

2007 financial statements



beyond
payment

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Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2007

To the shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting, we have audited the accompanying consolidated financial statements of Ingenico S.A. for the year ended December 31, 2007.

These 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 parent company 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 French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- As part of our assessment of the accounting principles and methods used by your company, we 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.
- As described in the section of Note 2 to the consolidated financial statements on "Impairment of assets", the Group assesses the carrying amounts of goodwill and other intangible assets with indefinite useful lives at each balance sheet date to determine 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 Notes 2 and 12 provide adequate disclosure. The section of Note 2 to the consolidated financial statements on "Income tax" details the accounting principles and methods used to record deferred tax assets. We examined the approach used by the Group and ensured that these accounting principles and methods 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 the 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, April 17, 2008

Paris, April 17, 2008

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

S.A. CGEC

Frédéric Quélin
Partner

Jacques Moreau
Partner

Consolidated income statements

for the years ended December 31, 2005, 2006 and 2007

(in thousands of euros)	Notes	2007	2006	2005
REVENUE	7	567,857	506,222	436,939
Cost of sales		(359,795)	(343,724)	(298,791)
GROSS PROFIT		208,061	162,499	138,149
Distribution and marketing costs		(40,205)	(35,425)	(34,832)
Research and development expenses		(42,962)	(39,822)	(40,909)
Administrative expenses		(62,386)	(54,171)	(54,159)
PROFIT FROM ORDINARY ACTIVITIES	7	62,508	33,081	8,249
Other operating income	9	3,150	6,795	4,840
Other operating expenses	9	(8,636)	(8,683)	(47,457)
PROFIT FROM OPERATIONS		57,023	31,193	(34,368)
Net finance costs	10	(7,202)	(9,152)	(5,482)
Income from cash and cash equivalents	10	1,195	1,524	1,270
Other financial income and expenses	10	(2,822)	(221)	944
PROFIT BEFORE INCOME TAX		48,194	23,344	(37,635)
INCOME TAX	11	(8,702)	(7,371)	(2,502)
NET PROFIT		39,492	15,973	(40,137)
Attributable to:				
• INGENICO S.A. shareholders		39,447	15,984	(40,131)
• Minority interests		45	(12)	(6)
EARNINGS PER SHARE (in euros)				
Net earnings				
• basic		1.24	0.54	(1.35)
• diluted	21	1.21	0.53	(1.35)

Statement of recognized income and expense

for the years ended December 31, 2005, 2006 and 2007

(in thousands of euros)	Notes	2007	2006	2005
Translation adjustments	2	132	(3,059)	6,061
Cash flow and foreign exchange hedges and remeasurement of available-for-sale financial assets ⁽¹⁾	22/23	(1,619)	274	166
After-tax actuarial gains/(losses) on long-term employee benefit obligations ⁽²⁾	24	1,088	1,197	(364)
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY		(399)	(1,588)	5,863
PROFIT FOR THE PERIOD		39,447	15,984	(40,131)
TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD		39,047	14,397	(34,268)
Attributable to:				
• INGENICO S.A. shareholders		39,000	14,406	(34,277)
• Minority interests		47	(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 (gross amount: €1,979,000 – deferred tax: €680,000) and changes in the value of assets held for sale: €489,000 – deferred tax: €169,000).

(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, 2006 and 2007

ASSETS

(in thousands of euros)

	Notes	2007	2006	2005
NON-CURRENT ASSETS				
Goodwill	12	106,324	89,987	65,413
Other intangible assets	12	23,576	21,361	19,913
Property, plant and equipment	13	17,829	16,801	17,087
Non-current financial assets	14	1,295	899	1,221
Deferred tax assets	11	19,391	14,393	18,083
Other non-current assets	15	2,338	6,544	8,274
TOTAL NON-CURRENT ASSETS		170,752	149,984	129,990
CURRENT ASSETS				
Inventories	16	52,472	49,960	40,128
Trade and other current receivables	17	138,938	125,982	138,505
Other current assets	18	6,917	5,802	2,347
Current tax receivables	18	4,111	506	2,681
Derivative financial instruments	23	274	965	301
Short-term investments	22	21,338	58,736	56,457
Cash and cash equivalents	22	87,479	67,625	52,754
Assets held for sale	19			9,238
TOTAL CURRENT ASSETS		311,529	309,575	302,410
TOTAL ASSETS		482,281	459,559	432,401

EQUITY AND LIABILITIES

(in thousands of euros)

	Notes	2007	2006	2005
EQUITY				
Share capital	20	32,931	32,109	29,924
Share premium account		123,581	117,014	85,924
Retained earnings and other reserves		36,487	(5,018)	(20,331)
Translation differences		2,878	2,746	5,805
EQUITY ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS		195,877	146,852	101,321
MINORITY INTERESTS		47	45	9
TOTAL EQUITY		195,924	146,897	101,330
NON-CURRENT LIABILITIES				
Borrowings and long-term debt	22	84,132	121,300	134,045
Provisions for retirement benefit obligations	24	6,115	7,555	8,091
Other non-current provisions	25	9,387	5,361	5,415
Deferred tax liabilities	11	835	734	804
Other non-current liabilities		1,697	1,931	837
TOTAL NON-CURRENT LIABILITIES		102,166	136,881	149,191
CURRENT LIABILITIES				
Short-term borrowings	22	27,142	38,103	40,963
Current provisions	25	7,589	3,662	7,287
Trade and other current payables	26	110,260	94,484	100,223
Current tax payables	27	2,280	2,116	1,322
Derivative financial instruments	23	1,713	141	
Other liabilities	28	35,209	37,276	29,631
Liabilities that are part of disposal groups	29			2,454
TOTAL CURRENT LIABILITIES		184,191	175,781	181,879
TOTAL LIABILITIES		286,357	312,662	331,070
TOTAL EQUITY AND LIABILITIES		482,281	459,559	432,401

Consolidated cash flow statements

for the years ended December 31, 2005, 2006 and 2007

(in thousands of euros)	2007	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss)	39,492	15,973	(40,137)
Adjustments for:			
• Income tax expense/(income)	8,702	7,371	2,502
• Depreciation, amortization and provisions	28,966	6,420	23,150
• Gains/(losses) on remeasurement at fair value	2,331	(2,099)	
• Gains/(losses) on disposal of assets	(2,854)	(571)	(5,205)
• Net interest expense	2,268	6,610	5,047
• Share-based payment expense	6,439	5,875	2,825
• Interest paid	(6,545)	(5,554)	(7,376)
• Tax paid	(13,606)	(5,937)	(5,112)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	65,194	28,089	(24,306)
Change in working capital requirements			
• inventory	(1,108)	(7,012)	17,318
• trade and other receivables	(19,427)	15,790	(18,634)
• trade and other payables	20,731	929	2,722
NET CASH FLOW FROM OPERATING ACTIVITIES	65,390	37,795	(22,900)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of non-current assets	(15,778)	(10,468)	(14,574)
Gains on disposals of non-current assets	3,376	178	9,055
Acquisition of subsidiaries, net of cash acquired	(18,176)	1,347	(2,559)
Disposal of subsidiaries, net of cash disposed of		8,075	
Changes in short-term investments	35,172	3	(56,457)
Loans and advances granted	(615)	(97)	(934)
Loan repayments received	172	108	516
Interests received	5,703	2,934	1,579
Dividends received	(2)		
Changes in short-term investments	(992)	31	(323)
NET CASH FLOW FROM INVESTING ACTIVITIES	8,860	2,111	(63,697)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue	3,648	1,702	248
Purchase of treasury shares		(8,142)	(1,901)
Issuance of debt	26,842	320	122,115
Repayment of debt	(69,408)	(21,670)	(36,224)
Changes in other financial liabilities	463	(106)	28,000
Dividends paid	(3,161)	(3)	(2,590)
NET CASH FLOW FROM FINANCING ACTIVITIES	(41,615)	(27,899)	109,648
Effect of changes in exchange rates	296	(2,164)	2,498
Other movements (*)	(6,082)	2,312	(2,056)
CHANGE IN CASH AND CASH EQUIVALENTS	26,848	12,155	23,493
Cash and cash equivalents at beginning of period	43,246	31,091	7,598
Cash and cash equivalents at end of period ⁽¹⁾	70,096	43,246	31,091

(*) In 2007: share in equity of buyback of OCEANES.

Comments

(1) Cash and cash equivalents			
• UCITS (only portion readily convertible into cash)	44,668	9,513	26,016
• Cash in hand	42,811	58,018	26,996
• Bank overdrafts	(17,382)	(24,284)	(21,920)
Total cash and cash equivalents	70,097	43,246	31,091
• UCITS (portion qualifying as short-term investments)	13,651	58,736	56,457
• Assets held for sale	7,687		
Total cash, cash equivalents and short-term investments	91,435	101,982	87,548

Statements of changes in consolidated equity

for the years ended December 31, 2005, 2006 and 2007

	Share capital	Issue and contribution premiums	Translation differences	Efficient portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total consolid. equity	Minority interests
(in thousands of euros)								
BALANCE AT JANUARY 1, 2005	29,803	84,841	(256)		(1,804)	17,632	130,215	34
Dividends paid to shareholders ^{(1) (2)}	32	931				(3,553)	(2,590)	
Treasury shares ⁽³⁾					(2,072)		(2,072)	
Share-based payments and exercise of stock options ⁽⁴⁾	89	152				2,825	3,066	
Equity component of OCEANE bonds, net of tax						6,964	6,964	
Total gains/losses 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
Treasury shares ⁽³⁾					(8,109)		(8,109)	
Share-based payments and exercise of stock options ⁽⁴⁾	302	1,774				5,875	7,951	
Changes in equity related to merger with Moneyline	1,883	29,316				(12)	31,187	
Total gains/losses 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
Dividends paid to shareholders ⁽¹⁾		(3,161)					(3,161)	
Reinvestment of stock dividends ⁽²⁾	113	1,868					1,981	
Treasury shares ⁽³⁾					(991)		(991)	
Share-based payments and exercise of stock options ⁽⁴⁾	438	1,727			648	5,791	8,604	
Buyback of OCEANE bonds, equity components ⁽⁵⁾						(6,082)	(6,082)	
Conversion of OCEANE bonds, equity components ⁽⁵⁾					1,507	246	1,753	
Deferred tax recognized in equity on buyback and conversion of OCEANES and IFRS 2 expenses						2,300	2,300	
Changes in equity related to asset/liability transfers from Lexem, DSI, SCI		823				(823)		
Changes in equity related to acquisition of Planet Oedeme (Turkey)	271	5,310					5,581	
Total gains/losses recognized for the period			132	(1,298)		40,214	39,047	47
Other					(1)	(7)	(8)	(45)
BALANCE AT DECEMBER 31, 2007	32,931	123,581	2,878	(858)	(10,823)	48,168	195,877	47

