

CONSOLIDATED FINANCIAL STATEMENTS 2006



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STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

To the shareholders,

In compliance with the assignment entrusted to us by your stockholder's meeting, we have audited the accompanying consolidated financial statements of INGENICO S.A. for the year ended December 31, 2006.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of entities in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- In the context of our assessment of the accounting principles adopted by your company, we have verified the terms and conditions for the capitalization of development costs, as well as those pertaining to their amortization, and to the assessment of their realizable value and we have ensured that Notes 2 ("Research and development") and 10 to the consolidated financial statements provide the appropriate information.
- As described in Note 2 ("Intangible assets") to the consolidated financial statements, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. In addition, goodwill are tested for impairment at the end of each financial year irrespective of whether there is any indication of impairment. We examined the approach used by the company and ensured that these accounting principles have been correctly applied. In addition, we ensured that Note 10 provide an appropriate information.
- Note 2 ("Income taxes") to the consolidated financial statements details the accounting principles and methods relating to the recording of deferred taxes assets. We examined the approach used by the group and ensured that these accounting principles have been correctly applied.

The above assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

3. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the group management report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Paris La Défense, March 20, 2007

Paris, March 20, 2007

The Statutory Auditors,

KPMG Audit
Department of KPMG S.A.

S.A. CGEC

Frédéric Quelin
Partner

Jacques Moreau
Partner

CONSOLIDATED INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2006

(in thousands of euros)

	Notes	2006	2005
REVENUE	5	506,222	436,939
Cost of sales		(343,724)	(298,791)
GROSS PROFIT		162,499	138,149
Distribution costs		(35,425)	(34,832)
Research and development expenses		(39,822)	(40,909)
Administrative expenses		(54,171)	(54,159)
PROFIT FROM ORDINARY ACTIVITIES	5	33,081	8,249
Other income	7	6,795	4,840
Other expenses	7	(8,683)	(47,457)
PROFIT FROM OPERATIONS		31,193	(34,368)
Net finance costs	8	(9,152)	(5,482)
Income from cash and cash equivalents	8	1,524	1,270
Other financial income and expenses	8	(221)	944
PROFIT BEFORE INCOME TAXES		23,344	(37,635)
INCOME TAXES	9	(7,371)	(2,502)
NET PROFIT		15,973	(40,137)
Attributable to:			
• INGENICO S.A. shareholders		15,984	(40,131)
• Minority interests		(12)	(6)
EARNINGS PER SHARE (in euros)			
Net earnings			
• basic		0.54	(1.35)
• fully diluted	19	0.53	(1.35)

STATEMENT OF RECOGNIZED INCOME AND EXPENSE

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2006

(in thousands of euros)	Notes	2006	2005
Translation adjustments	2	(3,059)	6,061
Cash flow and foreign exchange hedges ⁽¹⁾	21	274	166
After-tax actuarial gains/(losses) on long-term employee benefit obligations ⁽²⁾	22	1,197	(364)
NET INCOME RECOGNIZED DIRECTLY IN EQUITY		(1,588)	5,863
PROFIT FOR THE PERIOD		15,984	(40,131)
TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD		14,397	(34,268)
Attributable to:			
• INGENICO S.A. shareholders		14,406	(34,277)
• Minority interests		(9)	9

(1) The portion of the gains or losses on the interest-rate swap on a bank loan and on foreign exchange forward contracts used to hedge cash flows that is determined to be an effective hedge is recognized directly in equity.

(2) As allowed by the revised version of IAS 19, actuarial gains or losses on long-term employee benefit obligations are recognized in consolidated equity.

CONSOLIDATED BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2006

ASSETS

(in thousands of euros)

	Notes	2006	2005
NON-CURRENT ASSETS			
Goodwill	10	89,987	65,413
Other intangible assets	10	21,361	19,913
Property, plant and equipment	11	16,801	17,087
Non-current financial assets	12	899	1,221
Deferred tax assets	9	14,393	18,083
Other non-current assets	13	6,544	8,274
TOTAL NON-CURRENT ASSETS		149,984	129,990
CURRENT ASSETS			
Inventories	14	49,960	40,128
Trade receivables and related accounts	15	125,982	138,505
Other current assets	16	5,802	2,347
Current tax receivables	16	506	2,681
Derivative financial instruments	21	965	301
Short-term investments	20	58,736	56,457
Cash and cash equivalents	20	67,625	52,754
Assets held for sale	17		9,238
TOTAL CURRENT ASSETS		309,575	302,410
TOTAL ASSETS		459,559	432,401

SHAREHOLDERS' EQUITY AND LIABILITIES

(in thousands of euros)

	Notes	2006	2005
EQUITY	18		
Share capital		32,109	29,924
Share premium account		117,014	85,924
Retained earnings and other reserves		(5,018)	(20,331)
Translation differences		2,746	5,805
EQUITY ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS		146,852	101,321
MINORITY INTERESTS		45	9
TOTAL EQUITY		146,897	101,330
NON-CURRENT LIABILITIES			
Borrowings and long-term debt	20	121,300	134,045
Provisions for retirement benefit obligations	22	7,555	8,091
Other non-current provisions	23	5,361	5,415
Deferred tax liabilities	9	734	804
Other non-current liabilities		1,931	837
TOTAL NON-CURRENT LIABILITIES		136,881	149,191
CURRENT LIABILITIES			
Short-term borrowings	20	38,103	40,963
Current provisions	23	3,662	7,287
Trade payables and related accounts	24	94,484	100,223
Income tax expense	25	2,116	1,322
Derivative financial instruments	21	141	
Other liabilities	26	37,276	29,631
Liabilities held for sale	27		2,454
TOTAL CURRENT LIABILITIES		175,781	181,879
TOTAL LIABILITIES		312,662	331,070
TOTAL EQUITY AND LIABILITIES		459,559	432,401

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2006

(in thousands of euros)

	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss)	15,973	(40,137)
Adjustments for:		
• Income tax expense	7,371	2,502
• Depreciation, amortization and provisions	6,420	23,150
• Gains/(losses) on remeasurement at fair value	(2,099)	
• Gains/(losses) on disposal of assets	(571)	(5,205)
• Net interest expense	6,610	5,047
• Share-based payment	5,875	2,825
• Interest paid	(5,554)	(7,376)
• Income tax paid	(5,937)	(5,112)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	28,089	(24,306)
Change in working capital requirements		
Inventory	(7,012)	17,318
Short-term receivables	15,790	(18,634)
Short-term payables	929	2,722
NET CASH FLOW FROM OPERATING ACTIVITIES	37,795	(22,900)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of assets	(10,468)	(14,574)
Gains on disposals of assets	178	9,055
Acquisition of subsidiaries, net of cash acquired	1,347	(2,559)
Disposal of subsidiaries, net of cash disposed of	8,075	
Changes in short-term investments	3	(56,457)
Loans and advances granted	(97)	(934)
Loan repayments received	108	516
Interest received	2,934	1,579
Changes in short-term investments	31	(323)
NET CASH FLOW FROM INVESTING ACTIVITIES	2,111	(63,697)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	1,702	248
Purchase of own shares	(8,142)	(1,901)
Issuance of debt	320	122,115
Repayment of debt	(21,670)	(36,224)
Changes in other financial liabilities	(106)	28,000
Payment of cash dividends	(3)	(2,590)
NET CASH FLOW FROM FINANCING ACTIVITIES	(27,899)	109,648
Effect of changes in exchange rates	(2,164)	2,498
Cash equivalents reclassified as "Assets held for sale"	2,312	(2,056)
CHANGE IN CASH AND CASH EQUIVALENTS	12,155	23,493
Cash and cash equivalents at beginning of period	31,091	7,598
Cash and cash equivalents at end of period ⁽¹⁾	43,246	31,091
(1) Cash and cash equivalents		
• UCITS (only portion readily convertible into cash)	9,607	26,016
• Cash on hand	58,018	26,996
• Demand deposits	(24,378)	(21,920)
Total cash and cash equivalents	43,246	31,091
• UCITS (portion qualifying as short-term investments)	58,736	56,457
Total cash, cash equivalents and short-term investments	101,982	87,548

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2006

(in thousands of euros)

	Share capital	Share premium	Translation differences	Effective portion of hedging instru- ments	Treasury shares	Retained earnings and other reserves	Total conso- lidated equity	Minority interests
BALANCE AT JANUARY 1, 2005	29,803	84,841	(256)			17,632	130,215	34
Dividends paid to shareholders	32	931				(3,553)	(2,590)	
Purchase of treasury shares ⁽¹⁾					(2,072)		(2,072)	
Share-based payment and exercise of stock options ⁽²⁾	89	150				2,825	3,066	
Equity component of OCEANE, net of tax ⁽³⁾						6,964	6,964	
Total gain/loss recognized for the period			6,061	166		(40,494)	(34,268)	(9)
Other						6	6	(16)
BALANCE AT DECEMBER 31, 2005	29,924	85,924	5,805	166	(3,877)	(16,620)	101,321	9
Purchase of treasury shares ⁽¹⁾					(8,109)		(8,109)	
Dividends paid to shareholders ⁽²⁾	302	1,774				5,875	7,951	
MoneyLine ⁽⁴⁾	1,883	29,316				(12)	31,187	
Total gain/loss recognized for the period			(3,059)	274		17,181	14,397	(9)
Other						105	105	46
BALANCE AT DECEMBER 31, 2006	32,109	117,014	2,746	440	(11,986)	6,529	146,852	45

(1) The decrease in this account reflects the retirement of treasury shares held by the Company. At December 31, 2006, the Company held 782,829 treasury shares acquired by virtue of the authorizations granted at each shareholders' meeting.

(2) Share-based payment:

- The increase in retained earnings reflects the fair value of stock options and free shares granted and recognized each year.
- The increase in share capital and share premium reflects the exercise of share subscription options.

(3) This reflects the value, net of tax, of the equity component of "OCEANE" convertible bonds.

(4) Increase in share capital and issue premium resulting from the issuance of new shares as part of the exchange of shares carried out in connection with the merger approved by the shareholders' meetings of both companies on October 31, 2006.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1/ THE COMPANY

The preceding consolidated financial statements present the financial position of the company INGENICO and its subsidiaries (together referred to as “the Group”), as well as the Group’s share of the profits of associated companies and joint ventures. INGENICO is a publicly listed company incorporated under French Law, with its registered office in Neuilly.

The consolidated financial statements were approved by the board of directors on March 20, 2007.

2/ ACCOUNTING PRINCIPLES AND METHODS

In compliance with European Regulation No. 1606-2002 of July 19, 2002, the consolidated financial statements for fiscal year 2006 were drawn up in accordance with IFRS and the interpretations of the standards, as adopted by the European Union on December 31, 2006.

The Group opted to apply IAS 32, Financial Instruments: Disclosure and Presentation, and IAS 39, Financial Instruments: Recognition and Measurement, as of January 1, 2004.

The Company applies the revised version of IAS 19, which allows actuarial gains and losses to be recognized in equity.

Certain standards and interpretations adopted by the IASB or the IFRIC (International Financial Reporting Interpretations Committee) and by the European Union on December 31, 2006 were not applied in advance. This mainly includes the following:

- IFRS 7, Financial Instruments: Disclosures
- The amendment to IAS 1, Presentation of Financial Statements, on capital disclosures.

Those standards and interpretations adopted by the IASB or the IFRIC (International Financial Reporting Interpretations Committee) but not yet adopted by the European Union at December 31, 2006 were not applied in advance. Chief among them were IFRIC 10, Interim Financial Reporting and Impairment. Advance application of IFRIC 10 in 2006 would have had no impact on the 2006 consolidated financial statements.

The main accounting principles applied by the Group are as follows:

Preparation

The financial statements are presented in euros, rounded to the nearest thousand.

They were prepared on a historical cost basis, except for the following assets and liabilities, stated at fair value: derivative financial instruments and financial instruments held for trading.

Non-current assets and assets held for sale are recognized at either their carrying amount or their fair value less costs to sell, whichever is lower.

In preparing these financial statements, Group management was led to make use of assumptions and estimates affecting both the assets and liabilities recorded on the balance sheet, and the income and expenses in the income statement. Actual results may differ materially from the estimates and assumptions. Such differences chiefly arise on asset impairment tests and estimated provisions.

The accounting methods set forth below were consistently applied to all the reporting periods presented in the consolidated financial statements.

These accounting methods were uniformly applied by all Group entities.

Principles of consolidation

Subsidiaries

A subsidiary is an entity controlled by the Company. Control may be defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Potential voting rights that are currently exercisable or convertible are taken into account in assessing control.

The financial statements of all subsidiaries are combined into the consolidated financial statements from the date at which the Company achieves control until the date at which this control ceases.

Associates

An associate is an entity over whose financial and operating policies the Company has significant influence, without having control over them. The consolidated financial statements include the Group’s share of the total profit or loss of all associates, using the equity method, from the date at which the Company gains significant influence until the date at which this influence ceases.

