INVESTMENTS	(D)	10,251,120.69	1,200,000.00	9,051,120.69	8,971,581.69
	Long-term loans		-	-	-	-
	Other financial receivables		136,818.00	-	136,818.00	57,279.00
	Equity securities		10,114,302.69	1,200,000.00	8,914,302.69	8,914,302.69
	Other long-term securities		-	-	-	-
	TRANSLATION DIFFERENCES – ASSETS	(E)	-	-	-	-
	Decrease in financial receivables		-	-	-	-
	Increase in borrowings		-	-	-	-
	TOTAL I (A+B+C+D+E)		40,723,019.84	25,414,920.16	15,308,099.68	13,487,249.30
CURRENT ASSETS	INVENTORIES	(F)	55,989,685.44	2,810,094.57	53,179,590.87	48,652,742.39
	Goods		43,205.30	-	43,205.30	43,205.30
	Raw materials and supplies		-	-	-	-
	Work in progress		55,946,480.14	2,810,094.57	53,136,385.57	48,609,537.09
	Semi-finished goods		-	-	-	-
	Finished goods		-	-	-	-
	CURRENT RECEIVABLES	(G)	103,920,930.59	4,771,506.75	99,149,423.84	89,964,808.61
	Accounts receivable and prepayments		433,228.38	140,000.00	293,228.38	3,554.32
	Trade receivables		98,017,552.74	4,631,506.75	93,386,045.99	86,686,378.25
	Staff		253,349.45	-	253,349.45	247,993.95
	Tax receivabels		4,726,135.36	-	4,726,135.36	2,701,782.41
	Shareholder's current accounts		-	-	-	-
	Other receivables		100,000.00	-	100,000.00	69,209.73
	Adjustment account - Assets		390,664.66	-	390,664.66	255,889.95
	MARKETABLE SECURITIES	(H)	-	-	-	-
	TRANSLATION DIFFERENCES - ASSETS	(I)	1,224,313.47	-	1,224,313.47	1,033,397.46
	TOTAL II (F+G+H+I)		161,134,929.50	7,581,601.32	153,553,328.18	139,650,948.46
CASH	CASH AND CASH EQUIVALENTS – ASSETS		18,248,515.80	-	18,248,515.80	13,454,448.02
	Cheques and bills awaiting deposit		-	-	-	8,041,260.78
	Bank balances		18,205,594.11	-	18,205,594.11	5,371,121.84
	Cash in hand		42,921.69	-	42,921.69	42,065.40
	TOTAL III		18,248,515.80	-	18,248,515.80	13,454,448.02
	TOTAL ASSETS		220,106,465.14	32,996,521.48	187,109,943.66	166,592,645.78

	LIABILITIES		31 December 2007	31 December 2006
LONG-TERM FINANCING	SHARE HOLDERS' EQUIT		117,206,064.68	92,998,471.66
	Share capita		65,000,000.00	65,000,000.00
	Share premium		-	-
	Revaluation reserv		-	-
	Legal reserv		2,601,148.53	1,264,447.31
	Other reserves		-	-
	Retained earning		12,033,323.13	-
	Net income pending appropriatio		-	-
	Net income for the perio		37,571,593.02	26,734,024.35
	Total sharehol ders' equity	(A)	117,206,064.68	92,998,471.66
	SHARE HOLDERS' EQUITY EQUIVALENT	(B)	-	-
	Investment subsidie		-	-
	Statutory provision		-	-
	LO NG-TERM BORROWINGS	(C)	598,389.14	1,275,123.56
	Debentures		-	-
	Otherlong-term borrowing		598,389.14	1,275,123.56
	PROVISIONS FOR CONTINGENCIESAND CHARGES	(D)	-	-
	Provisions for contingencie		-	-
	Provisions for charge		-	-
	TRANSLATION DIFFERENCES - LIABILITIES	(E)	44,181.13	-
	Increase in financial receivable		-	-
	Decrease in long-term borrowing		44,181.13	-
	Total I (A+ B+C +D+E)		117,848,634.95	94,273,595.22
CURRENT LIABILITIES	CURRENT PAYABLE	(F)	37,918,434.14	50,813,270.11
	Accounts payabl		16,699,396.01	22,784,878.21
	Trade payable		264,055.43	70,507.01
	Staff		13,425,911.67	10,628,984.82
	Social security contribution		1,735,707.24	1,374,174.78
	Tax payable		2,836,762.61	5,398,719.70
	Shareholders' current account		-	8,644,874.51
	Other creditor		235,952.60	64,350.00
	Adjustment account - Liabilitie		2,720,648.58	1,846,781.08
	OTHER PROVISIO NS FOR CONTINGENCIES AND CHARGES	(G)	2,162,291.95	1,971,375.94
	TRANSLATION DIFFERENCES - LIABILITIES (current items)	(H)	835,581.92	538,379.78
	Total II (F+G+H)		40,916,308.01	53,323,025.83
CASH	CASH AND CASH EQUIVALENTS - LIABILITIES		28,345,000.70	18,996,024.73
	Discount bills		-	-
	Treasury notes		-	5,000,000.00
	Bank loans and overdraft		28,345,000.70	13,996,024.73
	Total III		28,345,000.70	18,996,024.73
	TOTAL LIABILITIES		187,109,943.66	166,592,645.78