2007 (1) Dividend paid on June 12, 2007. (2) Issue of 113,418 shares in connection with payment of a stock dividend. (3) Sale of treasury shares: increase relating to the cancellation of treasury shares held by the Company. At January 1, 2007, the Company held 782,829 treasury shares. At December 31, 2007, the Company held 634,332 treasury shares acquired under the authorizations given by the Shareholders' General Meetings. (4) Share-based payments: the increase in retained earnings reflects the fair value of stock options and bonus shares granted and recognized each year in administrative expenses and other operating income and expenses; the increase in share capital and share premium reflects the exercise of share subscription options. (5) Changes in equity relating to the buyback and conversion of OCEANE bonds (December 2007). (6) Acquisition of Planet: issue of 271,064 new shares. The share premium amounted to €5,310,000 after allocation of issuance expenses of €420,000.

2006 (3) Purchase of treasury shares: reduction relating to the cancellation of treasury shares held by the Company. At December 31, 2006, the Company held 782,829 treasury shares acquired under the authorizations given by the Shareholders' General Meetings. (4) Share-based payments: The increase in reserves and retained earnings reflects the fair value of stock options and free shares granted and recognized each year.

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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 May 19, 2008. They are subject to approval of the Combined Shareholders Meeting of May 15, 2008.

2. ACCOUNTING PRINCIPLES AND METHODS

In compliance with European Regulation No. 1606-2002 of July 19, 2002, the consolidated financial statements for fiscal year 2007 were drawn up in accordance with IFRS and the interpretations of the standards, as adopted by the European Union on December 31, 2007.

The new texts that must be applied as of January 1, 2007 and affecting the Group are as follows:

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

The application of these new standards leads to the introduction of new notes to the consolidated financial statements relative to exposure to risks that result from the utilization of financial instruments.

Certain standards and interpretations adopted by the IASB or the IFRIC (International Financial Reporting Interpretations Committee) and by the European Union on December 31, 2007 were not applied in advance. This holds primarily for IFRS 8 “Operating Segments”. Early application in 2007 of this standard would not have substantially modified the presentation of segment information.

Certain 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, 2007, were not applied in advance. This holds primarily for the revised version of IAS 1 “Presentation of Financial Statements”. Applying this standard in advance in 2007 would not have had a significant effect on the presentation of 2007 consolidated financial statements, in particular because

the application in 2006 of the amendment of IAS 19 led to the introduction of a statement of recognized income and expense.

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, realized and unrealized gains and losses, income and expenses from transactions, are eliminated in full when the consolidated financial statements are prepared.

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 fair 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 foreign 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, 2006 and 2007 are as follows:

Closing rate	2005	2006	2007
U.S. dollar	1.1797	1.3170	1.4721
Canadian dollar	1.3725	1.5281	1.4449
Australian dollar	1.6109	1.6691	1.6757
Pound sterling	0.6853	0.6715	0.7334
Brazilian Real	2.7613	2.8157	2.6075
Average rate	2005	2006	2007
U.S. dollar	1.2448	1.2557	1.3706
Canadian dollar	1.5097	1.4242	1.4689
Australian dollar	1.6326	1.6667	1.6356
Pound sterling	0.6839	0.6818	0.6846
Brazilian Real	3.0431	2.7309	2.6638

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.

Any hedging relationship must be highly efficient at the outset and during the entire accounting period in which the hedging relationship is specified. Changes in the hedged item must offset changes in the hedging instrument.

The hedging's actual offset results are within a range of 80% to 125% on a cumulative basis. At each closing date, the measuring of efficiency is monitored.

Inefficiency, recognized in the Group's profit or loss mainly results from:

- interest rate differentials between the hedging instrument's reference currency and the euro throughout the hedged period (in forward points),
 - between the main notional of the hedging instrument and the hedged instrument,
 - between residual maturities or dates on which interest rates are reset for the hedging instrument and the hedged instrument.
- The fact that the hedging relationship is "highly efficient" does not result in the impact resulting from recorded inefficiency being ignored.

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, the hedging accounting method 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 asset ownership to the Group are classified as finance leases. In this case, a restatement is required so that the fair value of the leased property, or if it is lower, the discounted value of minimum payments due under the lease, less the cumulative total of depreciation and impairment loss is recognized as an asset while the corresponding financial debt is recognized as a liability. Property, plant and equipment is depreciated over the shortest duration of the lease contract and 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

Goodwills

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 production 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, brands, customer contracts, software and user rights acquired with full ownership rights, as well as software developed for internal use, which have a positive, lasting and measurable

impact on future results are capitalized and amortized over three to five 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 to 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 include cash on hand and demand deposits. They also include 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 or more often if there is an indication that an asset may be impaired.

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 with respect to 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.

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 for another asset is reversed if there has been a change in the estimates drawn upon to determine recoverable value.

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.

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.

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.

A debt instrument or a financial liability constitutes a contractual obligation to:

- hand over cash or another financial asset;
- exchange instruments under potentially unfavorable conditions.

An equity instrument is a contract that highlights a residual interest in a company after deduction of all its liabilities (net assets). Partnership shares issued by INGENICO are deemed to be shareholders' equity as defined by IAS 32 and the IFRIC 2 interpretation, and treated as such in the Group's consolidated financial statements.

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 bonus 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) the initial recognition of goodwill 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. DEFINITION OF FINANCIAL ASSET/LIABILITY CLASSES BY ACCOUNTING CATEGORY IN COMPLIANCE WITH IFRS STANDARDS

ASSET AND LIABILITY CLASSES	Assets & liabilities measured at fair value recognized in the income statement	Assets & liabilities measured at fair value recognized in the income statement (JV option)	Assets held to maturity	Assets held for sale (*)	Loans and receivables	Liabilities at amortized cost	Derivative instruments designated as hedging future cash flows	Other categories not included in the scope of IAS 39	Total net carrying amount of the asset or liability class in the balance sheet	Fair value of the asset or liability class
(in thousands of euros)										
Non-current financial assets				2	1,314			(21)	1,295	1,295
Trade and related receivables					134,479			4,473	138,952	138,952
Derivative financial instruments	266						8		274	274
Other current assets					156			6,748	6,903	6,903
Cash and cash equivalents	44,668				42,811				87,479	87,479
Short-term investments		13,651		7,687					21,338	21,338
Other assets								226,040	226,040	226,040
TOTAL ASSETS	44,934	13,651		7,689	178,760		8	237,240	482,281	482,281
Non-current borrowings and other financial liabilities						84,132			84,132	79,581
Other non-current liabilities						1,697			1,697	1,697
Borrowings and other current financial liabilities						27,142			27,142	26,770
Trade payables and related accounts						90,475		19,785	110,260	110,260
Derivative financial instruments	396						1,316		1,713	1,713
Other liabilities								257,338	257,338	257,338
TOTAL LIABILITIES	396					203,445	1,316	277,123	482,281	477,359

(*) For financial assets held for sale, a recyclable temporary reserves account is created in shareholders' equity, which enables the underlying gain or loss to be stored before recognizing in the income statement the profit or loss related to the disposal or reimbursement of the security.

4. FINANCIAL RISK MANAGEMENT

The INGENICO Group is exposed to the following main risks:

- Liquidity risk
- Credit risk
- Market risk

4.1 Liquidity risk

4.1.1 Liquidity risk

The Group's capacity to ensure debt servicing costs will depend on the performance of its future activities and its capacity to ensure sufficient cash flow. Even though the Company believes its future cash flows will be large enough to cover repayment of its debt and its borrowing requirements, it is not certain that this objective will be met.

Should its future cash flows not be large enough, the Group could be led to:

- reduce or delay its investments;
- sell assets;
- debt fund its business or issue additional equity;
- restructure or refinance all or part of its debt.

The aging schedule of financial liabilities breaks down as follows:

(in thousands of euros)	2007						2006					
	Carrying amount	Contractual cash flow	Less than 1 year	1-2 years	2-5 years	More than 5 years	Carrying amount	Contractual cash flow	Less than 1 year	1-2 years	2-5 years	More than 5 years
NON-DERIVATIVE FINANCIAL LIABILITIES												
OCEANES	61,508	75,391	7,579	1,723	66,089		70,054	91,000	2,200	2,200	86,600	
Bank borrowings	25,404		704	151	24,549		60,891		12,677	8,063	40,151	
Liabilities related to the finance lease contract	4,611		1,769	2,356	304	182	3,970		1,142	2,685	139	4
Bank overdrafts	17,267		17,267				24,284		24,284			
Other financial liabilities	287			287			204			204		
TOTAL	109,077	75,391	27,319	4,516	90,942	182	159,403	91,000	40,303	13,152	126,890	4
DERIVATIVE FINANCIAL LIABILITIES												
Exchange rate instruments	1,713		1,713				141		141			
Interest rate instruments												
TOTAL	1,713		1,713				141		141			

€150 million financing set up

During the first half of 2007, INGENICO opted for early repayment of a €72.5 million syndicated loan, initially contracted in 2005. Accordingly, on May 23, 2007 INGENICO redeemed a €40 million in commercial paper and the remainder of the amortizable portion (€12,187,000).