If the Group’s share of the losses of an associate exceeds the carrying amount of its equity investment in the associate, the

carrying amount is reduced to nil, and the Group ceases to recognize its share of any subsequent losses, unless the Group has a legal or implicit obligation to share of the associate's losses or make payments for the benefit of the associate.

Joint ventures

A joint venture is a contractual agreement whereby the Group and one or more other parties undertake an economic activity that is subject to joint control. The consolidated financial statements include the Group's share of the assets, liabilities, income and expenses, classified line by line with the similar items in its own financial statements, from the date at which it acquires joint control until the date at which this joint control ceases.

Transactions eliminated in the consolidated financial statements

Intragroup balances, transactions, income and expenses are eliminated in full in the consolidated financial statements.

Unrealized gains on transactions with associates are eliminated to the extent of the Group's investment in the associate.

Unrealized losses are eliminated in the same fashion, except in the case of impairment losses.

Transactions in foreign currency

Revenues and expenses denominated in foreign currency are recorded at the euro equivalent on the date of transaction.

Foreign currency monetary items are translated on the balance sheet at closing exchange rates. Any resulting unrealized exchange gains or losses are recognized in the income statement. Non-monetary items denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the value was determined.

Translation of financial statements

The consolidated financial statements of the Group are denominated in euros.

Assets and liabilities of foreign subsidiaries, including purchased goodwill and fair value adjustments arising on consolidation in the case of acquisitions subsequent to January 1, 2004, are translated into euros at the closing exchange rate on the balance sheet date, except for shareholders' equity, which is stated at historical cost. Income and expenses for for-

eign subsidiaries are translated into euros at the average rates for the period, except in cases of major fluctuations. All resulting exchange differences are recognized as a separate component of equity known as "Translation differences."

The conversion rates for the main currencies used by the Group in fiscal years 2005 and 2006 are as follows:

Closing rate	2005	2006
U.S. dollar	1.1797	1.3170
Canadian dollar	1.3725	1.5281
Australian dollar	1.6109	1.6691
British pound	0.6853	0.6715
Brazilian Real	2.7613	2.8157

Average rate	2005	2006
U.S. dollar	1.2448	1.2557
Canadian dollar	1.5097	1.4242
Australian dollar	1.6326	1.6667
British pound	0.6839	0.6818
Brazilian Real	3.0431	2.7309

Hedging

Cash flow hedges

When a derivative financial instrument is designated as a hedging instrument whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item or a highly probable forecast transaction, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in equity. The ineffective portion of any gain or loss is immediately recognized in the income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or if a forecast transaction involving a non-financial asset or a non-financial liability becomes a firm commitment to which fair value hedge accounting is applied, the associated cumulative gain or loss recognized in equity is removed and included in the initial cost or any other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses that were recognized directly in equity are transferred to the income statement for the same period or periods during which the asset or liability affects income.

When the hedging instrument expires or is sold, terminated or exercised, or when the Group revokes the designation of the hedging relationship, but still expects the forecast transaction

to occur, the cumulative gain or loss at that date remains in equity and is accounted for when the transaction occurs, using the method previously described. When the Group no longer expects the hedged transaction to occur, the unrealized cumulative gain or loss that was recognized in equity is immediately recognized in the income statement.

Hedging monetary items

When a derivative financial instrument is used to hedge foreign currency risk on a recognized monetary asset or liability, hedge accounting is not applied and the gains or losses on the hedging instrument are recognized in the income statement.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its foreign exchange and interest rate exposure arising from its operating, financing and investing activities. Derivative instruments that do not meet hedge accounting criteria are recognized as speculative instruments. As such, they are measured at fair value, and any gain or loss from remeasuring the instruments at fair value is immediately recognized in the income statement.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the creditworthiness of the counterparty to the swap. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, i.e. the present value of the quoted forward price.

Property, plant and equipment

Assets owned by the Group

Property, plant, and equipment, including investment property, is carried at cost, less any accumulated depreciation and impairment losses. The cost of a self-constructed asset includes the cost of raw materials and direct labor, along with an appropriate share of production overhead costs.

When components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The replacement cost of a component is immediately capitalized under property, plant and equipment if it is probable that the future economic benefits arising from the asset will flow to the Group and its cost can be reliably measured. All routine maintenance and repair costs are expensed as incurred.

Finance leases

Leases that transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. This requires a restatement so that the value of the leased property is recognized as an asset while the corresponding financial debt is recognized as a liability. The property, plant and equipment is depreciated over its useful life.

Depreciation

Depreciation is computed by using the straight-line method, depending on the estimated useful life of each type of item.

Land is not depreciated. The estimated useful lives are as follows:

Buildings	30 years
Facilities	5-10 years
Equipment	3-4 years
Vehicles	5 years
Dies	4 years
Furniture, fixtures, office and computer equipment	3-10 years

Intangible assets

Goodwill

All business combinations are accounted for using the acquisition method.

Goodwill arises from the acquisition of subsidiaries, associates and joint ventures and represents the difference between the cost of acquisition and the fair value of the identifiable net assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized, but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill is recognized immediately in the income statement.

Research and development

Research costs are expensed as incurred.

The costs of development activities, i.e. costs related to the application of research findings to a plan or design for the pro-

duction of new or substantially improved products or processes, is capitalized if the Group can demonstrate, in particular, that the product or process is technically and commercially feasible and that sufficient resources are available to complete the development.

Such capitalized costs include the cost of materials and direct labor, plus an appropriate share of production overhead costs. Other development costs are expensed as incurred.

Capitalized development costs are stated at cost less accumulated amortization and impairment losses.

Other intangible assets

Licenses, software and user rights acquired with full ownership rights, as well as software developed for internal use, that have a positive, lasting and measurable impact on future results are capitalized and amortized over three to six years. Other intangible assets are stated at cost less accumulated amortization and impairment losses.

Subsequent expenditure

Subsequent expenditure related to intangible assets is only capitalized when it increases the future economic benefits of the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization

The straight-line method is used to amortize intangible assets over their estimated useful lives, unless such lives are indefinite.

Goodwill, intangible assets under development and intangible assets with indefinite useful lives are systematically tested for impairment at each balance sheet date. Other intangible assets are amortized from the date they are available for use.

The estimated useful lives are as follows:

Capitalized development costs	3-5 years
Licenses	3 years
Other intangible assets	5 years

Trade receivables

Trade and related receivables are recognized initially at fair value and subsequently measured at amortized cost less any impairment losses.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs to sell.

The cost of inventories is determined using the weighted average cost method and includes the costs incurred to acquire the inventories and bring them to their existing location and condition.

Short-term investments

Financial instruments classified as short-term investments are measured at fair value. Any gain or loss arising from the investment is recognized in the income statement.

UCITS that do not meet the requirements set forth in IAS 7 are classified as short-term investments.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and demand deposits. It also includes UCITS that meet the requirements set forth in IAS 7.

Bank overdrafts repayable on demand, which form an integral part of the Group's cash management strategy, are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Impairment of assets

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication that an asset may be impaired. If such indication exists, the asset's recoverable amount is estimated.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance date.

An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

An impairment loss recognized in respect of a cash-generating unit is allocated first to reduce the carrying amount of any

goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the unit's other assets on a pro-rata basis, based on the carrying amount of each asset in the unit.

Calculation of recoverable amount

The recoverable amount of the Group's held-to-maturity short-term investments and receivables measured at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate inherent in the asset. Short-term receivables are not discounted.

The recoverable amount of all other assets is the greater of their fair value less cost 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 each asset. If an asset does not generate cash inflows that are largely independent, recoverable value is calculated for the cash-generating unit to which the asset belongs.

Impairment losses

A goodwill impairment loss or an impairment loss on treasury shares cannot be reversed once it has been recognized.

An impairment loss recognized in respect of other assets can be reversed if there has been a change in the estimates used to determine the recoverable amount.

The increased carrying amount of an asset due to the reversal of an impairment loss must not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized.

Share capital

Treasury shares

Shares repurchased by INGENICO are classified as treasury shares, and their acquisition price is deducted from shareholders' equity.

Dividends

Dividends are recognized as a liability in the period in which they are approved.

Net debt

Net debt is calculated as short-term and long-term financial liabilities less cash and cash equivalents, short-term investments, as well as derivative instruments to the extent that they relate to underlying items included in net financial liabilities.

Compound financial instruments

Convertible bonds that can be converted into shares at the option of the holder, where the number of the shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments.

Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds. The value of the equity component of convertible bonds is calculated as the issue proceeds less the present value of the future interest and principal payments, discounted at the prevailing market rate for a similar liability that does not have an associated equity component. The interest expense recognized in the income statement is calculated using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost; any difference between cost and redemption value is recognized in the income statement over the term of the borrowings, using the effective interest method.

Employee benefits

Defined contribution plans

Payments to defined contribution plans are expensed as incurred.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is measured separately for each plan by estimating the amount of future benefits earned by employees in return for services rendered in the current and prior years; this amount is discounted to determine its present value, deducting the fair value of any plan assets. The discount rate applied is the yield at balance sheet date on government bonds that have maturity dates approximating the terms of the Group's obligations. Calculations

are performed by independent actuaries using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees expensed using the straight-line method over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the income statement.

INGENICO applies the revised version of IAS 19. Consequently, all actuarial gains and losses are recognized in equity.

Long-term service benefits

The Group's net obligation in respect of long-term service benefits other than retirement plans is the amount of future benefits earned by employees in return for services rendered in current and prior years. The amount of the obligation is determined using the projected unit credit method. This amount is discounted to determine its present value, deducting the fair value of any plan assets. The discount rate applied is the yield at balance sheet date on government bonds that have maturity dates approximating the terms of the Group's obligations.

Share-based payment

The INGENICO stock option program makes it possible for Group employees to acquire Company shares. The fair value of the options and free shares granted is recognized in payroll costs, with a corresponding increase in equity. Fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the options or shares. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions under which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of options vested.

Provisions

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Restructuring

A provision for restructuring is recognized when the Group has approved a formal and detailed restructuring plan and has:

- either commenced the restructuring;
 - or has announced the plan publicly.
- Future operating costs are not provided for.

Warranties

A provision for warranties is recognized when the underlying products or services are sold.

The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Onerous contracts

A provision for onerous contracts is recognized when the expected economic benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Trade and related payables

Trade and related payables are recognized initially at fair value and subsequently measured at amortized cost.

Revenue

Sale of goods and services

Revenues from the sale of goods are recognized in the income statement when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Revenues from services rendered are recognized in the income statement in proportion to the stage of completion of the service at the balance sheet date. The stage of completion is assessed based on work performed. No revenue is recognized if there is significant uncertainty regarding (i) the recoverability of the consideration due, (ii) the costs associated with the service that have been incurred or are to be incurred, or (iii) the possible return of goods in the event of cancellation of the purchase, or when the Group has continuing management involvement with the goods.

Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and costs are recognized in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed based on work performed. Expected losses are immediately recognized in the income statement.

Interest income

Interest income is recognized in the income statement on a time proportion basis that takes into account the effective yield.

Expenses

Operating lease payments

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Finance lease payments

Minimum finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other operating income and expenses

Other operating income and expenses include non-recurring income or expenses, such as goodwill impairment, gains or losses on disposal of consolidated subsidiaries or businesses, restructuring charges approved by management and publicly announced, non-recurring litigation expenses and asset impairment.

Net finance costs

Net finance costs include interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, and other dividend income.

Interest income is recognized in the income statement as it accrues, using the effective interest method.

Dividend income is recognized in the income statement on the date the Group's right to receive payment is established, or, for listed securities, the ex-dividend date.

The interest expense component of finance lease payments is recognized using the effective interest method.

Other financial income and expenses

Other financial income and expenses mainly consists of foreign exchange gains and losses.

Income tax

Income tax liabilities or assets include current tax liabilities or assets and deferred tax liabilities or assets. Income tax is recognized in the income statement except to the extent that it

relates to items recognized directly in equity, in which case it is also recognized in equity.

Current tax is (i) the expected tax payable on taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and (ii) any adjustment to the amount of current tax payable in respect of previous periods.

Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. No deferred tax is recognized for the following: (i) goodwill not deductible for tax purposes and (ii) temporary differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. The measurement of deferred tax assets and liabilities depends on the manner in which the Group expects to recover or settle the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available to the Group against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available.

Segment reporting

A segment is a distinct component of the Group that is engaged in providing products or services within a particular economic environment (geographical segment) and is exposed to risks and rewards that are different from those of other segments.

During the fiscal years presented here, the Group operated principally in the business segment of payment terminal sales. As a result, only geographical entities can be considered profit centers offering detailed performance measurements that make segment reporting possible.

Costs incurred at Group level on behalf of geographical segments are allocated to the various segments. These costs, which relate to the operational activity of segments, are directly attributed to the relevant segment or allocated on a reasonable basis.

The only unallocated items are head-office expenses.