	INCOME STATEMENT		2007	2006
OPERATING	OPERATING REVENUE	I	155,564,669.14	137,728,822.55
	Sale of good		5,311,913.56	22,627,884.21
	Sale of finished goods and service		142,894,610.93	103,352,453.79
	Sale		148,206,524.49	125,980,338.00
	Change in inventorie		7,336,943.05	11,549,047.41
	Items of plant, property and equipment produced by the company for internal use		-	-
	Operating subsidie		-	-
	Other operating revenue		-	-
	Operating write-backs: expenses transfe		21,201.60	199,437.14
	Total I		155,564,669.14	137,728,822.55
	OPERATING EXPENSE	II	110,943,086.50	102,706,955.79
	Cost of goods sol		3,358,267.26	20,599,335.09
	Purchases of materials and furnishing		1,713,989.10	2,084,891.39
	Other external expense		42,231,717.88	31,422,783.88
	Taxes other than on incom		1,300,884.74	1,013,839.51
	Staff cost		56,595,087.51	45,243,660.50
	Other operating expense		-	-
	Operating provision		5,743,140.01	2,342,445.42
	TotalII		110,943,086.50	102,706,955.79
	OPERATING INCOME (I-II)	III	44,621,582.64	35,021,866.76
FINANCIAL	FINANCIAL REVENUE	IV	2,388,055.29	2,511,642.52
	Income from equity securities and other long-term securities		-	-
	Foreign exchange gain		1,354,657.83	1,807,203.52
	Interest and other financial revenue		-	-
	Financial write-backs: expenses transfe		1,033,397.46	704,439.00
	Total IV		2,388,055.29	2,511,642.52
	FINANCIAL EXPENSE	V	6,527,681.87	4,267,082.41
	Interest expense		1,498,047.20	547,734.76
	Foreign exchange losse		3,650,530.75	2,457,151.26
	Other financial expense		154,790.45	228,798.93
	Financial provision		1,224,313.47	1,033,397.46
	Total V		6,527,681.87	4,267,082.41
	FINANCIA LINCOME (IV-V)	VI	- 4,139,626.58	- 1,755,439.89
	RECURRING INCOME (III+VI)	VII	40,481,956.06	33,266,426.87
NON-RECURRING	NON RECURRING REVENUES	VIII	835,930.18	579,689.60
	Income from the disposal of fixed asset		484,100.00	315,000.00
	Balancing subsid		-	-
	Write-backs of investment subsidie		-	-
	Other non-recurring revenue		351,830.18	264,689.60
	Non-recurring write-backs: expenses transfe		-	-
	Total VIII		835,930.18	579,689.60
	NON RECURRING EXPENSES	IX	88,920.22	1,123,000.12
	Net book value of disposed asset		21,449.84	106,536.22
	Subsidies grante		-	-
	Other non-recurring expense		67,470.38	1,016,463.90
	Non-recurring depreciation, amortisation and provisions		-	-
	Total IX		88,920.22	1,123,000.12
	NON-RECURRING INCOME (VIII-IX)	X	747,009.96	- 543,310.52
	INCOME BEFORE TAX (VII+X)	XI	41,228,966.02	32,723,116.35
	CORPORATION TAX	XII	3,657,373.00	5,989,092.00
	NET INCOME (XI-XII)		37,571,593.02	26,734,024.35