In addition, the Group simultaneously raised €150 million, on May 16, 2007, consisting in two tranches:

- A €60 million A tranche that may be activated in the form of commercial paper (1 month to 1 year period maximum). This tranche is solely intended to fund working capital requirements.

- A €90 million B tranche that may be mobilized in the same manner. This second tranche is solely intended for the acquisition of businesses or assets.

At the December 31, 2007 reporting date, only the A tranche had been drawn, for a total of €25 million, to be compared with a €45 million amount at June 30, 2007.

The A tranche has a 4-year due date as of the date on which the contract was signed (due date is 05/16/2011). Financing is via the issuance of commercial paper and repayment is directly credited.

The B tranche has a 6-year due date as of the date on which the contract was signed (due date is May 16, 2013). This line is

repayable by amortization as of the second year, in accordance with the amortization schedule below. This tranche includes an "Extended Amount" option that allows the borrowing company to postpone the commencement of redemption by one year if INGENICO obtains the unanimous consent of the banks in the pool.

Repayment date B tranche	Repayment rate	Rate in the event of option activation
16/05/2009	20%	–
16/05/2010	20%	25%
16/05/2011	20%	25%
16/05/2012	20%	25%
16/05/2013	20%	25%

The new loan is subject to the three following covenants:

- Net debt/EBITDA \leq 2.5
- Net debt/equity \leq 0.8
- EBITDA/Interest expense $>$ 5

These covenants were satisfied on December 31, 2007.

The applicable margins on Euribor are a function of net debt/EBITDA, as detailed below:

Margin (on EBITDA)	A tranche	B tranche
EBITDA \leq 1	0.6%	0.7%
1.0 < R \leq 1.5	0.7%	0.8%
1.5 < R \leq 2	0.8%	0.9%
2.0 < R \leq 2.5	0.95%	1.1%

Bond buyback and public offer to buy back €80 million in OCEANE bonds issued on May 4, 2005

INGENICO carried out, via its broker, from December 4, 2007 to January 14, 2008 a bond buyback program for an amount of 1 million bonds.

At December 31, 2007, 620,000 bonds had been bought back. During this period, an investor exercised his conversion right and 127,013 bonds were converted into shares and delivered to him via treasury shares.

The adjustment to the value of OCEANES (bonds convertible into and/or exchangeable for new and/or existing shares) accordingly took these two developments into account at December 31, 2007.

On January 21, 2008, INGENICO converted all the remaining bonds (see chapter 32 – Subsequent events).

4.2 Credit risk

The Group controls its counterparty risk with respect to its investments and market transactions by selecting leading market participants as its counterparties according to stringent criteria. The Group therefore believes its exposure to credit risk is low.

Credit risk consists in the risk of a financial loss for the Group in the event a client or a counterparty to a financial instrument were to fail to uphold its contractual obligations. This risk primarily stems from trade receivables and investment securities.

The carrying amount of financial assets represents the Group's maximum exposure to risk credit. At December 31, 2007, maximum exposure to credit risk broke down as follows:

(in thousands of euros)	2007	2006
Cash and cash equivalents	87,479	67,625
Short-term investments	21,338	58,736
Financial assets	1,295	899
Trade receivables	132,943	119,834
Trade notes	5,995	6,148
Other current assets	6,917	5,802
Hedging derivative financial instruments (assets)	274	965
TOTAL	256,241	260,009

The concentration by geographical zone of credit risk breaks down in the following manner:

Gross carrying amount (in thousands of euros)	2007	2006
Northern Europe	22,522	21,586
Southern Europe	55,097	59,574
Asia Pacific	10,488	10,006
North America	28,327	16,548
Latin America	15,680	11,686
EEMEA	829	434
TOTAL	132,943	119,834

Recognition of a provision for bad debt can correspond to the entirety or a portion of the amount, determined according to the probability of recovery of the debt. In accordance with the prudence principle, an overall provision can be set aside according to a certain percentage of the total amount of trade receivables, calculated on the basis of past payment defaults.

Credit risk is monitored at Group level by the Treasury department, and more particularly by the Group's credit manager. The Group monitors monthly the payment delays of its subsidiaries and sets aside 100% provisions for receivables that are more 180 days overdue if supporting documents that enable

eventual payment to be justified are not provided by the subsidiaries. To protect itself from credit risk and thus cover its risk of non-payment, INGENICO ensures that guarantees are given in the countries where such risks are most likely. These guarantees can consist in letters of credit.

For more detailed information about trade receivables and their provisioning, refer to note 17: aging schedule of trade receivables.

4.3 Market risk

4.3.1 Currency risk

The Group has implemented a centralized management policy for forex positions resulting from business and financial transactions denominated in another currency than the Euro (such exposure is mainly in dollars). This management policy consists in hedging transactions in foreign currencies from the very call for tenders every time this is possible and, otherwise, when invoicing the client.

The Group is also subject to currency risks resulting from financial relations between its entities, primarily with the Company (parent company).

Cash transactions are coordinated at Company level by Group Treasury.

Currency risk is hedged by geographical zone, and transactional currency risk is, barring exceptions, hedged by the Company.

In order to reduce this exposure, Group Treasury uses the following hedging derivative financial instruments at December 31, 2007:

- Spot purchases/sales of currencies;
- Plain (purchase or sale) forward contracts;
- Cross currency swaps;
- Simple vanilla currency options.

These transactions, on the one hand, consist in hedging balance sheet positions and, on the other hand, in hedging budgets, and enable the Group to reduce its overall exposure to currency risk.

The breakdown of the Group's exposure to currency risk, based on notional amounts is as follows:

DEC. 31, 2007

(in thousands of foreign currency)	U.S. Dollar	British pound	Yen	Canadian dollar	Australian dollar
Trade receivables	10,988				
Guaranteed bank loans (bank borrowings)					
Trade payables	(45,426)				
GROSS BALANCE SHEET EXPOSURE	(34,438)				
Estimated projected sales	83,263	17,600		13,707	33,747
Estimated projected purchases	(188,773)				
GROSS EXPOSURE	(139,948)	17,600		13,707	33,747
Forward currency contracts					
Forward purchases	85,500				
Forward sales		(11,500)		(6,500)	(22,500)
Options	7,000				
NET EXPOSURE	(47,448)	6,100		7,207	11,247

The hedging set up in 2007 was part of a foreign exchange policy aimed at hedging the exposure to currency risk of consolidated entities.

The forward foreign exchange contracts that were set up mainly hedged future transactions to be carried out in 2008.

The exchange rates that are applied are specified in note 2: "Accounting principles and methods".

Analysis of sensitivity to currency risk

A 10% appreciation in the euro against the following currencies at December 31 would have led to an increase or decrease in equity and the year's profit or loss equal to the amounts indi-

cated hereafter. For the requirements of this analysis, all the other variables, in particular interest rates are supposed to remain constant.

(in thousands of euros)	Impact on income statement	Impact on cash flow hedge reserve
	+10%	+10%
Trade receivables	(679)	
Trade payables	2,805	
Derivative financial instruments	(149)	(1,249)
TOTAL	1,978	(1,249)

A 10% depreciation in the euro against the above currencies at December 31 would have had a similar impact, but in the opposite direction, to those presented above, assuming that all the other variables remained constant.

4.3.2 Interest rate risk

The Finance department was led to unwind its interest rate position during the repayment of the €80 million syndicated loan on May 23, 2005. The Company received a windfall payment of €121,000.

When the new €150 million refinancing contract signed on May 16, 2007 was negotiated, the obligations set out in the contract were to cover 50% of the drawn down A tranche and 75% of the drawn down B tranche.

The Group thus complied with its commitments by setting up optional (capped) interest rate hedging, totaling €35 million for a 2-year period to mature at June 25, 2006 at a 5% rate.

At June 30, 2007, €45 million of the A tranche had been drawn and at December 31, €25 million had been.

For the time being, the B tranche has not been drawn down at all.

A distinction between financial instruments according to the nature of interest rate is drawn as follows:

(in thousands of euros)	NET CARRYING AMOUNT	
	2007	2006
FIXED-RATE INSTRUMENTS		
FIXED-RATE FINANCIAL ASSETS	–	–
France OCEANE	61,508	70,054
France commercial paper	24,700	20,000
France amortizable loans		16,250
FIXED-RATE FINANCIAL LIABILITIES	86,208	106,304
VARIABLE-RATE INSTRUMENTS		
Cash and cash equivalents	87,479	67,625
Short-term investments	21,338	58,736
Financial assets	1,295	899
Trade receivables	132,943	119,834
Trade notes	5,995	6,148
Other current assets	6,917	5,802
Hedging derivative financial instruments (assets)	274	965
VARIABLE-RATE FINANCIAL ASSETS	256,241	260,009
Bank borrowings, finance leases, short-term borrowings	25,065	53,099
VARIABLE-RATE FINANCIAL LIABILITIES	25,065	53,099

In 2007, sensitivity to interest rate risk after taking into account interest rate hedging, stood at €251,000, in other words a 1% rise in interest rates would result in an increase in the Group's interest expense of this amount:

(in thousands of euros)		TOTAL FINANCE COSTS	
		100-basis point rise	100-basis point decline
Variable-rate financial assets			
December 31, 2007	25,065	251	(251)
December 31, 2006	53,099	531	(531)

Variable-rate financial liabilities mainly consist in short-term borrowings and are not hedged.