Inter-segment transfers are priced at competitive market prices.

Non-current assets held for sale and discontinued operations

Non-current assets and groups of assets held for sale are recognized at either their carrying amount or their fair value less costs to sell, whichever is lower.

Impairment losses arising from the classification of an asset as held for sale are recognized in the income statement, as are any gains and losses arising on subsequent measurement. The recognized gain may not exceed the accumulated recognized impairment losses.

A discontinued operation is a component of the Group's economic activity that represents a separate major line of business or geographical area or is a subsidiary acquired exclusively for resale.

Classification as a discontinued operation occurs at the time of disposal or at an earlier date if the operation meets the criteria for classification as held for sale. A disposal group may also meet the criteria for classification as a discontinued operation.

3/ BASIS OF CONSOLIDATION

Corporate name	Address	Country	% Held Account. INGENICO S.A.	method
PARENT COMPANY				
INGENICO S.A.	192, avenue Charles de Gaulle - 92200 Neuilly-sur-Seine Cedex	France		
CONSOLIDATED SUBSIDIARIES				
IDS SOFRACIN S.A.	192, avenue Charles de Gaulle - 92200 Neuilly-sur-Seine Cedex	France	99.95%	FC
DSI INTERNATIONAL S.A.	192, avenue Charles de Gaulle - 92200 Neuilly-sur-Seine Cedex	France	98.71%	FC
SCI DU 5 PARC FLORAL	192, avenue Charles de Gaulle - 92200 Neuilly-sur-Seine Cedex	France	100.00%	FC
LEXEM S.A.	192, avenue Charles de Gaulle - 92200 Neuilly-sur-Seine Cedex	France	100.00%	FC
MONEYLINE BANKING SYSTEMS	183, avenue Georges Clemenceau - 92024 Nanterre Cedex	France	100.00%	FC
MONEYLINE VENTURES	183, avenue Georges Clemenceau - 92024 Nanterre Cedex	France	100.00%	FC
CASH SOLUTIONS	77, boulevard Gambetta - 59055 Roubaix	France	67.00%	FC
INGENICO GmbH	Pfalzburger Straße 43-44 - 10717 Berlin <i>Along with its wholly owned subsidiary EPOS EFT/POS Service GmbH</i>	Germany	100.00%	FC
INGENICO INTERNATIONAL (PACIFIC) PTY Ltd	6 Prosperity Parade - Warriewood NSW 2102 <i>Along with its wholly owned subsidiaries Europa Ltd, Ingenico Singapore, Ingenico Japan, and Ingenico New Zealand</i>	Australia	100.00%	FC
INGENICO INTERNATIONAL (S) PTE Ltd	390 Havelock Road #03-03 King's Centre Singapore 169662	Singapore	100.00%	FC
INGENICO JAPAN K K	4F, Sumitomo Fudosan Higashi - Shinbashi Bldg. No. 6 1-2-4 Hamamatsuchuo - Minato-ku Tokyo	Japan	100.00%	FC
INGENICO UK Ltd	Ridge Way - Donibristle Industrial Estate Dalgety Bay - Dunfermline FIFE JY11 5JU - Scotland <i>Along with its wholly owned subsidiary Ingenico Ireland</i>	UK	100.00%	FC
INGENICO IBERIA SL	C/ Ribera del Loira, 4 y 6 - 4ª planta Campo de las Naciones - 28042 Madrid <i>Along with its subsidiary Ingenico Barcelona S.A., 99.99% stake</i>	Spain	100.00%	FC
INGENICO CORP	6195 Shiloh Road, Suite D Alpharetta, Georgia 30005 <i>Along with its American and Canadian subsidiaries, all wholly owned</i>	USA	100.00%	FC
INGENICO IVI INC	9155 South Date Land Blvd Suite 1408 Miami Florida 33156 <i>Along with its wholly owned subsidiary in Mexico</i>	USA	100.00%	FC
DESCARTES INC	6 Colonail Lake Drive Lawrenceville - New Jersey - USA	USA	99.00%	FC
INGENICO DO BRASIL LTDA	Rua Tomé de Souza, 15-8 floor Sao Bernardo do Campo - Sao Paulo <i>Along with its wholly owned subsidiaries in Colombia, Venezuela, Argentina and Chile</i>	Brazil	100.00%	FC
INGENICO ITALIA SpA	Via Stephenson 43/a - 20157 Milano <i>Along with its wholly owned subsidiary EPOS Italy SpA</i>	Italy	100.00%	FC
INGENICO BV	Bogert 31 - 5612 LX Eindhoven	Netherlands	100.00%	FC
INGENICO ELECTRONIC EQUIPMENT CO Ltd	C/D 8F, Block B Wangjing Tower No. 9 Wangjing Zhong Huan Nan Rd., Beijing - China 100102	China	100.00%	FC
INGENICO KOREA	Daeha Building #508, 14-11Yeoiedo Dong,Yeoungdungpo, gu, Seoul Korea Postal Code 150-715	Korea	100.00%	FC
INGENICO SWITZERLAND SA	Impasse des Écureuils 2 Case postale 56 CH-1763 Granges-Paccot	Switzerland	100.00%	FC
INGENICO HUNGARY	1022 Budapest, Bég u. 3-5.	Hungary	100.00%	FC
INGENICO EASTERN EUROPE I SARL	10 bd Royal - 2449 Luxembourg <i>Along with its wholly owned subsidiary Ingenico Polska</i>	Luxembourg	80.00%	FC
INGENICO INVESTMENT LUXEMBOURG SA	10 bd Royal - L 2449 Luxembourg	Luxembourg	90.00%	FC

4/ ACQUISITIONS AND DISPOSALS

Acquisitions

MONEYLINE (France)

INGENICO and MoneyLine announced on June 29, 2006 their intention to have MoneyLine merge with and into INGENICO, based on an exchange ratio of 52 INGENICO shares for 25 MoneyLine shares, which amounts to 2.08 actions INGENICO for 1 MoneyLine share.

The two companies signed a draft merger agreement on September 20, 2006 and the shareholders of INGENICO and MoneyLine voted at their extraordinary meetings on October 31, 2006 to approve the proposed merger.

Reflecting the geographic priority plan announced by INGENICO on September 20, 2005, this merger serves the purpose of strengthening INGENICO'S presence in the multi-lane retail market in France and building Europe's leading provider of integrated electronic payment solutions.

Based on the agreed-upon exchange ratio of 52 INGENICO shares for 25 MoneyLine shares, or 2.08 actions INGENICO for 1 MoneyLine share, 1,882,764 INGENICO shares were issued in exchange for the 905,175 MoneyLine shares held by MoneyLine shareholders.

INGENICO thus carried out a capital increase of €1,882,764 that increased total share capital from €30,124,312 to €32,007,076.

The difference between the amount of the net assets transferred by MoneyLine (€30,981,356) and the par value of the

capital increase carried out by INGENICO (€1,882,764), i.e. €29,098,592, was credited to a merger premium account on the INGENICO balance sheet.

INGENICO's control over MoneyLine became effective on October 31, 2006, the date on which the merger was approved by the shareholders of both companies at their extraordinary meetings. As of that date, the following businesses and entities formerly in the MoneyLine Group were integrated into the INGENICO Group as a result of the merger of MoneyLine S.A. with and into INGENICO:

- MoneyLine S.A., a company with a focus on developing and marketing electronic payment solutions for multi-lane and chain-store retail.
- MoneyLine Banking Systems, a company dedicated to providing bank branches with unattended check processing devices, scanners, deployment and maintenance services, along with the related software.
- MoneyLine Venture S.A., Cash Solutions S.A. and Descartes Corp., three entities with no business activity.

Cost of the merger

Based on the exchange ratio between the shares of MoneyLine S.A. and the shares of INGENICO S.A., the acquisition price was €30,981,000, which INGENICO S.A. paid for by issuing 1,882,764 shares with a par value of €1. The resulting merger premium, i.e. €29,098,000, was credited to a merger premium account on the INGENICO S.A. balance sheet.

Amounts recorded in each category of assets, liabilities and contingent liabilities upon inclusion of MoneyLine in the consolidated accounts of INGENICO

Given that this acquisition was paid for with INGENICO S.A. shares, and after the accounts of the acquired entities were restated to be consistent with the Group's accounting methods

and purchased goodwill was calculated, assets and liabilities were as follows at October 31, 2006, the date of the merger.

ASSETS (in thousands of euros)		Oct. 31, 2006
NON-CURRENT ASSETS		
Goodwill	(3)	24,236
Other intangible assets	(2)	6,089
Property, plant and equipment		909
Non-current financial assets		157
Other non-current assets		3
TOTAL NON-CURRENT ASSETS		31,394
CURRENT ASSETS		
Inventories	(2)	3,325
Trade receivables and related accounts		7,130
Other current assets		655
Current tax receivables		450
Cash and cash equivalents		2,280
TOTAL CURRENT ASSETS		13,840
TOTAL ASSETS		45,234
SHAREHOLDERS' EQUITY AND LIABILITIES (in thousands of euros)		Oct. 31, 2006
EQUITY	(1)	
Share capital		1,883
Share premium account		29,305
Translation differences		
TOTAL EQUITY		31,188
NON-CURRENT LIABILITIES		
Borrowings and long-term debt		149
Provisions for retirement benefit obligations		274
Other non-current provisions		2,200
Deferred tax liabilities		1,937
Other non-current liabilities		1,605
TOTAL NON-CURRENT LIABILITIES		6,165
CURRENT LIABILITIES		
Short-term borrowings		97
Current provisions		145
Trade payables and related accounts		6,758
Other liabilities		881
TOTAL CURRENT LIABILITIES		7,881
TOTAL LIABILITIES		14,046
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		45,234

(1) Expenses included, the acquisition price totaled €31,484,000.

(2) Allocation of acquisition cost.

After studying possibilities for allocating acquisition cost, the Group identified and valued the following current and non-current assets:

(in thousands of euros)

	MoneyLine Payment business	MoneyLine Banking Systems	Total
INTANGIBLE ASSETS			
LICENSES, PATENTS AND SIMILAR RIGHTS			
Trademarks	478	270	748
Technology	2,735	520	3,255
OTHER INTANGIBLE ASSETS			
Long-term customer contracts	1,513	450	1,963
TOTAL INTANGIBLE ASSETS	4,727	1,240	5,967
CURRENT ASSETS			
Inventories	184	60	244
TOTAL CURRENT ASSETS	184	60	244
TOTAL ASSETS IDENTIFIED AND VALUED	4,911	1,300	6,211
DEFERRED TAX LIABILITIES	(1,691)	(448)	(2,138)

(3) Goodwill

After allocation, purchased goodwill totaled €24,236,000. It has been divided up between the operating businesses of the former MoneyLine Group as follows:

- €21,264,000 to Retail business, formerly MoneyLine Payment Systems.
- €2,972,000 to MoneyLine Banking Systems.

Pro forma financial statements

To facilitate comparison, the following information is presented below:

- The effect on INGENICO's consolidated income of integrating the former MoneyLine Group's businesses.

2006

(in thousands of euros)

	INGENICO without MoneyLine	MoneyLine business, 2 months	INGENICO (as reported)
REVENUE	500,212	6,010	506,222
PROFIT FROM ORDINARY ACTIVITIES	31,976	1,105	33,081
PROFIT FROM OPERATIONS	30,091	1,102	31,193
Net finance costs	(7,864)	15	(7,849)
PROFIT BEFORE INCOME TAXES	22,227	1,117	23,344
Income taxes	(7,162)	(209)	(7,371)
NET PROFIT	15,065	908	15,973

- A pro forma income statement for 2006 that includes MoneyLine since January 2006.

2006

(in thousands of euros)

	INGENICO without MoneyLine	MoneyLine business, 2 months	INGENICO (pro forma)
REVENUE	500,212	26,627	526,839
PROFIT FROM ORDINARY ACTIVITIES	31,976	1,752	33,728
PROFIT FROM OPERATIONS	30,091	44	30,135
Net finance costs	(7,864)	112	(7,752)
RÉSULTAT AVANT IMPÔTS/PROFIT BEFORE INCOME TAXES	22,227	156	22,383
Income taxes	(7,162)	(167)	(7,329)
NET PROFIT	15,065	(11)	15,054

The following assumptions were used to arrive at the pro forma income statement above:

- The acquisition is treated as if it were effective on January 1, 2006, with the result that the intangible assets identified in the process of allocating acquisition cost are amortized as of that date.
- The results in the column on the right were obtained simply

by adding the figures for MoneyLine and the figures for INGENICO for the period from January 1 to October 31, 2006, and finally the figures for the post-merger entity for the period from November 1 to December 31, 2006. Potential synergies in the new entity are not taken into account.

SWITZERLAND

In February 2005, INGENICO acquired a 51-percent stake in the company XA S.A. with the aim of becoming a major player in the payment terminal market in Switzerland.