RESTATEMENTS

The financial statements comprise those of HPS Casablanca and HPS Dubai, its branch office. In preparing the financial statements, as presented in this document, accounting entries relating to transactions recorded in 2007 between HPS Casablanca and HPS Dubai have been eliminated.

FOREIGN CURRENCY DENOMINATED TRANSACTIONS

Balance sheet entries denominated in foreign currencies (e.g. receivables, payables, inventories, cash and cash equivalents) are translated at the foreign exchange rates prevailing at the closing date, generating translation differences. Foreign currency-denominated revenues and expenses are recorded at their equivalent value at the time of the transaction.

The following exchange rates of the main currencies have been used for 2007 and 2006 :

Exchange rate	2007	2006	Change
US dollar (USD)	7.6901	8.4312	-9%
Euro (EUR)	11.3250	11.1080	2%
Emirati dirham (AED)	2.0939	2.2956	-9%
Tunisian dinar (TND)	6.2797	6.4878	-3%

OPERATING REVENUES

Operating revenues	2007	2006	Change
Sale of goods	5,311,913.56	22,627,884.21	NS
Sale of finished goods and services	142,894,610.93	103,352,453.79	38%
Change in inventories	7,336,943.05	11,549,047.41	-36%
Operating write-backs	21,201.60	199,437.14	NS
Total	155,564,669.14	137,728,822.55	13%

Operating revenues rose by 13%, which can be explained by :

- A strong rise in sales relating to new PowerCARD contracts (+26%) and to recurring sales (+52%);
- A decline in non-strategic, equipment sales from an exceptionally high level in 2006 (signed 2 key turnkey projects with 2 regional switches in Africa).

OPERATING REVENUES

Operating expenses	2007	2006	Change
Cost of goods sold	3,358,267.26	20,599,335.09	NS
Purchases of materials and furnishings	1,713,989.10	2,084,891.39	-18%
Other external expenses	42,231,717.88	31,422,783.88	34%
Taxes other than on income	1,300,884.74	1,013,839.51	28%
Staff costs	56,595,087.51	45,243,660.50	25%
Other operating expenses	-	-	N/A
Operating provisions	5,743,140.01	2,342,445.42	145%
Total	110,943,086.50	102,706,955.79	8%

The main changes in 2007 were as follows :

- Strong decline in cost of goods sold relating to the decline in the sale of goods;
  - Increase in staff costs due to a 44% rise in the headcount;
  - Increase in operating provisions due to reclassifying a part of inventories totalling MAD 2.8 million;
  - Increase in external expenses by MAD 3 million due to organisation of a users meeting and higher travel expenses on account of growth in the business activity.

OPERATING EXPENSES

Financial income	2007	2006	Change
Financial revenues	2,388,055.29	2,511,642.52	-5%
Income from equity securities	-	-	N/A
Foreign exchange gains	1,354,657.83	1,807,203.52	-25%
Financial write-backs: expenses transfer	1,033,397.46	704,439.00	47%
Financial expenses	6,527,681.87	4,267,082.41	53%
Interest expenses	1,498,047.20	547,734.76	173%
Foreign exchange losses	3,650,530.75	2,457,151.26	49%
Other operating expenses	154,790.45	228,798.93	-32%
Financial provisions	1,224,313.47	1,033,397.46	18%
Total	-4,139,626.58	-1,755,439.89	-136%

With more than 50% of sales dollar-denominated, the dollar declining by 9% in 2007 had a strong impact on financial income (negative MAD 1.5 million). In addition, the strong growth in business activity resulted in an increase in the WCR and impacted cash and cash equivalents. Interest expenses totalled MAD 1.5 million as a result.