5. CONSOLIDATION SCOPE

Corporate name	Address	Country	% held INGENICO SA	Account method
PARENT COMPANY				
INGENICO SA	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	100.00%	FC
MONEYLINE BANKING SYSTEMS	183, avenue Georges Clemenceau - 92024 Nanterre Cedex	France	99.99%	FC
MONEYLINE VENTURES	183, avenue Georges Clemenceau - 92024 Nanterre Cedex	France	99.96%	FC
CASH SOLUTIONS	77, boulevard Gambetta - 59055 Roubaix	France	67.00%	FC
INGENICO GMBH	INGENICO GmbH Pfalzburger Straße 43-44 - 10717 Berlin <i>Along with its wholly-owned subsidiary EPSOS 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 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	3-7-403 Kita - Aoyama 3 - Chome - 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>	United States	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>	United States	100.00%	FC
DESCARTES INC	6 Colonial Lake drive Lawrenceville - New Jersey USA	United States	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 and branches in Colombia, Venezuela, Argentina and Chile</i>	Brésil	100.00%	FC
INGENICO ITALIA SPA	Via Stephenson 43/a - 20157 Milano <i>Along with its wholly-owned subsidiary EPOS Italia 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	Woorim Lion's Valley Road - A606B 371-28 Gasan-Dong Geumchun-Gu Seoul Korea Postal Code 153-786	South 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	23, avenue de la Porte Neuve - L-2227 Luxembourg <i>Along with its wholly-owned subsidiary INGENICO Polska</i>	Luxembourg	80.00%	FC
INGENICO INVESTMENT LUXEMBOURG SA	10 bd Royal - L2449 Luxembourg	Luxembourg	100.00%	FC
PLANET ÖDEME SYSTEM	ITU Ayazaga Kampuzu Ari 2 - Binasi B blok N° 6/1 Koruyolu 34469 Maslak Istanbul <i>Along with its wholly-owned subsidiary Planet Elektronik Sanayi</i>	Turkey	100.00%	FC

6. ACQUISITIONS AND DIVESTITURES

Acquisitions

INGENICO (Turkey)

Acquisition of Turkish distributor Planet, on July 13, 2007. Planet's IT and services development platforms will enable the Group to enter the payment applications market and to extend INGENICO's current offering in areas such as the rental of terminals, repair and maintenance as well as the pre-processing of transactions.

€20 million consideration of the €26 million transaction of July 13, 2007 was completed in cash with the balancing €6 million paid in shares, representing a capital increase of 271,064 INGENICO shares, the issue premium came in at €5,310,000 after deduction of share issuance costs).

Divestitures

Europa

In June 2007, the Group disposed of its on-board taxi automation business of Australian company Europa. Priced at €3,136,000, the divestiture generated a net gain of €2,002,000.

eNConcert

Subsidiary INGENICO Inc. (United States) disposed of its "eNconcert" unit. The divestiture generated a net gain of €170,000.

7. SEGMENT INFORMATION

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

At December 31, 2007, the Group monitored its activity according to the following six principal regions:

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

Breakdown of segment profit or loss

At December 31, 2007, segment profit or loss broke down as follows:

BREAKDOWN OF SEGMENT PROFIT OR LOSS (in thousands of euros)	Northern Europe	Southern Europe	Pacific /Asia	North America	Latin America	EEMEA	Unalloc.	Elimin.	Consolid.
External revenue	102,100	184,037	50,192	107,899	106,359	17,270			567,857
Inter-segment revenue	2,164	180,758	952	1,455	9,308	2,090		(196,726)	
TOTAL REVENUE	104,264	364,795	51,144	109,353	115,666	19,361	0	(196,726)	567,857
Profit from ordinary activities	7,485	50,130	194	6,099	11,666	(3,910)	(9,154)		62,509
Profit from operations	9,462	42,315	1,256	5,881	11,655	(3,996)	(9,550)		57,023
Total finance costs									(8,829)
Income tax									(8,702)
PROFIT FOR THE PERIOD									39,492
ATTRIBUTABLE TO INGENICO SHAREHOLDERS									39,447
Revenue by location of customers is as follows:									
External revenue	102,569	135,635	53,146	110,495	106,355	59,657			567,857

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

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

BREAKDOWN OF SEGMENT PROFIT OR LOSS	Northern Europe	Southern Europe	Pacific /Asia	North America	Latin America	EEMEA	Unalloc.	Elimin.	Consolid.
(in thousands of euros)									
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)
Income tax									(7,371)
TOTAL REVENUE									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
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(*) Unallocated items are head-office costs not assigned to geographical segments.

At December 31, 2005, segment profit or loss broke down as follows:

BREAKDOWN OF SEGMENT PROFIT OR LOSS	Northern Europe	Southern Europe	Pacific /Asia	North America	Latin America	EEMEA	Unalloc.	Elimin.	Consolid.
(in thousands of euros)									
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			125,400	
TOTAL REVENUE	111,529	290,231	27,297	90,611	77,727	1,656		(162,111)	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)		(34,367)
Total finance costs									(3,267)
Income tax									(2,502)
TOTAL REVENUE									(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
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(*) 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, 2007:

BREAKDOWN OF DEPRECIATION AND AMORTIZATION EXPENSE AND EXPENSES WITH NO IMPACT ON CASH FLOW (in thousands of euros)	Northern Europe	Southern Europe	Pacific/ Asia	North America	Latin America	EEMEA	Elimin.	Consolid.
Depreciation and amortization expense	2,133	11,820	1,420	2,028	626	3,039		21,067
Additions to provisions net of reversals and IFRS 2 expenses	1,819	11,920		1,439	1,498	(6)		16,670

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

BREAKDOWN OF DEPRECIATION AND AMORTIZATION EXPENSE AND EXPENSES WITH NO IMPACT ON CASH FLOW (in thousands of euros)	Northern Europe	Southern Europe	Pacific/ Asia	North America	Latin America	EEMEA	Elimin.	Consolid.
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:

BREAKDOWN OF DEPRECIATION AND AMORTIZATION EXPENSE AND EXPENSES WITH NO IMPACT ON CASH FLOW (in thousands of euros)	Northern Europe	Southern Europe	Pacific/ Asia	North America	Latin America	EEMEA	Elimin.	Consolid.
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, 2007:

BREAKDOWN OF SEGMENT ASSETS AND LIABILITIES (in thousands of euros)	Northern Europe	Southern Europe	Pacific/ Asia	North America	Latin America	EEMEA	Elimin.	Consolid.
External segment assets	42,952	198,411	26,152	108,739	39,914	41,043		457,211
Deferred tax assets								19,391
Current tax receivables								4,111
Financial receivables								1,295
Derivative instruments								274
Assets held for sale								
TOTAL ASSETS	42,952	198,411	26,152	108,739	39,914	41,043		482,281
External segment liabilities	17,324	94,054	14,262	25,642	17,560	1,416		170,257
Consolidated net equity								195,923
Deferred tax liabilities								835
Current tax payable								2,280
Financial debt								111,273
Derivative instruments								1,713
Liabilities that are part of disposal groups								
TOTAL LIABILITIES	17,324	94,054	14,262	25,642	17,560	1,416		482,281

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	Pacific/ Asia	North America	Latin America	EEMEA	Elimin.	Consolid.
External segment assets	56,425	149,795	28,936	105,563	37,383	5,959		384,060
Deferred tax assets								14,393
Current tax receivables								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	19,374	81,896	9,047	19,686	19,759	506		150,268
Consolidated net equity								146,897
Deferred tax liabilities								734
Current tax payable								2,116
Financial debt								159,403
Derivative instruments								141
Liabilities that are part of disposal groups								
TOTAL LIABILITIES	19,374	81,896	9,047	19,686	19,759	506		459,559

The figures presented in the 2006 Annual Report with respect to segment liabilities were modified in order to represent the external position of the various segments by excluding intragroup balances.

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	Pacific/Asia	North America	Latin America	EEMEA	Elimin.	Consolid.
External segment assets	46,697	136,020	26,565	100,383	29,719	5,036		344,420
Deferred tax assets								18,083
Current tax receivables								2,681
Financial receivables								57,678
Derivative instruments								301
Assets held for sale								9,238
TOTAL ASSETS	63,882	22,296	33,110	189,950	29,881	5,280		432,401
External segment liabilities	21,678	86,798	8,004	18,303	15,228	1,472		151,483
Consolidated net equity								101,330
Deferred tax liabilities								804
Current tax payable								1,322
Financial debt								175,007
Derivative instruments								
Liabilities that are part of disposal groups								2,454
TOTAL LIABILITIES	21,678	86,798	8,004	18,303	15,228	1,472		432,401

The figures presented in the 2006 Annual Report with respect to segment liabilities were modified in order to represent the external position of the various segments by excluding intragroup balances.

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:

BREAKDOWN OF ACQUISITION COSTS FOR PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (in thousands of euros)	Northern Europe	Southern Europe	Pacific/Asia	North America	Latin America	EEMEA	Elimin.	Consolid.
2007	(754)	(9,186)	(354)	(1,315)	(523)	(3,645)		(15,778)
2006	(1,416)	(6,201)	(353)	(1,090)	(888)	(521)		(10,468)
2005	(1,991)	(7,629)	(329)	(1,943)	(1,098)	(1,584)		(14,574)

8. COSTS BY FUNCTION AND OTHER EXPENSES

Personnel costs are broken down as follows:

(in thousands of euros)	2007	2006	2005
Wages and salaries	71,872	66,137	69,065
Social security contributions	19,276	17,362	18,347
Retirement and other defined-benefit plan expenses	67	283	404
Provisions for retirement indemnities	461	336	(695)
Stock options and bonus shares	6,439	5,875	2,825
TOTAL	98,114	89,993	89,945

NB: The total for fiscal year 2005 has been corrected in comparison with the Appendix to consolidated financial statements published in 2005.