During 2006, the main terminals in the INGENICO product range were approved by the local ep2 certification entity, and a sales team was set up, with the result that XA S.A. is now in a position to initiate sales activity.

To be able to benefit more quickly and more fully from the growing Swiss market and achieve maximum return on investment, INGENICO bought out the 49-percent stake held by minority interests in May 2006 on the same financial terms as the initial acquisition of 51 percent in February 2005.

XA S.A. has been renamed INGENICO (Suisse) S.A.

This buyout increased goodwill by €770,000.

SOUTH KOREA

INGENICO established a joint venture in March 2005 with GENESIS CAPITAL PARTNERS, in which it held a 50.01-percent stake. This undertaking enabled INGENICO to initiate sales talks with local transaction acquirers.

In August 2006, INGENICO bought out the shares held by GENESIS CAPITAL PARTNERS to achieve sole ownership of the joint venture, which is now a fully consolidated entity. The €376,000 in goodwill arising on this acquisition was written down.

Divestitures

As part of its program of renewed focus on core business, INGENICO disposed in early 2006 of subsidiaries considered non-strategic or with insufficient market share to enable them to play a major role.

DEBITEK (United States)

An American company in which INGENICO S.A. had a 99.13-percent interest, DEBITEK designs and markets electronic cash payment systems centered on card readers for closed user groups. Because most of DEBITEK card readers are used by American customers with magnetic stripe cards, they represent a local product line distinct from the product range offered by INGENICO. In 2005, DEBITEK booked \$7.1 million in sales (€5.9 million) and \$39,000 in profit from operations.

This subsidiary was sold on February 7, 2006 to Heartland Payment Systems. INGENICO provided a guarantee on Debittek's assets and liabilities that expires on April 1, 2007 (except in the case of possible claims related to tax liabilities or environmental issues, for which the guarantee expires 75 days after the end of the time limit for claiming tax liabilities and three years after the transaction date for environmental issues).

INGENICO AB (Sweden)

INGENICO AB, a Swedish company that was wholly owned by INGENICO S.A., booked revenue of 25.3 million Swedish kronas (€2.69 million) and net profit of 2.603 million Swedish kronas (€277,000) in 2005.

INGENICO AB was sold on March 7, 2006 to Bankenes Betalingssentral AS (BBS), a leading Norwegian player in payment terminal distribution and electronic transaction acquisi-

tion. INGENICO provided a guarantee on its former subsidiary's assets and liabilities that expires on April 1, 2007 (except in the case of possible claims related to tax liabilities, for which the guarantee expires one month after the end of the time limit).

The strategic rationale behind this divestiture is to replace a direct sales business model limited to Sweden by an exclusive distribution model via a local partner with a major footprint across Scandinavia (Sweden, Norway, Denmark and Finland).

INGENICO TRANSACTION SYSTEM (United Kingdom)

INGENICO TRANSACTION SYSTEM (ITS), previously a wholly owned INGENICO subsidiary in the United Kingdom, provides a B2B solution for processing transaction data from purchasing cards used by a number of British companies. In 2005, ITS booked revenue of £2.24 million (€3.27 million) and net profit of £274,000 (€300,000).

ITS was sold to American Express on March 13, 2006. INGENICO provided a guarantee on its former subsidiary's assets and liabilities that expires on May 31, 2007 (except in the case of possible claims related to tax liabilities, for which the guarantee expires seven years after the transaction date).

In 2006, the Group's divestiture program generated a net gain of €2,517,000, given that the entities disposed of were derecognized. The resulting net increase in cash (i.e. net of cash disposed of) was €8,075,000.

The assets and liabilities of the entities disposed of were classified on the 2005 balance sheet under "Assets held for sale" and "Liabilities held for sale."

5/ SEGMENT INFORMATION

The primary criterion – by geographical location of operations – reflects the Group's management structure.

At December 31, 2006, the Group monitored its activity according to the following six principal regions:

- Northern Europe (Germany, United Kingdom, etc.)
- Southern Europe (France, Spain, Italy, etc.)
- Asia-Pacific
- North America (United States, Canada)
- Latin America
- Central Europe, Africa and the Middle East.

Breakdown of segment profit or loss

At December 31, 2006, segment profit or loss broke down as follows:

(in thousands of euros)	Northern Europe	Southern Europe	Asia- Pacific	North America	Latin America	CEMEA	Unalloc.(*)	Elim.	Consol.
External revenue	102,825	153,709	38,082	110,527	99,025	2,055			506,222
Inter-segment revenue	1,132	142,505	2,323	493	15,658			(162,111)	
TOTAL REVENUE	103,957	296,214	40,405	111,020	114,682	2,055		(162,111)	506,222
Profit from ordinary activities	3,784	23,312	(4,404)	7,780	11,327	(2,337)	(6,382)		33,081
Profit from operations	(94)	26,395	(7,088)	9,286	11,411	(2,336)	(6,382)		31,193
Total finance costs									(7,849)
Share of profits or losses of associates accounted for using the equity method									
Income tax									(7,371)
CONSOLIDATED NET PROFIT/LOSS									15,973
ATTRIBUTABLE TO INGENICO SHAREHOLDERS									15,984
Revenue by location of customers is as follows:									
External revenue	90,152	108,978	38,802	110,527	99,024	58,739			506,222

(*) Unallocated items are head-office costs not assigned to geographical segments.

At December 31, 2005, segment profits or losses are broken down as follows:

(in thousands of euros)	Northern Europe	Southern Europe	Asia- Pacific	North America	Latin America	CEMEA	Unalloc.(*)	Elim.	Consol.
External revenue	110,396	147,726	24,974	90,118	62,069	1,656			436,939
Inter-segment revenue	1,200	117,808	951	3,136	2,305			(125,401)	
TOTAL REVENUE	111,597	265,534	25,925	93,254	64,374	1,656		(125,401)	436,939
Profit from ordinary activities	4,755	9,003	(6,368)	(3,173)	6,396	(1,028)	(1,335)		8,249
Profit from operations	(1,468)	(12,363)	(11,813)	(9,436)	6,396	(1,032)	(4,652)		(34,368)
Total finance costs									(3,267)
Share of profits or losses of associates accounted for using the equity method									
Income tax									(2,502)
CONSOLIDATED NET PROFIT/LOSS									(40,137)
ATTRIBUTABLE TO INGENICO SHAREHOLDERS									(40,131)
Revenue by location of customers is as follows:									
External revenue	110,683	106,820	25,043	90,159	62,321	41,913			436,939

(*) Unallocated items are head-office costs not assigned to geographical segments.

Breakdown of depreciation and amortization expense and expenses with no impact on cash flow

Depreciation and amortization expense and expenses with no impact on cash flow are broken down as follows at December 31, 2006:

(in thousands of euros)	Northern Europe	Southern Europe	Asia- Pacific	North America	Latin America	CEMEA	Unalloc.(*)	Elim.
Depreciation and amortization expense	1,658	5,009	803	2,655	902	747		11,775
Additions to provisions net of reversals and IFRS 2 expenses	(2,767)	3,359	26	(109)		12		521

Depreciation and amortization expense and expenses with no impact on cash flow are broken down as follows at December 31, 2005:

(in thousands of euros)	Northern Europe	Southern Europe	Asia- Pacific	North America	Latin America	CEMEA	Unalloc.(*)	Elim.
Depreciation and amortization expense	2,830	6,404	3,745	2,653	870	37		16,538
Additions to provisions net of reversals and IFRS 2 expenses	3,935	6,062		(573)		13		9,437

Breakdown of segment assets and liabilities

Segment assets and liabilities are broken down as follows at December 31, 2006:

BREAKDOWN OF SEGMENT ASSETS AND LIABILITIES (in thousands of euros)	Northern Europe	Southern Europe	Asia-Pacific	North America	Latin America	CEMEA	Consol.
External segment assets	56,425	149,795	28,936	105,563	37,383	5,959	384,060
Deferred tax assets							14,393
Current tax assets							506
Financial receivables							59,635
Derivative instruments							965
Assets held for sale							
TOTAL ASSETS	56,425	149,795	28,936	105,563	37,383	5,959	459,559
External segment liabilities	55,825	(1,979)	42,350	21,679	25,016	7,377	150,268
Consolidated equity							146,897
Deferred tax liabilities							734
Current tax liabilities							2,116
Financial liabilities							159,403
Liabilities held for sale							141
TOTAL LIABILITIES	55,825	(1,979)	42,350	21,679	25,016	7,377	459,559

Segment assets and liabilities are broken down as follows at December 31, 2005:

BREAKDOWN OF SEGMENT ASSETS AND LIABILITIES (in thousands of euros)	Northern Europe	Southern Europe	Asia-Pacific	North America	Latin America	CEMEA	Consol.
External segment assets	46,697	136,020	26,565	100,383	29,719	5,036	344,420
Deferred tax assets							18,083
Current tax assets							2,681
Financial receivables							57,678
Derivative instruments							301
Assets held for sale							9,238
TOTAL ASSETS	46,697	136,020	26,565	100,383	29,719	5,036	432,401
External segment liabilities	39,416	28,893	37,994	19,150	20,726	5,304	151,483
Consolidated equity							101,330
Deferred tax liabilities							804
Current tax liabilities							1,322
Financial liabilities							175,007
Liabilities held for sale							2,454
TOTAL LIABILITIES	39,416	28,893	37,994	19,150	20,726	5,304	432,401

Breakdown of acquisition costs for property, plant and equipment and intangible assets

Acquisition costs for property, plant and equipment and intangible assets are broken down as follows:

(in thousands of euros)	Northern Europe	Southern Europe	Asia-Pacific	North America	Latin America	CEMEA	Unalloc.(*)	Consol.
Fiscal year 2006	1,416	6,201	353	1,090	888	521		10,468
Fiscal year 2005	1,991	7,629	329	1,943	1,098	1,584		14,574

6/ COSTS BY FUNCTION AND OTHER EXPENSES

Personnel costs are broken down as follows:

(in thousands of euros)	2006	2005
Wages and salaries	66,128	69,065
Social security contributions	17,358	18,347
Retirement and other defined-benefit plan expenses	283	404
Provisions for termination benefits	336	(695)
Stock options and free share awards	5,875	2,825
TOTAL	89,980	89,946

Depreciation and amortization expense is broken down as follows:

(in thousands of euros)	2006	2005
Amortization and provisions for intangible assets	7,894	6,899
Depreciation and provisions for property, plant and equipment	5,322	6,022
Goodwill impairment	376	4,222
TOTAL	13,592	17,143

7/ OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses include:

(in thousands of euros)	2006	2005
Restructuring charges	(3,165)	(9,293)
Litigation expenses and costs related to quality issues	630	(24,190)
Impact of applying the new inventory depreciation method		(8,837)
Gains/(losses) on disposal of assets	2,517	4,659
Goodwill impairment	(376)	(4,221)
Disposal or retirement of plant, property and equipment or intangible assets	(1,331)	(918)
Other	(164)	183
TOTAL	(1,888)	(42,617)

The net expense of €1.9 million in 2006 is mainly due to:

- Restructuring charges totaling €3,165,000 resulted from divestitures and discontinued operations, along with the cost of measures for the benefit of employees affected by staff adjustment programs.
- Litigation expenses and costs related to quality issues generated a positive balance of €630,000:
 - Quality-related costs were offset by the reversal of the provision set up in 2005. The Group recorded a residual expense of €930,000.
 - The positive balance (€1,560,000) in litigation income and expenses resulted primarily from the reversal of a provision

for a lawsuit that exceeded the compensation negotiated and paid to a third party during the period.

- Net gains on disposal of assets totaling €2,517,000 resulted from the disposal of Group subsidiaries ITS, INGENICO Sweden and Debitex under the divestiture program initiated in 2005.
- A goodwill impairment loss of €376,000 was recorded on the acquisition of the minority interests in the Group's Korean subsidiary.
- Net losses on disposal or retirement of other non-current assets totaled €1,331,000. More than half of this amount was related to reorganization programs carried out in France.

8/ NET FINANCE COSTS

Net finance costs are broken down as follows:

(in thousands of euros)	2006	2005
Interest expense on convertible bonds	(3,880)	(2,532)
Other interest expense	(5,272)	(2,950)
GROSS BORROWING COSTS	(9,152)	(5,482)
Income from cash and cash equivalents	1,524	1,270
NET FINANCE COSTS	(7,628)	(4,211)
Other financial income	10,506	5,084
Other financial expenses	(10,726)	(4,140)
TOTAL FINANCE COSTS	(7,849)	(3,267)

For 2006, net financing costs include:

- €3,880,000 related to contractual and notional interest on "OCEANE" convertible bonds.
- €5,272,000, chiefly reflecting interest on medium-term borrowings in France.

Income from cash and cash equivalents consists of income from cash equivalents and short-term investments.

The net negative balance of €220,000 in other financial income and expenses consists of a net foreign exchange loss of €2,079,000, partially offset by €1,858,000 in other financial income that mainly reflects fair value adjustments to short-term investments.