NON-RECURRING INCOME

The only non-recurring transactions relate to disposals of items of property, plant and equipment (company cars) totalling MAD 0.5 million.

INTANGIBLE ASSETS

Research and development costs are charged in their entirety to expenses for the period in which they are incurred. Intangible assets are valued at historical cost.
Amortisation of these assets is calculated using the straight-line method as a function of their estimated useful lives, details of which are outlined below :

	Straight-line
Capitalised costs	5 years
Software and licences	5 years

The main acquisitions occurring in 2007 relate to software and licences for development systems used by the Group.

Intangible assets	Gross value 31 Dec 06	Increase Acquisition	Decrease Disposal	Gross value 31 Dec 07
R&D	13,560,538.03	-	-	13,560,538.03
Other intangible assets	662,117.69	495,637.00	-	1,157,754.69
Total	14,222,655.72	495,637.00	-	14,718,292.72

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recorded on the balance sheet at their historical cost. Amortisation of these assets is calculated using the straight-line method as a function of their estimated useful lives, details of which are outlined below :

	Straight-line
Buildings	25 years
Technical installations, plant and machinery	3 to 5 years
Vehicles	5 years
Furniture, office equipment and fittings	5 to 10 years

The main changes are outlined below :

Plant, property and equipment	Gross value 31 Dec 06	Increase Acquisition	Decrease Disposal	Gross value 31 Dec 07
Land	-	-	-	-
Buildings	1,344,432.69	-	-	1,344,432.69
Technical installations, plant and machinery	5,297,961.02	752,324.00	-	6,050,285.02
Vehicles	436,307.02	42,084.47	24,772.06	453,619.43
Furniture, office equipment and fittings	4,700,784.95	1,441,179.34	-	6,141,964.29
Other items of property, plant and equipment	-	-	-	-
Capital work in progress	-	-	-	-
Total	11,779,485.68	2,235,587.81	24,772.06	13,990,301.43

WORK IN PROGRESS

Work in progress applies to projects which are realised over several financial years. HPS has adopted the percentage-of-completion method foraccounting for inventories. This method consists of accounting for sales and profit as it is earned during the duration of the project.Inventories are accounted for by including the production cost of each project as well as the margin on completion to be recognised in proportion to the project's advancement.

CURRENT ASSETS

Current assets	2007	2006	Change
Accounts receivable and prepayments	293,228.38	3,554.32	N/S
Trade receivables	93,386,045.99	86,686,378.25	8%
Staff	253,349.45	247,993.95	2%
Tax receivables	4,726,135.36	2,701,782.41	75%
Other receivables	100,000.00	69,209.73	44%
Adjustment accounts - Assets	390,664.66	255,889.95	53%
Total	99,149,423.84	89,964,808.61	10%

The increase in current assets is primarily due to:

- An 8% increase in trade receivables due to growth in business activity;
- An increase in tax receivables due to a corporation tax surplus of MAD 2.3 million at 31 December 2007.

CURRENT LIABILITIES

Current liabilities	2007	2006	Variation
Accounts payable	16,699,396.01	22,784,878.21	-27%
Trade payables	264,055.43	70,507.01	NS
Staff	13,425,911.67	10,628,984.82	26%
Social security contributions	1,735,707.24	1,374,174.78	26%
Tax payables	2,836,762.61	5,398,719.70	-47%
Shareholders' current accounts	-	8,644,874.51	-100%
Other creditors	235,952.60	64,350.00	267%
Adjustment account - Liabilities	2,720,648.58	1,846,781.08	47%
Total	37,918,434.14	50,813,270.11	-25%

The main changes in current liabilities were as follows:

- Decrease in accounts payable from a particularly high level in 2006 due to equipment purchases for the BEAC and BCEAO and to expenses related to HPS' IPO at the end of 2006;
- Decrease in tax payables due to surplus corporation tax recorded in 2007;
- Decrease in shareholders' current accounts due to the payment in full of dividends during 2007.