Depreciation and amortization expense is broken down as follows:

(in thousands of euros)	2007	2006	2005
Provisions/(Writebacks)			
Amortization and provisions for intangible assets	11,391	7,894	6,899
Depreciation and provisions for property, plant and equipment	6,559	5,322	6,022
Goodwill impairment	1,077	376	4,222
Provisions for depreciation of inventories	(2,685)	(971)	3,881
Provisions for depreciation of trade receivables	1,706	(249)	(3,078)
Provisions for depreciation of financial assets	1	(1,818)	44
TOTAL	18,048	10,554	17,989

9. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses include:

(in thousands of euros)	2007	2006	2005
Restructuring charges	(6,086)	(3,165)	(9,293)
Litigation expenses and costs related to quality issues	(579)	630	(24,190)
Impact of applying the new inventory depreciation method			(8,837)
Gains/(losses) on disposal of assets	2,002	2,517	4,659
Goodwill impairment		(376)	(4,221)
Disposal or retirement of plant, property and equipment or intangible assets	(904)	(1,331)	(918)
Other	82	(164)	183
TOTAL	(5,486)	(1,888)	(42,617)

In 2007, non-recurring charges and income totaling (€5.5 million) break down as follows:

- the restructuring charges incurred during the Group's reorganization operations (€1,105,000 mainly in Asia) along with the cost of measures for the benefit of employees affected by staff adjustment programs (€4,981,000, primarily in France and the United Kingdom).

- the charges and income related to legal and business litigation: €579,000.

The net gains of €2,002,000 stemming from the disposal of the on-board taxi automation business of Australian company Europa.

The net non-recurring expense of €1.9 million in 2006 was mainly due to:

- the restructuring charges incurred when operations were sold or discontinued along with the cost of measures for the benefit of employees affected by staff adjustment programs: €3,165,000.

- litigation expenses and costs related to quality issues: €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 (acquisition of 100% stake).

- Net losses on disposal or retirement of other non-current assets and depreciation expenses booked on this kind of asset totaled €1,331,000. More than half of this amount was related to reorganization programs carried out in France.

10. NET FINANCE COSTS

Net finance costs are broken down as follows:

(in thousands of euros)	2007	2006	2005
Interest expense on convertible bonds	(2,978)	(3,880)	(2,532)
Other interest expense	(4,224)	(5,272)	(2,950)
NET FINANCING COSTS	(7,202)	(9,152)	(5,482)
Income from cash and cash equivalents	1,195	1,524	1,270
NET FINANCE COSTS	(6,007)	(7,628)	(4,212)
Foreign exchange gains	6,581	6,606	4,276
Foreign exchange losses	(12,075)	(8,686)	(3,042)
FOREIGN EXCHANGE GAINS AND LOSSES	(5,494)	(2,079)	1,234
Gains on interest rate swaps	630	2	
Gains on investment transactions (value adjustments, disposals)	1,684	1,493	396
Other financial income	854	2,404	412
Other financial expenses	(496)	(2,041)	(1,098)
OTHER FINANCIAL INCOME AND EXPENSES	2,672	1,859	(290)
TOTAL FINANCE COSTS	(8,830)	(7,849)	(3,268)

For the first half of 2007, the breakdown of financing costs is as follows:

Net financing costs include:

- Interest expense on "OCEANE"-type convertible bonds (€2,978,000),
- Interest expense, primarily on medium-term loans and bank credit facilities contracted by the parent company in mid-2005, which were fully repaid in May 2007, new financing (€150 million) arrangements set up in May 2007, in the form of 2 lines of credit (€25 million of which was drawn down at the December 31, 2007 reporting date) and bank credit facilities.

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

Net foreign exchange losses came to €5,494,000, including a loss of €1,064,000 following the payment of intra-Group dividends.

Other interest income and expenses totaled €2,672,000 including €1,684,000 for disposals and adjustments to the value of investment income.

In full year 2006, net financing costs broke down into:

- (€3,880,000) relative to contractual and notional interest payments on the issue of a bond convertible into shares;
- (€5,272,000) consisting primarily in interest on medium-term loans in France.

Net foreign exchange losses came to €2,079,000, including a loss of €174,000 following the payment of dividends.

Other financial income and expenses mainly consist in fair value adjustments of financial investments.

The analysis of 2007 net finance costs according to IAS 39 was as follows at December 31, 2007:

ELEMENTS RECOGNIZED IN THE INCOME STATEMENT	2007
Interest income on bank deposits	670
Income from sale of financial assets held for trading	5,312
FINANCIAL INCOME	5,982
Change in fair value of financial assets held for trading	(1,589)
Net forex loss	(5,211)
Ineffective portion of gains or losses on cash flow hedging instruments (forex)	(283)
Ineffective portion of gains or losses on cash flow hedging instruments (interest rate)	(1)
Interest expense on borrowings stated at amortized cost	(7,728)
FINANCIAL EXPENSE	(14,812)
NET FINANCIAL COSTS	(8,830)

ELEMENTS DIRECTLY RECOGNIZED IN EQUITY	2007
Net change in fair value of financial assets available for sale	(489)
Effective portion of gains or losses on cash flow hedging instruments (forex)	(1,808)
Effective portion of gains or losses on cash flow hedging instruments (interest rate)	(170)
RECOGNIZED IN FAIR VALUE RESERVE (*)	(2,467)

(*) The matching amount of deferred tax recognized in equity totaled €848,000.

11. INCOME TAX

Income tax expense on the earnings of consolidated companies

(in thousands of euros)	2007	2006	2005
Income tax expense for the period	(10,068)	(6,516)	(4,303)
Deferred tax	1,366	(855)	1,800
TOTAL	(8,702)	(7,371)	(2,502)

In 2007, income tax expense for the period mainly consists in tax due in Latin America, North America, the United Kingdom, Italy and Spain. Deferred tax assets on loss carry-forwards were recognized in France insofar as profitability prospects made this possible.

In 2006, income tax expense for the period mainly consisted in tax payable in Latin America, North America, the United Kingdom, and Italy. Deferred tax assets on loss carry-forwards were recognized in some countries (United States, France) insofar as profitability prospects made this possible.

Group book-to-tax reconciliation

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, 2007. In France, deferred income tax is calculated using the latest enacted tax rate, which is 34.43% for 2008 and the following years.

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 tax expense and pre-tax profit

(in thousands of euros)	2007	2006	2005
Net profit/(loss) for the period	39,492	15,973	(40,137)
Corporate income tax	(8,702)	(7,371)	(2,502)
Profit/(loss) before income taxes	48,194	23,344	(37,635)
Tax rate - France	34.43%	34.43%	34.43%
Prima facie tax expense	(16,593)	(8,037)	12,958
Difference between the French tax rate and that of foreign subsidiaries	217	(415)	(820)
Tax losses for the period not recognized as deferred tax assets	(1,822)	(2,888)	(14,287)
Use of loss carry-forwards not recognized as deferred tax assets	16,860	8,058	1,069
Effect of permanent differences	(7,363)	(4,089)	(1,412)
Other			
TOTAL	(8,702)	(7,371)	(2,502)

Deferred taxes recognized in the balance sheet

Breakdown by recovery or settlement date

(in thousands of euros)	2007	2006	2005
DEFERRED TAX ASSETS			
Deferred tax assets recoverable in more than one year	19,391	14,393	18,083
Deferred tax assets recoverable in less than one year			
TOTAL	19,391	14,393	18,083
DEFERRED TAX LIABILITIES			
Deferred tax liabilities to be settled in more than one year	(835)	(734)	(804)
Deferred tax liabilities to be settled in less than one year			
TOTAL	(835)	(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)		(1,560)
Other movements	755	(29)	727	81	807
AT DECEMBER 31, 2006	12,182	2,211	14,393	(734)	13,659
Deferred tax recognized in the income statement	(2,051)	2,996	945	421	1,366
Deferred tax recognized in equity		2,658	2,658	(860)	1,798
Translation differences	(104)	(177)	(282)	(28)	(310)
Other movements	2,043	(367)	1,676	367	2,043
AT DECEMBER 31, 2007	12,070	7,320	19,391	(835)	18,556

Breakdown by type of temporary difference

(in thousands of euros)	2007	2006	2005
DEFERRED TAX ASSETS BY TYPE OF TEMPORARY DIFFERENCE			
Property, plant and equipment and intangible assets	(1,489)	(1,265)	(120)
Post-employment employee benefits	4,860	2,862	2,388
Inventories, receivables, payables and provisions	4,682	3,066	7,393
Tax losses and credits	12,071	12,182	11,274
Other (financial instruments)	(732)	(2,452)	(2,852)
TOTAL	19,391	14,393	18,083
DEFERRED TAX LIABILITIES BY TYPE OF TEMPORARY DIFFERENCE			
Property, plant and equipment and intangible assets	(854)	(456)	(14)
Post-employment employee benefits	9	205	
Inventories, receivables, payables and provisions	9	(483)	(789)
Non-recovered tax losses and credits			(24)
Other (financial instruments)	5	7	(3)
TOTAL	(835)	(734)	(803)
SHOWN AS FOLLOWS ON THE BALANCE SHEET			
Deferred tax assets	19,391	14,393	18,083
Deferred tax liabilities	(835)	(734)	(804)
TOTAL NET DEFERRED TAX	18,556	13,659	17,279

Breakdown of unrecognized deferred tax assets

(in thousands of euros)	2007	2006	2005
Deferred tax from tax loss carryforwards	15,263	30,677	32,696
Deferred tax from temporary differences	267	4,216	NC
TOTAL	15,530	34,893	32,696

12. INTANGIBLE ASSETS

Goodwill

(in thousands of euros)	2007	2006	2005
AT JANUARY 1	89,987	65,413	69,989
Investments	21,737	25,382	2,387
Disposals			
Impairment losses	(2,577)	(376)	(3,221)
Translation differences	416	(20)	307
Other	(3,239)	(412)	(4,049)
AT DECEMBER 31	106,324	89,987	65,413

Breakdown of goodwill

	2007			2006			2005		
	Gross value	Total impairment losses	Net value	Gross value	Total impairment losses	Net value	Gross value	Total impairment losses	Net value
(in thousands of euros)									
North America	55,434		55,434	57,477		57,477	57,477		57,477
INGENICO Luxembourg	53		53						
Asia	3,284	(376)	2,908	4,192	(376)	3,816	4,228		4,228
INGENICO Italy	814	(96)	718	814	(96)	718	814	(96)	718
INGENICO Ireland Ltd	919	(107)	813	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	(1,000)	797	1,797		1,797	1,027		1,027
Moneyline Banking System	2,834	(500)	2,334	2,972		2,972			
Moneyline Retail business	21,114		21,114	21,264		21,264			
INGENICO Turkey	22,153		22,153						
TOTAL	108,403	(2,079)	106,324	93,976	(3,990)	89,987	69,141	(3,728)	65,413

In 2007

The increase in goodwill was primarily due to the acquisition of Turkish distributor Planet. €20 million consideration of the €26 million transaction of July 13, 2007 was completed in cash with the balancing €6 million paid in shares, representing a capital increase of 271,064 INGENICO shares, the issue pre-

mium came in at €5,310,000 after deduction of share issuance costs. Additional compensation of €2,629,000 was paid in August 2007. This payment led to, after allocation (cf. the following Table) residual goodwill of €21,684,000 being booked.