9/ INCOME TAX

Income tax expense on the earnings of consolidated companies

Income tax expense is broken down as follows:

(in thousands of euros)	2006	2005
Income tax expense for the period	(6,516)	(4,303)
Deferred tax	(855)	1,800
TOTAL	(7,371)	(2,502)

In 2006, income tax expense for the period mainly reflects tax payable in Latin America, North America, the United Kingdom and Italy.

In 2005, income tax expense for the period mainly reflects tax payable in Latin America, Italy and the United Kingdom.

Group proof of tax

Corporate income tax is calculated by applying the effective tax rate at the balance sheet date to profit or loss before income taxes at December 31, 2006. In France, deferred income tax is calculated using the latest enacted tax rate, which is 34.43 percent for 2007 onward.

The following table shows a reconciliation of prima facie tax expense calculated at the applicable rate and the recognized income tax expense. The reconciling items reflect the effect of tax rate differentials and changes as well as that of non-taxable benefits or non-deductible expenses arising from permanent differences between local tax bases and the financial statements presented under IFRS.

Reconciliation between total tax expense and profit before income taxes

(in thousands of euros)	2006	2005
Net profit/(loss) for the period	15,973	(40,137)
Corporate income tax	(7,371)	(2,502)
Profit/(loss) before income taxes	23,344	(37,635)
Tax rate – France	34.43%	34.43%
Prima facie tax expense	(8,037)	12,958
Difference between the French tax rate and that of foreign subsidiaries	(415)	(820)
Unused loss carry-forwards for the period	(2,888)	(14,287)
Use of non-capitalized loss carryforwards	7,828	1,069
Effect of permanent differences	(3,859)	(1,412)
TOTAL TAX EXPENSE	(7,371)	(2,502)

Deferred taxes recognized in the balance sheet

Breakdown by recovery or settlement date

(in thousands of euros)	2006	2005
DEFERRED TAX ASSETS		
Deferred tax assets recoverable in more than one year	14,393	18,083
Deferred tax assets recoverable in less than one year		
TOTAL DEFERRED TAX ASSETS AT DECEMBER 31ST	14,393	18,083
DEFERRED TAX LIABILITIES		
Deferred tax liabilities to be settled in more than one year	(734)	(804)
Deferred tax liabilities to be settled in less than one year		
TOTAL DEFERRED TAX LIABILITIES AT DECEMBER 31ST	(734)	(804)

Change in deferred taxes

(in thousands of euros)	Deferred tax assets from tax loss carryforwards	Deferred tax assets from temporary differences	Total deferred tax assets	Total deferred tax liabilities	Total deferred tax, net
AT DECEMBER 31, 2005	11,274	6,809	18,083	(804)	17,279
Deferred tax recognized in the income statement	960	(2,224)	(1,264)	409	(855)
Deferred tax recognized in equity	0	(1,593)	(1,593)	(420)	(2,012)
Translation differences	(807)	(753)	(1,560)	0	(1,560)
Other changes	755	(29)	727	81	807
AT DECEMBER 31, 2006	12,182	2,211	14,393	(734)	13,659

Breakdown by type of temporary difference

(in thousands of euros)	2006	2005
DEFERRED TAX ASSETS BY TYPE OF TEMPORARY DIFFERENCE		
Property, plant and equipment and intangible assets	(1,265)	(120)
Post-employment employee benefits	2,862	2,388
Inventories, receivables, payables and provisions	3,066	7,393
Tax losses and credits	12,182	11,274
Other (financial instruments)	(2,452)	(2,852)
TOTAL	14,393	18,083
DEFERRED TAX LIABILITIES BY TYPE OF TEMPORARY DIFFERENCE		
Property, plant and equipment and intangible assets	(456)	(14)
Post-employment employee benefits	205	0
Inventories, receivables, payables and provisions	(483)	(789)
TOTAL	(734)	(803)
SHOWN AS FOLLOWS ON THE BALANCE SHEET		
Deferred tax assets	14,393	18,083
Deferred tax liabilities	(734)	(804)
TOTAL NET DEFERRED TAX	13,659	17,279

Breakdown of unrecognized deferred tax assets

(in thousands of euros)	2006	2005
Deferred tax from tax loss carryforwards	30,677	32,696
Deferred tax from temporary differences	4,216	
TOTAL	34,893	32,696

10/ INTANGIBLE ASSETS

Goodwill

(in thousands of euros)

	2006	2005
AT JANUARY 1ST	65,413	69,989
Investments	25,382	2,387
Disposals	0	0
Impairment losses	(376)	(3,221)
Translation differences	(20)	307
Other	(412)	(4,049)
AT DECEMBER 31ST	89,987	65,413

Breakdown of goodwill

(in thousands of euros)

	2006			2005		
	Gross carrying amount	Accumulated impairment losses	Net carrying amount	Gross carrying amount	Accumulated impairment losses	Net carrying amount
North America	57,477		57,477	57,477		57,477
Asia	4,192	(376)	3,816	4,228		4,228
INGENICO Italia	814	(96)	718	814	(96)	718
INGENICO Ireland Ltd.	1,026	(139)	888	1,001	(131)	870
EUROPA Pty Ltd.	4,434	(3,379)	1,055	4,594	(3,501)	1,093
INGENICO Switzerland	1,797		1,797	1,027		1,027
Moneyline Banking System	2,972		2,972			
Moneyline Retail	21,264		21,264			
TOTAL	93,976	(3,990)	89,987	69,141	(3,728)	65,413

The increase in goodwill is due primarily to the merger of the former MoneyLine Group with and into INGENICO. After allocating acquisition cost to specific assets (trademarks, long-term contracts, technology and inventories) for a total of €6,210,000, the Group recorded residual purchased goodwill of €24,236,000.

The acquisition of the remaining 49-percent minority interest in the company, renamed XA INGENICO Switzerland, led to a €7770,000 increase in goodwill.

The buyout by the Group of the shares held by its partner in INGENICO Korea, led to a €376,000 increase in purchased goodwill, which was written down at December 31, 2006.

Tests for impairment conducted at other Group entities in the fourth quarter of 2006 did not result in any further goodwill impairment charges.

Goodwill impairment tests

INGENICO tested the net values of goodwill for impairment. This procedure, chiefly based on the after-tax discounted future cash flow method, consists of measuring the recoverable amount of each cash-generating unit. A cash-generating unit is a subsidiary or a geographical region in which the Group operates. Impairment tests are performed in the fourth quarter of each year using cash flow projections based on existing business forecasts for a four-year period

after 2006, including growth and profitability rates based on reasonable assumptions. A discount rate (based on the weighted average cost of capital) and a long-term growth rate for the period beyond three years are determined based on an analysis of the business segment in which the Group operates and used in all valuations of cash-generating units. Existing forecasts are based on both past experience and market growth outlook.

The main assumptions used to calculate the recoverable amount of goodwill are as follows:

Segments	Northern Europe	Southern Europe			Asia/Pacific		North America	Central Europe, Africa, Middle East	
Cash-generating units	Ireland	Italy	Moneyline Banking System	Moneyline Retail	Asia	Europa	North America	INGENICO Switzerland	Total
Carrying amount of goodwill (in thousands of euros)	888	718	2,972	21,264	3,816	1,055	57,477	1,797	89,987
Valuation method for the cash generating unit	Value in use								
Number of years over which cash flows are estimated	3 years								
Long-term growth rate	2.50%	0.00%	2.50%	2.50%	3.00%	1.00%	2.50%	2.50%	
WACC used at 12/31/2006	11.30%	11.30%	11.30%	11.30%	15.30%	14.20%	12.30%	9.86%	

(1) Pre-tax discount rates have been used, with no impact on valuation.

To measure the sensitivity of this method, various assumptions are consistently tested on these parameters:

- A change of +/- 1% in average annual cash-flow growth rate.
- A change of +/- 0.5% in cash-flow discount rate.

Other intangible assets

(in thousands of euros)	2006				TOTAL	2005				TOTAL
	Licenses, trade-marks, technology	Development costs (incurred internally)	Other intangible assets	Advances and down-payments		Licenses	Development costs (incurred internally)	Other intangible assets	Advances and down-payments	
COST										
AT JANUARY 1 ST	14,958	39,895	3,584		58,437	13,530	33,163	3,878	24	50,594
Investments	151	3,091	308		3,550	349	7,161	134		7,645
Disposals	(301)				(301)	(376)	(2,324)			(2,700)
Change in reporting entity (*)	4,745		1,963		6,708		566			566
Translation differences	(921)	(1,630)	15		(2,536)	1,276	2,330	(2)		3,604
Other	442	(562)	78		(42)	179	(1,001)	(426)	(24)	(1,272)
AT DECEMBER 31 ST	19,074	40,794	5,947		65,816	14,958	39,895	3,584	0	58,437
AMORTIZATION AND IMPAIRMENT LOSSES										
AT JANUARY 1 ST	(10,419)	(24,521)	(3,584)		(38,524)	(8,454)	(20,353)	(3,146)	0	(31,953)
Amortization	(2,837)	(4,487)	(570)		(7,894)	(1,538)	(4,012)	(869)		(6,418)
Impairment losses						257				257
Change in reporting entity (*)	(581)	7	(38)		(612)		(420)			(420)
Translation differences	579	1,406	5		1,990	(667)	(1,916)	4		(2,579)
Other	1,344	(714)	(45)		585	(17)	2,180	426		2,589
AT DECEMBER 31 ST	(11,915)	(28,308)	(4,232)		(44,455)	(10,419)	(24,521)	(3,584)	0	(38,524)
CARRYING AMOUNT										
AT JANUARY 1 ST	4,539	15,374	0		19,913	5,076	12,810	732	24	18,641
AT DECEMBER 31 ST	7,159	12,486	1,716		21,361	4,539	15,374	0	0	19,913

(*) The change in reporting entity in 2006 primarily reflects the allocation of the acquisition cost arising on the MoneyLine merger. The following gross amounts were allocated to the intangible assets identified:

LICENSES

- Trademarks: €748,000
- Technology: €3,255,000

OTHER INTANGIBLE ASSETS

- Long-term customer contracts: €1,963,000

These assets are amortized over five years.

11/ PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	2006					2005				
	Land and buildings	Technical facilities and equipment	Other	Assets in progress	Total	Land and buildings	Technical facilities and equipment	Other	Assets in progress	Total
COST										
AT JANUARY 1ST	1,427	38,094	17,721	32	57,273	8,303	34,992	12,257	432	55,983
Investments	253	3,611	2,285	46	6,195	57	3,680	1,567	85	5,390
Disposals	(1,006)	(2,472)	(2,696)		(6,174)	(5,185)	(2,369)	(161)		(7,715)
Change in reporting entity (*)		1,165	1,256		2,420		24			24
Translation differences		(1,360)	(1,054)		(2,415)	147	2,532	1,790	35	4,504
Other	169	(1,931)	1,346	(32)	(448)	(1,895)	(765)	2,268	(520)	(912)
AT DECEMBER 31ST	842	37,105	18,858	46	56,852	1,427	38,094	17,721	32	57,273
DEPRECIATION AND IMPAIRMENT LOSSES										
AT JANUARY 1ST	(1,152)	(26,968)	(12,066)	0	(40,186)	(3,682)	(23,863)	(8,532)	0	(36,077)
Depreciation	241	(3,516)	(2,047)		(5,322)	(587)	(3,671)	(1,597)		(5,855)
Disposals and impairment losses	648	2,093	2,270		5,012	1,907	1,950	128		3,984
Change in reporting entity (*)	(24)	(974)	(756)		(1,754)		(8)			(8)
Translation differences		1,304	814		2,119	(103)	(1,999)	(1,159)		(3,261)
Other	(107)	1,404	(1,216)		81	1,313	623	(906)		1,030
AT DECEMBER 31ST	(395)	(26,656)	(13,000)	0	(40,051)	(1,152)	(26,968)	(12,066)	0	(40,186)
CARRYING AMOUNT										
AT JANUARY 1ST	275	11,126	5,655	32	17,087	4,621	11,129	3,725	432	19,907
AT DECEMBER 31ST	447	10,449	5,858	46	16,801	275	11,126	5,655	32	17,087

Testing of property, plant and equipment

At December 31, 2006, the carrying amount of property, plant and equipment was compared to their value-in-use for the Group. No depreciation was recognized for the period.

12/ FINANCIAL ASSETS

At December 31, 2006 and 2005, financial assets included security deposits and guarantees paid, equity interests in non-consolidated companies and related receivables.