SHAREHOLDERS' EQUIT

Appropriation of income	At 31 Dec 06	Appropriation 2006 earnings	At 31 Dec 07
Share capital	65,000,000.00	-	65,000,000.00
Share premium	-	-	-
Legal reserve	1,264,447.31	1,336,701.22	2,601,148.53
Other reserves	-	-	-
Retained earnings	-	12,033,323.13	12,033,323.13
Net income for the period	26,734,024.35		37,571,593.02
Distribution of dividends	-	13,364,000.00	-
Total	92,998,471.66	26,734,024.35	117,206,064.68

In 2007, changes in shareholders' equity resulted from :

- The distribution of 50% of 2006 earnings in dividends totalling nearly MAD 13.4 million;
- Net income recorded in 2007 totalling MAD 37.6 million.

CASH AND EQUIVALENTS

Cash flow statement	2007	2006
Net income	37,571,593	26,734,024
Depreciation and amortisation	1,375,694	1,260,967
Net value of disposed assets	21,450	106,536
Gains/losses on disposals	-484,100	-315,000
Total net cash earnings	38,484,637	27,786,528
Net change in inventories	-4,526,848	-11,549,047
Net change in receivables	-9,375,531	-36,296,829
Net change in borrowings	-12,406,718	24,200,858
Net cash flow from operating activities	12,175,540	4,141,510
Acquisition of tangible and intangible assets	-3,138,456	-1,600,378
Increase in long-term receivables	-79,539	-
Disposals of tangible and intangible assets	484,100	315,000
Net cash flow from investment activities	-2,733,895	-1,285,378
Dividends paid	-13,364,000	-9,391,004
Other changes in shareholders' equity	-	-
Cash inflows from borrowings	-	1,275,124
Repayment of borrowings	-632,553	-
Net cash flow from financing activities	-13,996,553	-8,115,880
Over all change in cash and cash equivalents	-4,554,908	-5,259,749

Despite the improvement in total net cash earnings (+38.5%), cash and cash equivalents declined by MAD 4.5 million, primarily as a result of an increase in the working capital requirement and the payment of dividends in respect of the 2006 financial year.

This can be explained by the type of projects managed by HPS which have become larger, thereby requiring a higher level of working capital.

OFF-BALANCE SHEET COMITMENTS

When drawing up commercial contracts, HPS may give or receive guarantees in the form of contract bonds for proper project execution.

HPS has also provided its various banking partners with collateral for credit lines and guarantees needed for its business activity.

Commitments given

In MAD thousands	31/12/2007	31/12/2006
Pledges on the business	11,500	11.500
Mortgages	10,000	10.000
Contract counter-guarantees	17.203	14.374

Commitments received

In MAD thousands	31/12/2007	31/12/2006
Pledges on the business	N/A	N/A
Mortgages	N/A	N/A
Contract counter-guarantees	5.951	5.749

STATUTORY AUDITORS' GENERAL REPORT

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Statutory Auditors

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ERNST & YOUNG

ERNST & YOUNG SARL
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To the Company Shareholders
HIGHTECH PAYMENT SYSTEMS
24, Rue La Fontaine, Racine
Casablanca

STATUTORY AUDITORS' GENERAL REPORT CONCERNING THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

In accordance with the terms of our appointment by your Annual General Meeting, we have audited the enclosed financial statements of HIGHTECH PAYMENT SYSTEMS (HPS) for the financial year ended 31 December 2007 comprising the balance sheet, income statement, management accounting statement, cash flow statement and additional informationstatement. The company's decision-making bodies are responsible for these summary statements, which show shareholders equity and equivalent of MAD 117,206,064.68 including net income of MAD 37,571,593.02. Our duty is to express an opinion on the summary statements based on our audit.
We conducted our audit in accordance with professional standards in Morocco. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement.

An audit consists of examining, on a sample basis, evidence supporting the amounts and information contained in the summary statements. An audit also involves assessing the accounting principles used, any significant estimates made by senior management and the general presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion on the summary statements

The Company has undergone during the 2006 financial year a tax audit for the years 2002 to 2004 concerning IS, VAT and IGR. Having received in December 2006 a notification of adjustments for the year 2002, the Company has received in December 2007 from the Tax Administrationa notification of adjustments for the years 2003 and 2004. The claiming amount of approximately DH 12.5 million that the Company has fully disproved. HPS has thus decided to continue with its tax litigation procedure before the Local Tax Commission. At this stage, we are not able to determine the final outcome of this tax audit, or to assess its possible impact on the accounts at 31 December 2007.