Allocation of goodwill on acquisition

(in thousands of euros)	Amounts identified and allocated	Amortization in 2007	Net amounts at Dec. 31, 2007
INTANGIBLE ASSETS			
CONCESSIONS, PATENTS & SIMILAR RIGHTS			
Brand	500	(84)	416
Technology	2,300	(292)	2,008
OTHER INTANGIBLE ASSETS			
Long-term client contracts	1,500	(150)	1,350
TOTAL INTANGIBLE ASSETS	4,300	(526)	3,774
TOTAL IDENTIFIED AND ALLOCATED ASSETS	4,300	(526)	3,774
RECOGNIZED DEFERRED TAX LIABILITIES	(860)	(106)	(966)

Impairment losses

Goodwill on Europa was entirely amortized following the disposal of its on-board taxi automation business in June 2007 (€1,077,000).

The impairment tests carried out during the 4th quarter of 2007 led the Group to recognize goodwill impairment on:

- INGENICO Switzerland for €1,000,000;
- Moneyline Banking System for €500,000.

In 2006

The increase in goodwill was primarily due to the merger carried out in 2006 with the Moneyline Group. This transaction took the form of an acquisition merger of the parent company of the former Moneyline Group, resulted in, after the allocation of acquisition costs (trademarks, long-term contracts, technology and inventories for an amount of €6,210,000), the Group recording residual purchase goodwill of €24,236,000.

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 three-year period after 2007, including growth and profitability

Adjustment in goodwill

The Group carried out goodwill adjustments for:

- Goodwill in North America was revised following the utilization in 2007 of tax losses that existed at the time of the acquisition (2001) and for which no deferred tax assets has been recognized at that point in time (€2,403,000).
- The reversal of unused provisions on Moneyline Banking, INGENICO SA and INGENICO Electronic Equipment for €1,196,000.

The 100% takeover of Xa, now called INGENICO Switzerland, led to a €770,000 increase in its goodwill.

The buyout by the Group of the shares held by its partner in INGENICO Korea, led to a €376,000 increase in purchased residual goodwill, which was immediately amortized given this company's short-term prospects.

Apart from INGENICO Korea, impairment tests conducted during the fourth quarter of 2006 did not result in any further goodwill impairment charges.

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:

2007									
Segments	Northern Europe		Southern Europe		Pacific /Asia	North America	Central Europe, Africa, Middle East		
Cash-generating units	Ireland	Italy	Moneyline Banking System	Moneyline Retail Activity	Asia	North America	Turkey	INGENICO Switzerland /Lux	TOTAL
Net carrying amount of goodwill (in thousands of euros)	813	718	2,334	21,114	2,908	55,434	22,153	850	106,324
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	2.00%	2.00%	1.00%	1.00%	2.00%	2.00%	2.50%	1.00%	
Weighted average cost of capital used on Dec. 31, 2007	11.89%	11.90%	12.05%	11.90%	15.43%	12.50%	13.01%	11.20%	

2006									
Segments	Northern Europe		Southern Europe		Pacific /Asia		North America	Central Europe, Africa, Middle East	
Cash-generating units	Ireland	Italy	Moneyline Banking System	Moneyline Retail Activity	Asia	Europe	North America	INGENICO Switzerland	TOTAL
Net 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%		2.50%	2.50%	3.00%	1.00%	2.50%	2.50%	
Weighted average cost of capital used on Dec. 31, 2006	11.30%	11.30%	11.30%	11.30%	15.30%	14.20%	12.30%	9.86%	

(1) Applying pre-tax discount rates to pre-tax cash flows has led to an identical valuation of cash-generating units.

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 the cash flow discount rate.

These sensitivity analyses did not show a need to revise the value of goodwill except for MBS and Switzerland. The central values of the tested sensitivity parameters led to goodwill impairment of €500,000 for MBS and €1m for Switzerland.

Other intangible assets

	2007				
	Licences, trademarks, technology	Development expenses (incurred internally)	Other intangible assets	Advances and down payments	TOTAL
(in thousands of euros)					
GROSS VALUE					
AT JANUARY 1	19,074	40,794	5,947		65,816
Investments	973	3,226	3,014		7,213
Disposals	(1,588)		(67)		(1,655)
Changes in consolidation scope (*)	2,871		1,638		4,509
Translation differences	(395)	(945)	122		(1,218)
Other	(267)	(7,477)	(388)		(8,132)
AT DECEMBER 31	20,668	35,600	10,266		66,534
AMORTIZATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	(11,915)	(28,308)	(4,232)		(44,455)
Amortization	(3,147)	(4,823)	(1,921)		(9,891)
Disposals and impairment losses	2,218				2,218
Changes in consolidation scope (*)	(24)		(38)		(62)
Translation differences	304	816	(8)		1,112
Other	323	7,456	344		8,123
AT DECEMBER 31	(12,243)	(24,859)	(5,854)		(42,956)
NET VALUE					
AT JANUARY 1	7,159	12,486	1,716		21,361
AT DECEMBER 31	8,425	10,741	4,412		23,576

(*) Changes in the consolidation scope in 2007 primarily reflect the changes resulting from the allocation of goodwill on INGENICO Turkey. This corresponds to identified and recognized intangible assets for the following gross amounts:

Licenses

Trademarks: €500,000

Technology: €2,300,000

Other intangible assets

Long-term customer contracts: €1,500,000

The amortization and depreciation of these intangible assets totaled €526,000, equivalent to slightly less than six months of amortization from the date of acquisition of INGENICO Turkey.

	2006				
	Licences, trademarks, technology	Development expenses (incurred internally)	Other intangible assets	Advances and down payments	TOTAL
(in thousands of euros)					
GROSS VALUE					
AT JANUARY 1	14,958	39,895	3,584		58,437
Investments	151	3,091	308		3,550
Disposals	(301)				(301)
Changes in consolidation scope (*)	4,745		1,963		6,708
Translation differences	(921)	(1,630)	15		(2,536)
Other	442	(562)	78		(42)
AT DECEMBER 31	19,074	40,794	5,947		65,816
AMORTIZATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	(10,419)	(24,521)	(3,584)		(38,524)
Amortization	(2,837)	(4,487)	(570)		(7,894)
Disposals and impairment losses					
Changes in consolidation scope (*)	(581)	7	(38)		(612)
Translation differences	579	1,406	5		1,990
Other	1,344	(714)	(45)		585
AT DECEMBER 31	(11,915)	(28,308)	(4,232)		(44,455)
NET VALUE					
AT JANUARY 1	4,539	15,374			19,913
AT DECEMBER 31	7,159	12,486	1,716		21,361

(*) Changes in the consolidation scope in 2006 primarily reflect the allocation of the acquisition cost arising on the MoneyLine merger. The following gross amounts were allocated to the intangible assets identified and for the following gross amounts:

Licenses

Trademarks: €748,000

Technology: €3,255,000

Other intangible assets

For the following gross amounts: €1,963,000

The amortization of these intangible assets in the period totaled €176,000, equivalent to two months of amortization from the date of acquisition of Moneyline.

	2005				TOTAL
	Licences, trademarks, technology	Development expenses (incurred internally)	Other intangible assets	Advances and down payments	
(in thousands of euros)					
GROSS VALUE					
AT JANUARY 1	13,530	33,163	3,878	24	50,594
Investments	349	7,161	134		7,645
Disposals	(376)	(2,324)			(2,700)
Changes in consolidation scope (*)		566			566
Translation differences	1,276	2,330	(2)		3,604
Other	179	(1,001)	(426)	(24)	(1,272)
AT DECEMBER 31	14,958	39,895	3,584		58,437
AMORTIZATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	(8,454)	(20,353)	(3,146)		(31,953)
Amortization	(1,538)	(4,012)	(869)		(6,418)
Disposals and impairment losses	257				257
Changes in consolidation scope (*)		(420)			(420)
Translation differences	(667)	(1,916)	4		(2,579)
Other	(17)	2,180	426		2,589
AT DECEMBER 31	(10,419)	(24,521)	(3,584)		(38,524)
NET VALUE					
AT JANUARY 1	5,076	12,810	732	24	18,641
AT DECEMBER 31	4,539	15,374			19,913