(in thousands of euros)	2006	2005
Financial assets held to maturity	899	1,221
TOTAL	899	1,221

13/ OTHER NON-CURRENT ASSETS

(in thousands of euros)	2006	2005
Other non-current assets	6,544	8,274
TOTAL	6,544	8,274

At December 31, 2006 and 2005, other non-current assets consisted of the following:

(in thousands of euros)	2006	2005
Receivables due in more than one year	3,740	5,274
Tax receivables other than corporate income tax due in more than one year	443	577
Tax loss carry-backs, more than one year	2,298	2,298
Accruals, more than one year	63	125
TOTAL	6,544	8,274

14/ INVENTORIES

(in thousands of euros)	2006	2005
Raw materials and consumables	14,592	14,254
Finished products	48,024	37,391
Depreciation on raw materials and consumables	(5,932)	(6,953)
Depreciation on finished products	(6,725)	(4,564)
NET TOTAL	49,960	40,128

The €9.832 million net increase in inventories results primarily from a change in reporting entity (MoneyLine) and sustained business activity, particularly towards the end of the year.

15/ TRADE RECEIVABLES AND RELATED ACCOUNTS

Trade receivables and related accounts are broken down as follows:

(in thousands of euros)	2006	2005
Advances and down-payments to suppliers	1,567	1,105
Trade receivables on the sale of goods and services	119,834	133,659
Employee-related receivables	130	232
Tax receivables other than corporate income tax	4,122	1,309
Current accounts, receivables		311
Other receivables	2,586	4,410
Provisions for bad debt	(2,257)	(2,521)
TOTAL	125,982	138,505

The decrease in trade receivables in comparison with 2005 results from Group-wide efforts to shorten payment terms.

16/ CURRENT TAX RECEIVABLES AND OTHER CURRENT ASSETS

(in thousands of euros)	2006	2005
Prepaid expenses	5,486	1,879
Accrued interest on receivables and loans	315	469
TOTAL	5,802	2,347
INCOME TAX AND OTHER TAX RECEIVABLES	506	2,681

17/ ASSETS HELD FOR SALE

At December 31, 2006, the Group had not initiated any processes for disposing of assets or subsidiaries.

18/ CONSOLIDATED EQUITY

Number of outstanding shares

	2006	2005
SHARES ISSUED AT JANUARY 1ST	29,924,312	29,803,117
Shares issued in connection with options exercised and dividend distribution	301,500	121,195
Shares issued in connection with the MoneyLine merger	1,882,764	
SHARES AT DECEMBER 31ST	32,108,576	29,924,312
Treasury shares at December 31 ST	782,829	319,310
SHARES OUTSTANDING AT DECEMBER 31ST	31,325,747	29,605,002

INGENICO's shares have a par value of €1. Authorized share capital at December 31, 2006 totaled 32,108,576 shares.

Treasury shares

(in thousands of euros)	2005	Purchased	Sold	Other	2006
Number of shares	319,310	800,690	(337,171)		782,829
Unit value	12,14	16,63	16,72		15,31
TOTAL	3,876,136	13,317,589	(5,637,499)		11,986,536

The Company began on May 5, 2006 to buy back its own shares, pursuant to the resolution voted by the shareholders at their Combined Ordinary and Extraordinary Meeting of May 5, 2006, which replaced the resolution voted at the Shareholders' Meeting of May 19, 2005 and which is subject to the same conditions, i.e. the purchase price is not to exceed €30, and the authorization is valid for a period of eighteen months from the date of the meeting.

Under this program, 483,460 shares were purchased in 2006 at an average price of €16.84.

The portfolio of shares purchased directly by the Company totaled 732,770 shares at December 31, 2006, with an average price of €15.16.

Under the terms of the liquidity contract established in 2004, 317,230 were purchased at an average price of €16.32, while 337,171 shares were sold at an average price of €16.72.

The portfolio of shares purchased on the basis of the liquidity contract totaled 50,059 shares at December 31, 2006, with an average price of €17.52.

Stock subscription option plans and free share awards

Plans in force at December 31, 2006

On May 4, 2000 and October 18, 2004, the shareholders authorized the Board of Directors to grant a certain number of employees options to subscribe for shares during a five-year or a 24-month period.

The main features of the plans in force at December 31, 2006 are as follows:

a) Stock option subscription plans

Tranche A

In accordance with the delegation of power granted by the Board of Directors on March 18, 2003, the Chairman of the Board allocated a first tranche of options on April 15, 2003, called Tranche A. The Chairman listed the beneficiaries of Tranche A, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche A was set at €5.67, the equivalent of 95 percent of the share's average opening price over the twenty trading days preceding the grant date [April 15, 2003].

Tranche B

On July 25, 2003, the Board of Directors allocated a second tranche of options, called Tranche B. The Board listed the beneficiaries of Tranche B, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche B was set at €8.46, the equivalent of 95 percent of

the share's average opening price over the twenty trading days preceding the grant date [July 25, 2003].

Tranche C

On April 20, 2004, the Board of Directors allocated a third tranche of options, called Tranche C. The Board listed the beneficiaries of Tranche C, the number of options to be allocated to each beneficiary and the subscription price.

The subscription price for Tranche C was set at €10.93, the equivalent of 95 percent of the share's average opening price over the twenty trading days preceding the grant date [April 20, 2004].

Tranche D

On June 10, 2004, the Board of Directors allocated a fourth tranche of options, called Tranche D. The Board listed the beneficiaries of Tranche D, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche D was set at €11.04, the equivalent of 95 percent of the share's average opening price over the twenty trading days preceding the grant date [June 10, 2004].

Tranche E

In accordance with the sub-delegation of power granted by the company's Board of Directors on July 8, 2004, the Chief Executive Officer allocated a fifth tranche of options, called Tranche E. The CEO listed the beneficiaries of Tranche E, the number of options to be allocated to each beneficiary and the subscription

price. The subscription price for Tranche E was set at €13.93, the equivalent of 95 percent of the share's average opening price over the twenty trading days preceding the date of the Board of Directors meeting [July 8, 2004].

Tranche F

On December 14, 2004, the Board of Directors allocated a new tranche of options, called Tranche F. The Board listed the beneficiaries of Tranche F, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche F was set at €11.68, the equivalent of 95 percent of the share's average opening price over the twenty trading days preceding the grant date.

Tranche H

On September 20, 2005, the Board of Directors allocated a new tranche of options, called Tranche H. The Board listed the beneficiaries of Tranche H, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche H was set at €11.62, the equivalent of the share's average opening price over the twenty trading days preceding the grant date, with no discount.

The subscription eligibility requirement for each stock option plan was a minimum of three years' seniority in the company on the date of grant.

b) Free share awards

The Annual Shareholders' Meeting of April 19, 2005 authorized the Board of Directors to award free existing or new shares to

the Group's employees or executive officers, up to a maximum of two percent of the company's share capital [596,052 shares on the date of the meeting].

At December 31, 2005, 165,000 shares were awarded, of which 10,000 to the Chairman, 150,000 to the Chief Executive Officer [of which 100,000 in quarterly allotments, i.e. one fourth per quarter in 2006] and 5,000 to a member of the Executive Committee. On March 15, 2006, the Board of Directors decided to set up a free share award program for key Company executives. On this basis, 635,000 free shares were awarded in several sub-groups to 41 beneficiaries.

The Annual Shareholders' Meeting of May 5, 2006 authorized the Board of Directors to award free existing or new shares to Group employees, directors and officers, up to a maximum of three percent of the Company's share capital [898,569 shares on the date of the Board's decision].

At December 31, 2006, the Executive Committee and the Chairman of the Board of Directors had been awarded 285,000 free shares, a total including persons who left the Group during the year.

The beneficiaries shall become unconditionally entitled to the shares after a two-year period, provided that on that date, said beneficiaries are still employed by the INGENICO Group. The freely awarded shares must be held by the beneficiaries for an additional two-year period following their acquisition.

Including persons who left the Group during the year, a total of 760,000 free shares were outstanding at December 31, 2006.

Change in stock options and share prices in 2006

	2006						
	Options/shares outstanding at January 1 st	Options/shares granted during the year	Options/shares exercised during the year	Options/shares cancelled or expired	Existing options/shares at December 31 st (1)	Weighted average life (in years)	Weighted average exercise price (in €)
Tranche A	684,500		213,000	44,000	427,500	8	5.67
Tranche B	10,000				10,000	8	8.46
Tranche C	127,500		52,500	20,000	55,000	8	10.93
Tranche D	110,000			10,000	100,000	8	11.04
Tranche E	0					8	13.93
Tranche F	172,000		3,000	39,500	129,500	8	11.68
Tranche H	425,000		5,000	25,000	395,000	8	11.62
Free shares	165,000	635,000		40,000	760,000		
TOTAL	1,694,000	635,000	273,500	178,500	1,877,000		

(1) Of which 437,500 exercisable as of December 31, 2006.

2005

	Options/shares outstanding at January 1 st (1)	Options/shares granted during the year	Options/shares exercised during the year	Options/shares cancelled or expired	Existing options/shares at December 31 st (2)	Weighted average life (in years)	Weighted average exercise price (in €)
Tranche A	780,500		45,500	50,500	684,500	8	5.67
Tranche B	25,000		15,000		10,000	8	8.46
Tranche C	147,500			20,000	127,500	8	10.93
Tranche D	110,000				110,000	8	11.04
Tranche E	30,000			30,000		8	13.93
Tranche F	209,500			37,500	172,000	8	11.68
Tranche H		425,000			425,000	8	11.62
Free shares		165,000			165,000		
TOTAL	1,302,500	590,000	60,500	138,000	1,694,000		

(1) Of which 0 exercisable as of January 1st.

(2) Of which 0 exercisable as of December 31st.

Fair value of options granted

INGENICO measured the fair value of the goods and services received during the year based on the fair value of the equity instruments granted.

which volatility was calculated based on a multicriteria analysis taking into account the implicit volatility of financial instruments on the calculation date.

Stock options

The interest rate curve is calculated using Bloomberg currency rates and swap rates.

The initial value of the share is the grant date value.

For free share awards

The assumed volatility is the volatility calculated over a one-year period preceding the grant date, except for Tranches A and B, for

Fair value is equal to the share price at the date of grant.

Assumptions made in measuring fair value

	Tranche A	Tranche B	Tranche C	Tranche D	Tranche E	Tranche F	Tranche H
Underlying share price on grant date (€)	6.43	8.91	12.53	14.39	15.45	11.10	12.24
Exercise price (€)	5.67	8.46	10.93	11.04	13.93	11.68	11.62
Expected volatility (%)	61.83%	54.69%	41.32%	41.28%	40.28%	38.71%	38.55%
Option life (in years)	8	8	8	8	8	8	8
Expected dividend rate	1%	1%	1%	1%	1%	1%	1%
Risk-free interest rate	4.12%	3.87%	4.05%	4.30%	4.13%	3.46%	3.35%

Impact on the financial statements

On the basis of the parameters used to calculate fair value, administrative costs and other operating expenses (related to restructuring) recognized in connection with the award of stock options and free shares in 2006 were as follows:

- For stocks options, €1,366,000 were charged to "Profit from ordinary activities" and €304,000 to "Other operating expenses."

- For free share awards, €4,205,000 were charged to "Profit from ordinary activities."

Of the expenses recognized in connection with the award of stock options and free shares in 2005, €2,150,000 were charged to "Administrative costs" and €680,000 to "Other operating expenses" (related to restructuring).

19/ EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share are calculated by dividing the net profits or losses attributable to Group shareholders by the average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the Group and held

as treasury shares. The average number of ordinary shares is a weighted annual average that reflects shares issued or repurchased during the year.

	2006	2005
Net profit or loss attributable to INGENICO S.A. shareholders (in thousands of euros)	15,984	(40,131)
Weighted average number of ordinary shares	29,791,844	29,629,628
BASIC EARNINGS PER SHARE (in euros)	0.54	(1.35)

Diluted earnings per share

To calculate diluted earnings per share, the weighted average number of ordinary shares is adjusted to take into account the impact of the potential conversion of all dilutive instruments.

At December 31, 2006, dilutive instruments included:

- Stock subscription options and free shares.

At December 31, 2006, antidilutive instruments included:

- "OCEANE" convertible bonds, due to interest expense saved in the event that said bonds were converted into Company shares.

(in thousands of euros)	2006	2005
NET PROFIT OR LOSS ATTRIBUTABLE INGENICO S.A. SHAREHOLDERS	15,984	(40,131)
DILUTED NET PROFIT OR LOSS ATTRIBUTABLE INGENICO S.A. SHAREHOLDERS	15,984	(40,131)
WEIGHTED AVERAGE NUMBER OF EXISTING SHARES	29,791,844	29,629,628
Impact of dilutive instruments:		
Exercise of stock subscription options and free shares	611,410	
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)	30,403,254	29,629,628
DILUTED EARNINGS PER SHARE (in euros)	0.53	(1.35)

20/ NET DEBT

For the INGENICO Group, net financial liabilities consist of short-term and long-term financial liabilities, less short-term investments and cash and cash equivalents.

(in thousands of euros)	2006	2005
Cash and cash equivalents	67,625	55,087
Short-term investments	58,736	56,457
Financial liabilities	(159,403)	(175,007)
NET DEBT	(33,042)	(63,463)

In 2006, short-term investments of €58,736,000 reflect current financial assets used for cash management purposes.