In our opinion, apart from the above situation and its impact on the Company's accounts, the financial statements cited in the first paragraph give, in their principal aspects, a true and fair view of the financial position of HIGHTECH PAYMENT SYSTEMS at 31 December 2007, together with the results of its operations and the changes in its cash flows for the year ending at that date, in compliance with the generally accepted accounting principles in Morocco

Specific checks and information

We also performed specific checks as required by law and we satisfied ourselves that the information provided in the Board of Directors' management report submitted to shareholders is consistent with the company's summary statements.

Casablanca, 24 March 2008

Statutory Auditors

A. SAAIDI & ASSOCIES

ERNST & YOUNG

STATUTORY AUDITORS' SPECIAL REPORT

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Statutory Auditors

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To the Company Shareholders
HIGHTECH PAYMENT SYSTEMS
24, Rue La Fontaine, Racine
Casablanca

STATUTORY AUDITORS''D5 SPECIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

Pursuant to law 17-95, we draw your attention to the following agreements provided for by this law.

1. Agreements entered into during the period

The Chairman of the Board of Directors has not given us notice of any agreement made
during the year.

2. Agreements entered into in previous periods and still in effect during the period
Case management and monitoring agreement

This agreement provides for services supplied to HPS by Accès Capital Atlantique and Upline Technologies concerning the Company's strategic and financial management

In respect of these services, HPS shall pay a monthly fee of MAD 8,000 excluding taxes.

The related net expense recorded by HPS in 2007 was MAD 100,000 excluding taxes

Casablanca, 24 March 2008

Statutory Auditors

A. SAAIDI & ASSOCIES

ERNST & YOUNG

RESOLUTIONS

First Resolution

The Annual General Meeting, having listened to the reading of the reports of the Board of Directors and the Statutory Auditors, approves the balance sheet and the financial statements for 2007 as presented, showing net income of MAD 37,571,593.02.
It also approves the transactions reflected in these financial statements or summarised in these reports.

Second Resolution

As a result of the adoption of the above resolution, the Annual General Meeting gives the directors and Statutory Auditors full discharge of their responsibilities in relation to 2007.

Third Resolution

The Annual General Meeting, having listened to the reading of the Statutory Auditors' special report concerning the agreement referred to in Article 56 of Law 17-95, approves the transactions entered into or executed during the period.

Fourth Resolution

The Annual General Meeting approves the appropriation of income as follows :

Appropriation of income	Situation at 31 December 2007	Appropriation income 2007	Situation after appropriation
Share capital	65,000,000.00	-	65,000,000.00
Share premium	-	-	-
Legal reserve	2,601,148.53	1,878,579.65	4,479,728.18
Other reserves	-	-	-
Retained earnings	12,033,323.13	22,329,013.37	34,362,336.50
Net income for the period	37,571,593.02		-
Dividend distribution	-	13,364,000.00	-
Total	117,206,064.68	37,571,593.02	103,842,064.68

As a result, the Annual General Meeting decided to distribute a dividend of 20.56 Dirham gross per share payable as of 26 September 2008.

Fifth Resolution

The Annual General Meeting notes that the terms of office of the directors mentioned hereafter are due to expire at the end of the present Annual General Meeting.

- Mr Mohamed HORANI.
- Mr Samir KHALLOUQUI.
- Mr Driss SABBAHE.
- Mrs Sabah ZEJLI.
- Mrs Rokia GOUDRAR.
- Mrs Najiba ALARDA.
- Mrs Kenza KABBAJ.
- Accès Capital Atlantique SA.

The Annual General Meeting renew s the terms of office of all directors for a period of stwo years.
Their terms of office will expire at the time of the Annual General Meeting convened to approve the financial statements for the financial year ended 31 December 2009.

Sixth Resolution

The Annual General Meeting grants full powers to the bearer of a copy or extract of these resolutions to carry out the legal formalities.

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