13. PROPERTY, PLANT AND EQUIPMENT

	2007				
	Land and buildings	Technical facilities and equipment	Other	In progress	TOTAL
(in thousands of euros)					
GROSS VALUE					
AT JANUARY 1	842	37,105	18,858	46	56,852
Investments	89	5,780	2,345	24	8,238
Disposals	(33)	(10,033)	(6,246)		(16,312)
Changes in consolidation scope		290	855		1,144
Translation differences	(1)	(1,396)	89		(1,308)
Other		232	(178)	(48)	6
AT DECEMBER 31	897	31,977	15,723	22	48,619
DEPRECIATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	(395)	(26,656)	(13,000)		(40,051)
Amortization	(150)	(4,379)	(1,999)		(6,528)
Disposals and impairment losses	33	9,758	5,458		15,249
Changes in consolidation scope		(34)	(524)		(558)
Translation differences		951	(30)		921
Other			176		176
AT DECEMBER 31	(512)	(20,360)	(9,918)		(30,791)
NET VALUE					
AT JANUARY 1	447	10,449	5,858	46	16,801
AT DECEMBER 31	385	11,617	5,804	22	17,829
2006					
	Land and buildings	Technical facilities and equipment	Other	In progress	TOTAL
(in thousands of euros)					
GROSS VALUE					
AT JANUARY 1	1,427	38,094	17,721	32	57,273
Investments	253	3,611	2,285	46	6,195
Disposals	(1,006)	(2,472)	(2,696)		(6,174)
Changes in consolidation scope		1,165	1,256		2,420
Translation differences		(1,360)	(1,054)		(2,415)
Other	169	(1,931)	1,346	(32)	(448)
AT DECEMBER 31	842	37,105	18,858	46	56,852
DEPRECIATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	(1,152)	(26,968)	(12,066)		(40,186)
Amortization	241	(3,516)	(2,047)		(5,322)
Disposals and impairment losses	648	2,093	2,270		5,012
Changes in consolidation scope	(24)	(974)	(756)		(1,754)
Translation differences		1,304	814		2,119
Other	(107)	1,404	(1,216)		81
AT DECEMBER 31	(395)	(26,656)	(13,000)		(40,051)
NET VALUE					
AT JANUARY 1	275	11,126	5,655	32	17,087
AT DECEMBER 31	447	10,449	5,858	46	16,801

	2005				
	Land and buildings	Technical facilities and equipment	Other	In progress	TOTAL
(in thousands of euros)					
GROSS VALUE					
AT JANUARY 1	8,303	34,992	12,257	432	55,983
Investments	57	3,680	1,567	85	5,390
Disposals	(5,185)	(2,369)	(161)		(7,715)
Changes in consolidation scope		24			24
Translation differences	147	2,532	1,790	35	4,504
Other	(1,895)	(765)	2,268	(520)	(912)
AT DECEMBER 31	1,427	38,094	17,721	32	57,273
DEPRECIATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	(3,682)	(23,863)	(8,532)		(36,077)
Amortization	(587)	(3,671)	(1,597)		(5,855)
Disposals and impairment losses	1,907	1,950	128		3,984
Changes in consolidation scope		(8)			(8)
Translation differences	(103)	(1,999)	(1,159)		(3,261)
Other	1,313	623	(906)		1,030
AT DECEMBER 31	(1,152)	(26,968)	(12,066)		(40,186)
NET VALUE					
AT JANUARY 1	4,621	11,129	3,725	432	19,907
AT DECEMBER 31	275	11,126	5,655	32	17,087

14. FINANCIAL ASSETS

At December 31, 2005, 2006 and 2007, financial assets included security deposits and guarantees paid, equity interests in non-consolidated companies and related receivables.

	2007	2006	2005
(in thousands of euros)			
Non-current financial assets	1,295	899	1,221
TOTAL	1,295	899	1,221

15. OTHER NON-CURRENT ASSETS

At December 31, 2005, 2006 and 2007, other non-current assets consisted in the following:

	2007	2006	2005
(in thousands of euros)			
Other non-current assets	2,338	6,544	8,274
TOTAL	2,338	6,544	8,274

(in thousands of euros)	2007	2006	2005
Receivables due in more than one year	2,042	3,740	5,274
Tax receivables other than corporate income tax due in more than one year	295	443	577
Tax loss carry backs, more than one year		2,298	2,298
Accruals, more than one year		63	125
TOTAL	2,338	6,544	8,274

16. INVENTORIES

(in thousands of euros)	2007	2006	2005
Raw materials and consumables	11,785	14,592	14,254
Finished products	50,816	48,024	37,391
Depreciation on raw materials and consumables	(4,065)	(5,932)	(6,953)
Depreciation on finished products	(6,064)	(6,725)	(4,564)
NET TOTAL	52,472	49,960	40,128

17. TRADE RECEIVABLES AND RELATED ACCOUNTS

Trade receivables and related accounts are broken down as follows:

(in thousands of euros)	2007	2006	2005
Advances and down-payments to suppliers	3,513	1,567	1,105
Trade receivables on the sale of goods and services	132,943	119,834	133,659
Employee-related receivables	166	130	232
Tax receivables other than corporate income tax	4,293	4,122	1,309
Current accounts, receivables	70		311
Other receivables	1,828	2,586	4,410
Provisions for bad debt	(3,874)	(2,257)	(2,521)
TOTAL	138,938	125,982	138,505

The aging schedule of trade receivables therefore broke down as follows:

(in thousands of euros)	2007			2006		
	Gross	Provision	Net	Gross	Provision	Net
Not due	98,156	(53)	98,103	76,899	(325)	76,574
< 120 days	28,686	(35)	28,651	26,782	(127)	26,655
120 -180 days	1,797	(174)	1,623	9,291	(52)	9,239
> 180 days	4,304	(3,612)	830	6,862	(1,753)	5,254
TOTAL	132,943	(3,874)	129,206	119,834	(2,257)	117,722

18. CURRENT TAX RECEIVABLES AND OTHER CURRENT ASSETS

(in thousands of euros)	2007	2006	2005
Prepaid expenses	6,748	5,486	1,879
Accrued interest on receivables and loans	170	315	469
TOTAL	6,917	5,802	2,347
GOVERNMENT, INCOME TAX	4,111	506	2,681

NB: the presentation of this Table has been changed from its version in the 2005 financial statements. The "Government, income tax" sub-total corresponds to the "Current tax receivables" line in the consolidated balance sheet.

19. ASSETS HELD FOR SALE

At December 31, 2007, the Group had not initiated any processes for disposing of assets or subsidiaries.

20. CONSOLIDATED EQUITY

Number of outstanding shares

	2007	2006	2005
SHARES ISSUED AT JANUARY 1	32,108,576	29,924,312	29,803,117
Shares issued in connection with options exercised and dividend payout	450,430	301,500	121,195
Shares issued in connection with the MoneyLine merger		1,882,764	
Shares issued in connection with the acquisition of Planet Odeme	271,064		
Shares issued in connection with the granting of bonus shares	100,000		
SHARES ISSUED AT DECEMBER 31	32,930,070	32,108,576	29,924,312
TREASURY SHARES AT DECEMBER 31	634,332	782,829	319,310

INGENICO's shares have a par value of €1. Authorized share capital at December 31, 2007 breaks down into 32,930,070 shares.

Treasury shares

(in thousands of euros)	2006	Purchased	Sold	Other (*)	2007
Number of shares	782,829	498,595	(459,154)	(187,938)	634,332
Unit value	15.31	19.92	19.47	11.47	17.06
TOTAL	11,986,536	9,932,627	8,941,152	2,154,862	10,823,149

(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 10, 2007 which replaced the resolution voted at the Combined Ordinary and Extraordinary Shareholders Meeting of May 5, 2006 and which is subject to the same conditions, i.e. the purchase price is not to exceed €30, and the authorization is valid from aforesaid date for an 18-month period.

- In 2007, no shares were bought under this contract.

(*) 60,290 treasury shares were deducted in June 2007 to provide for a bonus share allocation plan that was reaching maturity and had Mr. Amedeo d'Angelo and Mr. David Znaty as beneficiaries. 127,648 shares were taken to provide for a conversion into existing shares requested by an (OCEANE) bondholder in December 2007.

The treasury share portfolio at December 31, 2007 numbered 544,832 shares with an average price of €16.44.

- In 2006, 483,460 shares were purchased 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:

- In 2007, 498,595 shares were purchased at an average price of €19.92 while 459,154 shares were sold at an average price of €19.47.

The portfolio of shares purchased on the basis of the liquidity contract totaled 89,500 shares at December 31, 2007.

- In 2006, 317,230 shares were purchased at an average price of €16.32, while 337,171 shares were sold at an average price of €15.45.

The portfolio of shares purchased on the basis of the liquidity contract totaled 50,059 shares at December 31, 2006.

Stock subscription option plans and bonus share awards

Plans in force at December 31, 2007

The main features of the plans in force at December 31, 2007 are as follows:

a) Stock option subscription plans

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.

No new share subscription plan was set up during 2007. Following an adjustment, carried out to take into account the payment of the dividend levied on the issue premium, 3,904 additional options were awarded to beneficiaries who had not yet exercised their entitlement on June 27, 2007 (date of the Board of Directors meeting that approved the formula for calculating the adjustment). Given this adjustment and the exercising of options that has occurred, the number of existing options at December 31, 2007 totaled 700,386.

A tranche

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 A tranche. The Chairman listed the beneficiaries of A tranche, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for A

tranche 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).

B tranche

On July 25, 2003, the Board of Directors allocated a second tranche of options, called B tranche. The Board listed the beneficiaries of B tranche, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for B tranche 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).

C tranche

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

The subscription price for C tranche 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).

D tranche

On June 10, 2004, the Board of Directors allocated a fourth tranche of options, called D tranche. The Board listed the beneficiaries of D tranche, the number of options to be allocated to

each beneficiary and the subscription price. The subscription price for D tranche 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).

E tranche

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 E tranche. The CEO listed the beneficiaries of E tranche, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for E tranche 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).

F tranche

On December 14, 2004, the Board of Directors allocated a new tranche of options, called F tranche. The Board listed the beneficiaries of F tranche, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for F tranche 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.

H tranche

On September 20, 2005, the Board of Directors allocated a new tranche of options, called H tranche. The Board listed the beneficiaries of H tranche, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for H tranche 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) Bonus shares

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. This cap was raised to 599,056 shares by the Annual Shareholders' Meeting of May 5, 2006, i.e. 3% of equity.