In 2005, the €55,087,000 of cash and cash equivalents included €2,333,000 of cash and cash equivalents relating to assets held for sale.

Breakdown of cash and cash equivalents and short-term investments

(in thousands of euros)	2006	2005
Cash and cash equivalents	58,018	29,329
UCITS classified as cash	9,607	25,758
CASH AND CASH EQUIVALENTS	67,625	55,087
UCITS classified as short-term investments	58,736	56,457
CASH AND SHORT-TERM INVESTMENTS	126,361	111,544

The change in short-term investments (UCITS) classified as cash or short-term investments is broken down as follows:

(in thousands of euros)	2006	2005
BALANCE AT JANUARY 1ST	82,215	2,842
Increase/Purchases	27,384	89,315
Decrease/Sales	(44,336)	(10,295)
Translation difference	(35)	
Other movements	3,115	353
BALANCE AT DECEMBER 31ST	68,343	82,215

The line item "Other movements" reflects the inclusion of MoneyLine in the Group's consolidated accounts (+ €1,562,000) and fair value adjustments on short-term investments (+ €1,553,000).

UCITS are classified as cash when they meet the requirements set forth in IAS 7. Otherwise, they are classified as short-term investments.

Breakdown of financial liabilities

Financial liabilities are broken down into long-term and short-term liabilities. The latter include the portion of less than one year of long-term debt as well as financial liabilities with a term of less than one year.

(in thousands of euros)	2006	2005
Bonds convertible into or exchangeable for new or existing shares (OCEANE)	70,054	68,374
Bank borrowings	8,214	20,451
Short-term notes	40,000	40,000
Finance lease obligations	2,828	4,348
Other financial liabilities	204	872
TOTAL NON-CURRENT FINANCIAL LIABILITIES	121,300	134,045
Short-term bank and related borrowings	12,677	16,931
Finance lease obligations (current portion)	1,142	2,111
Bank overdrafts	24,284	21,920
TOTAL CURRENT FINANCIAL LIABILITIES	38,103	40,962
TOTAL FINANCIAL LIABILITIES	159,403	175,007

On May 4, 2005, INGENICO issued "OCEANE" convertible bonds totaling a gross amount of €80 million. The amount of the bond, less issue costs, was recorded in the consolidated financial statements in two parts, a bond component, recognized as a liability, and an equity component.

On June 16, 2005, INGENICO restructured and refinanced its debt with a pool of four banks for a total of €72.5 million, broken down as follows:

- A new, medium-term loan of €32,500,000 (due April 2009 – variable-rate) to replace an existing loan of €20,625,000.
- Short-term lines of credit transformed into confirmed medium-term (3-year) lines of credit totaling €40,000,000.

Regarding the medium-term loan, on April 13, 2006, the banks in the pool unanimously agreed not to act on the default event represented by the Group's non-compliance with the required ratios in 2005; to adjust the ratio levels in accordance with International Financial Reporting Standards (IFRS); and to revise their financial ratio scale. In return for these adjustments, the loan repayment schedule was modified as follows:

- The term of the loan was shortened by one installment (last payment due on October 15, 2008 instead of April 15, 2009).
- The amount due on October 15, 2006 was increased by €4,062,000.

As a result, a total of €12,187,000 were repaid in 2006 on this loan.

1) OCEANE bond issue

INGENICO issued "OCEANE" bonds, i.e. convertible into and/or exchangeable for new or existing INGENICO shares earning dividends as of May 4, 2005, and maturing on January 1, 2012. The total principal amount of the issue was €80 million, or 5,194,806 bonds with a face value of €15.40. The bonds pay an annual coupon of 2.75 percent. The effective interest rate is 5.68 percent.

The terms and conditions of the bond issue are set forth in the Note d'Opération (information memorandum) that received visa number 05-042 from the Autorité des Marchés Financiers on April 15, 2005.

Conversion and/or exchange of bonds for shares

Bondholders may request that the bonds be converted into and/or exchanged for ordinary shares of the Company at any time as of the settlement date (May 4, 2005) and until the seventh business day preceding the maturity or early redemption date, at a ratio of one share per bond, subject to the adjustments set forth in the prospectus. The issuer may at its option deliver new shares or existing shares or a combination of the two.

Redemption at maturity

Bonds will be redeemed in full on January 1, 2012, at the face value of €15.40 per bond.

Early redemption by means of repurchase on the market or public tender offers

The Company reserves the right to proceed with the early redemption of all or a portion of the bonds, at any time and without any limit on price or quantity, by means of repurchases on the market or over-the-counter or by public tender offers to repurchase or exchange shares.

Early redemption is possible, at the option of the Company:

- For all or a portion of the bonds, at any time and without any limit on price or quantity, by means of repurchases on the market or by public tender offer.
- For all bonds outstanding, at any time from January 1, 2008, to the maturity date of the bonds, subject to a minimum notice period of 30 calendar days.
- By redemption at par, plus interest accrued from the last interest payment date preceding the early redemption date to the date set for redemption.
- If the product of (i) the applicable conversion/exchange ratio and (ii) the average opening price for the Company's ordinary shares on the Eurolist index (Euronext Paris S.A.) for a period of 20 consecutive trading days, as selected by the Company from among the 40 trading days immediately preceding the date of publication of the notice relating to such early redemption, exceeds 130 percent of the early redemption price.

Upon early redemption, bondholders may elect to convert bonds into shares or redeem them for cash.

Early redemption at the option of the bondholder

At their option, bondholders may elect to redeem all or a portion of their bonds on January 1, 2009, or on January 1, 2010, at par plus interest accrued from the last interest payment date preceding the early redemption date to the date set for redemption.

Early repayment

The OCEANE prospectus also contains the usual provisions for early repayment at the option of a majority of bondholders, particularly in the event of failure to pay amounts due or to comply with other obligations set forth in the prospectus (beyond any existing "grace period"), cross-default (in excess of a minimum threshold), liquidation, dissolution or sale of all of the Company's assets, or the delisting of the Company's ordinary shares from Euronext's Eurolist index.

Any upgrade or downgrade in INGENICO's credit rating would not constitute grounds for early repayment of the bonds and would not have any impact on the applicable interest rate.

Maintenance of pari passu ranking

INGENICO has undertaken that the bonds will rank pari passu with all other negotiable bonds issued by the Company.

In accordance with the accounting principle described in "Compound financial instruments," the fair value of the corresponding financial liability, as well as that of the equity component, were calculated on May 4, 2005, the issue date of the OCEANE bond.

The fair value of the recognized liability classified as long-term debt was calculated using the average market rate for a straight bond. The difference between the face value and the fair value of the bond was recognized in equity under "Retained earnings and other reserves," net of deferred tax.

Since the bond was issued at a nominal interest rate of 2.75 percent, a rate below the market rate (the comparable financing rate for the period is 6.67 percent, based on a 3.17 percent benchmark swap rate for a maturity of 6 years and 8 months, plus a 3.5 percent spread for a 7-year maturity), the fair value of the liability component in 2005 was €67,301,000 initially and €10,620,000 for the optional component after accounting for the cost of investor put options and issue costs (€2,079,000, allocated on a pro rata basis to liabilities and equity).

At December 31, 2005, the liability component recognized in the balance sheet was €68,374,000.

Based on an effective interest rate of 5.67 percent, interest expense for the year was €2,532,000, compared with a coupon of €1,458,000, based on the bond's nominal interest rate.

At December 31, 2006, the liability component recognized in the balance sheet was €70,055,000.

Based on an effective interest rate of 5.67 percent, interest expense for the year was €3,880,000, compared with a coupon of €2,200,000, based on the bond's nominal interest rate.

Excluding investor put options, the fair value of the liability component, calculated on the basis of closing market rates and the same initial issuer credit spread conditions, was €64,507,000 at December 31, 2006.

At December 31, 2006, no bondholder elected to convert bonds into shares.

2) Bank borrowings

Bank borrowings are broken down as follows:

(in thousands of euros)	2006		TOTAL
	More than 1 year	Less than 1 year	
INGENICO Barcelona	302	1,494	1,796
INGENICO S.A.	7,912	10,592	18,504
INGENICO INC.		578	578
Other		13	13
TOTAL	8,214	12,677	20,891

In France, bank borrowings mainly reflect the outstanding principal at December 31, 2006, of the medium-term loan taken out in June 2005 (€32.5 million) as part of INGENICO's debt restructuring.

3) Short-term notes and bank credit facilities

The rest of the overall debt refinancing performed in June 2005 consists of €40 million in secured 3-year credit facilities, duly classified as long-term debt. At December 31, 2006, this line of credit was fully drawn.

Also at year-end 2006, bank credit facilities totaled €24,284,000, mainly involving France, the United Kingdom, Italy and Brazil.

4) Finance lease obligations

Finance lease obligations are broken down below. They mainly reflect finance leases in Brazil with the bank SAFRA, generally for terms of three to five years, as well as finance leases by INGENICO Iberia with the bank SABADELL, also for terms of three to five years.

(in thousands of euros)	2006	2005
	Lease amount	Lease amount
Less than 1 year	1,142	2,111
1-2 years	2,710	2,986
3-5 years	297	1,362
TOTAL	4,149	6,459

INGENICO's obligations in respect of the €72.5 million refinancing program

The Group's principal obligations under the €72.5 million refinancing agreement are as follows:

- All shares of the subsidiary INGENICO Corp. (United States) pledged as a senior security interest.
- INGENICO's obligations throughout the term of the agreement:

With respect to collateral and guarantees

INGENICO undertakes to refrain from pledging any new collateral or granting any new guarantees other than that already pledged or granted at the date the loan is drawn. The only exception to this requirement is for new collateral pledged and guarantees granted solely in the ordinary course of business.

With respect to interest rate hedging

INGENICO undertakes to hedge its interest-rate exposure up to and including April 15, 2008, against any increase in the 3-month EURIBOR of more than 1.50 percent over the rate at the date the agreement was signed.

Hedging arrangements were immediately set up to cover 100 percent of the amount and the entire term of the loan at a rate of 2.423 percent.

It should be noted that the interest-rate swap was shortened by six months following double repayment on October 16, 2006. On that occasion, the Company received a one-time cash payment of €121,000 on the swap. The life of the swap was set to match the Company's loan payment obligations, with €16,250,000 due on December 31, 2006 and the final payment due on October 15, 2008.

With respect to debt limitations

INGENICO undertakes to refrain from incurring any additional medium- or long-term debt during the entire term of the facil-

ity exceeding the cumulative amount of €20 million over the term of the facility.

With respect to external growth operations

INGENICO undertakes to refrain from external growth operations during the entire term of the facility exceeding the cumulative amount for all Group companies combined, which is €10 million per year, unless it receives prior agreement in writing from the lead bank.

With respect to financial ratios

INGENICO undertakes to comply with the following requirements regarding financial ratios R2 and R4, which are calculated annually based on the consolidated financial statements at December 31st of each year and also at June 30th of each year on a 12-month basis.

Refinancing is subject to compliance with requirements under two ratios defined as follows:

- R2 = net debt/EBIT
- R4 = net debt/equity

The applicable requirements at December 31, 2006, were as follows:

- R2 less than 2.5
- R4 less than 0.7

At December 31, 2006, these requirements were met.

Other obligations

In the event that the aggregate value of the trade receivables of Group companies falls below the €50 million mark, INGENICO undertakes to refrain from selling its trade receivables.

Principal features of borrowings and other financial liabilities

Interest rates

1) Average interest rates applicable to financial liabilities

The average interest rates applicable to borrowings from financial institutions are as follows:

(in millions of euros)	2006		2005	
	Amount	Rate	Amount	Rate
Brazil	2.7	14-20% p. a.	1.5	16.75%
Spain (Madrid)	4.2	7.00%	5.7	
Spain (Barcelona)	1.8		2.8	
France (short-term notes)	40.0	3-month Euribor + 0.95%	40.0	3-month Euribor + 0.95%
France (OCEANE)	70.0	5.67%	68.0	5.67%
France (amortizing loans)	16.3	Euribor + 1.50%	28.4	Euribor + 1.50%
France (bank overdrafts)	9.4	EONIA + 0.40%	7.2	EONIA + 0.40%
United Kingdom	4.6	6.00%	9.4	6.00%
Italy	7.7	3-month Euribor + 0.80%	4.8	
United States			6.6	
Other	2.8		0.6	
TOTAL	159.4		175.0	

2) Fixed/variable rate (after hedging)

The following table shows the breakdown of debt into fixed- or variable-rate:

(in thousands of euros)	2006	2005
Fixed-rate debt	106,200 ⁽¹⁾	96,800
Variable-rate debt	53,200	78,207
TOTAL	159,400	175,007

(1) €16.25 million of variable-rate debt is included in fixed-rate debt, since it is fully hedged, as is the hedged portion of drawdowns on short-term lines of credit (€20 million).

For 2006, after taking into account the impact of interest-rate hedging, sensitivity to interest rates is €532,000. In other words, a 1% increase in interest rates would raise the Group's finance costs by said amount.

3) Effective interest rates and maturities

The following table shows the Group's exposure to interest rate fluctuations by maturity:

		2006					2005						
(in millions of euros)		Rate	Amount					Rate	Amount				
				< 1 year	1-2 years	2-5 years	> 5 years			< 1 year	1-2 years	2-5 years	> 5 years
Brazil	14-20% p. a.		2.7	2.56	0.13	0,01		16.75%	1.49	1.49			
Spain (Madrid)	7%		4.2	1.4	2.5	0,3			5.7	2.1	2.2	1.4	
Spain (Barcelona)			1.8	1.1	0.7				2.8	2.1	0.7		
France (short-term notes)	3-month Euribor + 0.95%		40		40			3-month Euribor + 0.95%	40			40	
France (OCEANE)	5.67%		70				70	5.67%	68				68
France (amortizing loans)	Euribor + 1.50%		16.25	8.12	8.12			Euribor + 1.50%	28.4	8.1	8.1	12.2	
France (bank overdrafts)	EONIA + 0.40%		9.4	9.4				EONIA + 0.40%	7.2	7.2			
INGENICO (UK) Ltd	6.00%		4.6	4,25	0.35			6.00%	9.4	9	0.4		
Italy	3-month Euribor + 0.8%		7.7	7.7					4.8	4.8			
United States									6.6	5.8	0.8		
Others			2.75	2.75					0.6	0.6			
TOTAL			159	37	52	0	70		175	41	12	54	68

Breakdown by currency

The following table shows the breakdown of debt by currency:

AT DECEMBER 31 ST (in thousands of euros)	2006	2005
Euro	151,958	157,293
U.S. dollar	2,753	6,606
British pound	4,627	9,380
Other currencies	62	1,728
TOTAL DEBT	159,400	175,007

Change in debt

Change in debt is broken down as follows:

(in thousands of euros)

Debt

BALANCE AT JANUARY 1, 2005	77,674
New borrowings	122,669
Repayments	(37,506)
Net change in drawdowns on lines of credit	21,116
Translation differences	765
Other movements	(9,917)
Change in reporting entity	206
BALANCE AT DECEMBER 31, 2004	175,007
New borrowings	320
Repayments	(21,670)
Net change in drawdowns on lines of credit	6,161
Translation differences	(352)
Other movements	(311)
Change in reporting entity	246
BALANCE AT DECEMBER 31, 2006	159,400

21/ DERIVATIVE FINANCIAL INSTRUMENTS

(in thousands of euros)	Interest-rate hedging		Foreign exchange hedging	
	At December 31, 2006	At December 31, 2005	At December 31, 2006	At December 31, 2005
Current assets	179	253	786	48
Current liabilities			(141)	
TOTAL	179	253	645	48

Interest rate hedging

At December 31, 2006, one interest-rate swap was outstanding, covering a total notional amount of €16.25 million (the swap initially covered €32.5 million), over a remaining period of three years, to hedge a loan contracted by the Company on June 30, 2005. At the term of the interest-rate swap, INGENICO will pay the fixed rate of 2.423 percent and receive the 3-month EURIBOR variable rate.

It should be noted that the interest-rate swap was shortened by six months following double repayment on October 16, 2006. On that occasion, the Company received a one-time cash payment of €121,000 on the swap. The life of the swap was set to match the Company's loan payment obligations, with €16,250,000 due on December 31, 2006 and the final payment due on October 15, 2008.

Early in 2006, an additional hedging arrangement was set up – a €20 million collar agreement for a term of one year to hedge against rises in interest rates that would affect draw-downs on short-term lines of credit.

Foreign exchange hedging

At December 31, 2006, foreign exchange hedges totaled US\$133 million (€101 million), maturing at the end of March 2007. The primary instruments used were forward purchase contracts and a foreign currency option.

Based on the market value of these hedges at December 31, 2006, the Group recognized a gain of approximately €645,000, of which €492,000 were recognized in equity and €153,000 in the income statement.

22/ PROVISIONS FOR RETIREMENT BENEFIT OBLIGATIONS

The change in provisions for retirement benefit obligations is broken down as follows:

(in thousands of euros)	Balance at 12/31/2005	Translation differences	Additions	Reversals	Change in reporting entity	Other	Balance at 12/31/2006
Provisions for funded defined-benefit plans:							
• United Kingdom	7,073	126	283			(1,555)	5,927
Provisions for unfunded defined-benefit plans:							
• Provision for termination benefits (France, Italy)	1,018		408	(72)	274		1,628
TOTAL	8,091	126	691	(72)	274	(1,555)	7,555

There are two main types of retirement plans:

1) Defined-contribution plans

Defined-contribution plans exist in most European countries (France, Benelux, Germany, Italy and Spain) as well as in the United States and the Asia-Pacific region. Under these plans, contributions are paid to organizations authorized to manage the funds and are expensed for the period.

2) Defined-benefit plans

There are two types of defined-benefit plans recognized in provisions for retirement benefit obligations:

- Funded defined-benefit plans (in the United Kingdom, for example).
- Unfunded defined-benefit plans. Under these plans, provisions for termination benefits are recognized as a liability in the balance sheet under "Provisions for retirement benefit obligations." The main countries involved are France and Italy.

Provisions for funded defined-benefit retirement plans

Breakdown of obligations:

(in thousands of euros)	2006	2005
ASSETS AND LIABILITIES RECOGNIZED IN THE BALANCE SHEET		
Actuarial obligations	17,812	16,515
Fair value of plan assets	11,885	9,442
NET OBLIGATIONS	5,927	7,073
Recorded in the balance sheet as follows:		
• Assets		
• Liabilities	5,927	7,073
NET OBLIGATIONS	5,927	7,073

(in thousands of euros)	Present value of obligation	Fair value of plan assets	Net obligation recorded in the balance sheet
AT DECEMBER 31, 2005	16,515	9,443	7,073
Service cost	1,089		1,089
Interest cost	807		807
Estimated return on assets		689	(689)
Benefits paid to employees		924	(924)
Contributions paid	337	337	
Payments	(293)	(293)	
Net actuarial gains or losses recognized as equity in the year	(997)	557	(1,555)
Translation differences	354	228	126
Other movements			
AT DECEMBER 31, 2005	17,812	11,885	5,927

The Group applies the revised version of IAS 19, and accordingly, records all actuarial gains or losses in full in equity.

A total of 216 current employees were covered in the United Kingdom at December 31, 2006, compared with 222 at December 31, 2005.

The actuarial assumptions used are as follows:

- 3.25 percent discount rate for obligations in 2006 (3.25 percent in 2005).
- 3.10 percent wage increase in 2006 (3.00 percent in 2005).
- 5.10 percent estimated return on assets in 2006 (4.70 percent in 2005).

Provisions for unfunded defined-benefit retirement plans

At December 31, 2006, actuarial obligations amounted to €1,628,000 (€1,018,000 at December 31, 2005).

The cost of unfunded defined-benefit retirement plans is broken down as follows:

(in thousands of euros)	2006	2005
Service cost	336	(695)
Benefits paid to employees		9
COST OF UNFUNDED RETIREMENT PLANS	336	(686)

A total of 289 current employees are covered, most of them based in France.

(employees excluding temporary staff)	2006	2005
France	244	259
Italy	45	39
TOTAL	289	298

23/ OTHER PROVISIONS

(in thousands of euros)	Balance at 1/1/2006	Translation difference	Additions	Deductions of amounts used	Deductions of unused amounts	Change in reporting entity and other	Balance at 12/31/2006
Provisions for warranties	7,288	(34)	802	(5,406)		236	2,886
Provisions for litigation and claims	4,942		593	(1,517)	(2,672)	2,141	3,487
Provisions for restructuring	65	(1)	2,068	(13)		20	2,139
Other provisions	408	(17)	268	(96)		(52)	511
TOTAL	12,702	(52)	3,731	(7,032)	(2,672)	2,345	9,023

Warranties

The provision for warranties reflects the estimated foreseeable costs related to a one-year product warranty given at the time of sale.

A special provision of €3,778,000 was also recorded to cover risks related to a specific engineering problem encountered in large-scale deployment of a new product. At December 31, 2006, this provision had been used in full.

Litigation and claims

INGENICO is engaged in a number of claims and arbitration proceedings arising in connection with the Company's ordinary business. INGENICO believes that adequate provisions have been recorded to cover all outstanding disputes. INGENICO records

provisions for litigation and claims when the Group has a present legal or constructive obligation related to lawsuits, government inquiries, legal disputes and other claims as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and provided that the amount of the outflow can be reliably estimated.

The unused amount deducted (€2,672,000) corresponds to the difference between the amount of the provision in 2005 and the actual expense required to settle an important legal dispute in the first half of 2006.

Restructuring

The addition to provisions for restructuring reflects the ongoing reorganization of the Group's business in Germany, France and South Korea in 2006.

24/ TRADE PAYABLES AND RELATED ACCOUNTS

(in thousands of euros)	2006	2005
Trade payables	74,260	81,066
Other operating liabilities:	20,224	19,156
• Customer advances	1,295	558
• Tax liabilities	5,300	6,338
• Employee-related liabilities	11,155	9,463
• Other	2,473	2,797
TOTAL	94,484	100,223

25/ INCOME TAX EXPENSE

Income tax expense is composed chiefly of income taxes payable on taxable profit at Group subsidiaries.

(in thousands of euros)	Income taxes payable
Canada	627
Spain	128
U.K.	92
Ireland	26
Italy	296
Mexico	490
USA	457
TOTAL	2,116

26/ OTHER LIABILITIES

Other liabilities are broken down as follows:

(in thousands of euros)	2006	2005
Accrued interest on borrowings		15
Other liabilities	10,928	14,422
Deferred income	26,348	15,194
TOTAL	37,276	29,631

27/ LIABILITIES HELD FOR SALE

At December 31, 2006, the Group had not initiated any processes for disposing of assets or subsidiaries.

28/ OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	At December 31, 2006	At December 31, 2005
COMMITMENTS RECEIVED		
Liabilities guarantee as part of MoneyLine merger, valid until Nov. 1, 2007, then reduced to €1,500,000 (between Nov. 1, 2007 and April 30, 2008)	2,000	
COMMITMENTS GIVEN		
Various bank guarantees (France, Spain and Italy)	385	258
Non-competition clause		117
Service agreement with a shareholder of the former Moneyline Group	1,020	
Shares of U.S. subsidiary INGENICO Corp. pledged as security for new refinancing loan	56,250	68,438
MBS shares pledged as security for BNP loan	72	
Liabilities guarantees given in connection with divestitures in 2006		
Debitek – term April 1, 2007: \$5,200,000	3,948	
INGENICO Sweden – term April 1, 2007	2,415	
ITS – term May 31, 2007	2,800	

Options granted by the Company to purchase or sell the shares of its subsidiaries:

- The Company has pledged to buy out the minority interests in its two Luxembourg subsidiaries.
- Following the acquisition of the remaining shares in its Swiss and South Korean subsidiaries, the Company's commitment in 2005 to purchase shares in those entities from minority shareholders no longer exists.

At December 31, 2006, the Company also had the following commitments in connection with its business activity:

- Firm price orders from manufacturers totaling an estimated €30 million.
- Future payments under non-cancelable operating leases.

The following table shows future minimum lease payments due at year-end under non-cancelable operating leases.

(in thousands of euros)	2006	2005
Operating lease commitments given	13,681	16,089
TOTAL	13,681	16,089

At December 31, 2006, the breakdown by term and by region of commitments given by the Group under non-cancelable operating leases was as follows:

(in thousands of euros)	Northern Europe	Southern Europe	Asia-Pacific	North America	Central Europe, Africa, Middle East	Total
N+1	185	1,471	374	492	7	2,530
N+2	165	1,411	185	600	7	2,367
N+3	158	1,298	0	536	7	1,999
N+4	75	1,185	0	516	7	1,783
N+5 and beyond	118	4,740	0	132	12	5,001
TOTAL	701	10,106	559	2,276	39	13,681

29/ RELATED PARTY TRANSACTIONS

In 2006, the Group carried out the following transactions:

(in thousands of euros)	Purchases	Sales
Companies in which executives of the Group or its subsidiaries have interests (*)	(78)	181

(*) The above-mentioned purchases mainly involve services (maintenance, development, etc.) provided by Group subsidiaries in the Asia-Pacific region to Affinity (Hong Kong, Philippines), Sumbox and Nomos (Australia), whose chief executive was a director of INGENICO Pacific (Australia).

Total compensation paid to the Chairman of the Board of Directors and members of the Executive Committee at December 31, 2006 and December 31, 2005 breaks down as follows:

(in thousands of euros)	2006	2005
Fixed compensation	1,102	777
Variable compensation	1,073	239
Stock options and free share awards (service cost recognized)	1,653	412
TOTAL	3,828	1,428

30/ SUBSEQUENT EVENTS

Nil.



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