At December 31, 2005, 65,000 shares were awarded, of which 10,000 to the Chairman, and 50,000 to the Chief Executive Officer.

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).

In the first half of 2006, 100,000 bonus shares were granted to the CEO, Mr. Amedeo d'Angelo, staggered in quarterly allocations in 2006 of one-quarter of this amount at the end of each quarter.

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 bonus shares were awarded in several sub-groups to 41 beneficiaries. Out of this total, 150,000 shares were allocated to members of the Executive Board. 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.

No new share subscription option plans were set up during 2007. Following an adjustment that was made to reflect the payment of a dividend out of the share premium account, 3,522 additional bonus shares were awarded to grantees.

The Board of Directors meeting on July 17, 2007 awarded 100,000 bonus shares to the CEO, Mr. Philippe Lazare, staggered in quarterly 25% allocations. Mr. Jacques Stern was awarded 15,000 bonus shares from the date he was appointed Chairman of the Board.

On June 28, 2007, 60,290 bonus shares, taken from the Company's own treasury shares, were awarded to Mr. Amedeo d'Angelo and Mr. David Znaty to provide for a bonus share program that was reaching maturity.

100,000 shares were created by a capital increase and a levy on the share issue premium to provide for the allocation plan reaching maturity on December 14, 2008 for the benefit of Mr. Amedeo d'Angelo.

Following an adjustment that was made to reflect the payment of a dividend out of the share premium account, 3,522 additional options were granted to beneficiaries who had not yet exercised their entitlement on June 27, 2007 (date of the board meeting during which the formula for calculating the adjustment as approved).

Given these allocations as well as the arrivals and departures of other grantees during the period, the number of existing bonus shares was 637,457 at December 31, 2007. At December 31, 2006, 760,000 bonus shares were outstanding.

Change in stock options and share prices in the period

2007

	Options/shares outstanding at January 1	Options/shares granted during the year	Options/shares exercised during the year	Options/shares cancelled or expired, other movements	Existing options/shares at December 31 ⁽¹⁾	Weighted average life (in years)	Weighted average exercise price (in €)
A tranche	427,500	747	287,613	21,000	119,634	8	5.67€
B tranche	10,000	24	10,024			8	8.46€
C tranche	55,000	244	11,244	3,000	41,000	8	10.93€
D tranche	100,000	456			100,456	8	11.04€
E tranche						8	13.93€
F tranche	129,500	566	13,053	23,506	93,507	8	11.68€
H tranche	395,000	1,867	15,078	36,000	345,789	8	11.62€
Bonus shares	760,000	158,522	160,290	120,775	637,457		
TOTAL	1,877,000	162,426	497,302	204,281	1,337,843		

(1) Including 345,789 exercisable at December 31, 2007.

2006

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

(1) Including 437,500 exercisable at December 31, 2006.

2005

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

(1) Including 0 exercisable at December 31, 2006.

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.

For stock options

The initial value of the share is the grant date value. The assumed volatility is the volatility calculated over a one-year period preceding the grant date, except for A and B tranches for

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

The yield curve is calculated using Bloomberg currency rates and swap rates.

For bonus share awards

Fair value consists in the share price at grant date.

Assumptions made in measuring fair value

	A tranche	B tranche	C tranche	D tranche	E tranche	F tranche	H tranche
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 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 2007 were as follows:

- Stock options: €996,000 were charged to "Profit from ordinary activities" and €415,000 to "Other operating expenses."
- Bonus share awards: €5,028,000 to "Profit from ordinary activities".

In 2006, the expense was as follows:

- Stock options: €1,366,000 were charged to "Profit from ordinary activities" and €304,000 to "Other operating expenses".
- Bonus share awards: €4,205,000 to "Profit from ordinary activities."

21. 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.

	2007	2006	2005
Net profit or loss attributable to INGENICO S.A. shareholders (in thousands of euros)	39,447	15,984	(40,131)
Weighted average number of ordinary shares	31,738,076	29,791,844	29,629,628
BASIC EARNINGS PER SHARE (in euros)	1.24	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, 2007, anti-dilutive instruments included: "OCEANE" convertible bonds, due to interest expense saved in the event that said bonds were converted into Company shares.

At December 31, 2007, dilutive instruments included: Stock subscription options and bonus shares.

(in thousands of euros)	2007	2006	2005
NET PROFIT OR LOSS ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS	39,447	15,984	(40,131)
DILUTED NET PROFIT OR LOSS ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS	39,447	15,984	
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	31,738,076	29,791,844	29,629,628
Impact of dilutive instruments:			
Exercise of stock subscription plans and bonus shares	918,580	611,410	
DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	32,656,656	30,403,254	29,629,628
DILUTED EARNINGS PER SHARE (in euros)	1.21	0.53	(1.35)

22. NET DEBT

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

	2007	2006	2005
Cash and cash equivalents	87,479	67,625	55,087
Short-term investments	21,338	58,736	56,457
Financial debt	(111,273)	(159,403)	(175,007)
NET DEBT	(2,457)	(33,042)	(63,463)

Short-term investments of €21,338,000 include €13,651,000 in current financial assets used for cash management purposes recognized in compliance with the fair value option. The balance,

i.e. €7,687,000 is classified as an asset available for sale (cf. "Accounting rules and methods").

Breakdown of cash and short-term investments

(in thousands of euros)	2007	2006	2005
Cash and cash equivalents	42,811	58,018	29,329
UCITS classified as cash	44,668	9,607	25,758
CASH AND CASH EQUIVALENTS	87,479	67,625	55,087
UCITS classified as investment	21,338	58,736	56,457
CASH AND SHORT-TERM INVESTMENTS	108,817	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)	2007	2006	2005
BALANCE AT JANUARY 1	68,343	82,215	2,842
Increase/Purchases	47,171	27,384	89,315
Decrease/Sales	(47,456)	(44,336)	(10,295)
Translation difference	(33)	(35)	
Other movements	(2,020)	3,115	353
BALANCE AT DECEMBER 31	66,005	68,343	82,215

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)	2007	2006	2005
Bonds convertible into or exchangeable for new or existing shares (OCEANE)	56,302	70,054	68,374
Bank borrowings	151	8,214	20,451
Short-term notes	24,549	40,000	40,000
Finance lease obligations	2,913	2,828	4,348
Other financial liabilities	217	204	872
LONG-TERM FINANCIAL LIABILITIES	84,132	121,300	134,045
Bonds convertible into or exchangeable for new or existing shares (OCEANE)	5,206		
Bank borrowings or assimilated	2,878	12,677	16,931
Finance lease obligations	1,769	1,142	2,111
Bank overdrafts	17,288	24,284	21,920
SHORT-TERM FINANCIAL LIABILITIES	27,142	38,103	40,962
TOTAL FINANCIAL LIABILITIES	111,273	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);
- and the amount due on October 15, 2006 was increased by €4,062,000.

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

During the first half of 2007, INGENICO opted for early repayment of a €72.5 million syndicated loan, initially contracted in 2005. Accordingly, on May 23, 2007 INGENICO redeemed a €40 million commercial paper and the remainder of the amortizable portion (€12,187,000) (additional information about the setting up of this financing is presented in note 4: "Financial risk management").

Bond buyback and public offer to buy back €80 million in OCEANE bonds issued on May 4, 2005

INGENICO carried out, via its broker, from December 4, 2007 to January 14, 2008 a bond buyback program for an amount of 1 million bonds.

At December 31, 2007, 620,000 bonds had been bought back. During this period, an investor exercised his conversion right and 127,013 bonds were converted into shares and delivered to him via treasury shares.

The adjustment to the value of OCEANES accordingly took these two developments into account at December 31, 2007.

On January 14, 2008, INGENICO completed its early bond redemption program by acquiring 1,000,000 OCEANE bonds.

On 21 January 2008, INGENICO announced its decision to redeem early all the outstanding OCEANE bonds issued on May 4, 2005 and maturing on January 1, 2012, in other words 4,067,793 bonds.

99.8% of these bonds were presented for conversion, i.e. 4,059,819 OCEANES. 4,063,216 new shares⁽¹⁾ were issued on February 21, 2008.

Furthermore, unanimous approval was obtained from the banks to carry out the public bond buyback program in compliance with the €150 million refinancing contract.

1) OCEANE bond issued on May 4, 2005

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 information memorandum that was approved by the Autorité des Marchés Financiers, the French financial watchdog, with its so-called "visa" number 05-042, 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 and/or existing shares.

Redemption at maturity

Bonds will be redeemed in full on January 1, 2012, at a par 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 the bonds.

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.

(1) Applying a share allocation ratio of 1.005 INGENICO shares for 1 OCEANE bond.

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 Primary Market.

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, lastly, 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.

In 2005, 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 was 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 stood at €70,055,000.

Based on an effective interest rate of 5.67 percent, interest expense for the year totaled €3,880,000, versus a coupon of €2,200,000, based on the bond’s nominal interest rate.

At December 31, 2006, no bondholder had asked for his/her shares to be converted into shares.

At December 31, 2007, the liability component recognized in the balance sheet came in at €61,508,000. Interest expenses in the reporting period totaled €2,978,000 in view of the buy-back program under way at December 31, 2007 (620,000 OCEANES repurchased at December 31, 2007 – 11.95% of the total number of OCEANES issued).

At December 31, 2007, a bondholder had asked for his 127,013 bonds to be converted into existing shares (2.44% of the total number of OCEANES issued).

2) Bank borrowings and short-term notes

At December 31, 2007, bank borrowings mainly reflect the partial drawing down of the A tranche (€60 million) of the refinancing set up in May 2007.

At December 31, 2006, bank borrowings mainly reflect the outstanding principal at of the medium-term loan taken out in June 2005 (€18.5 million) and the total drawdown of a €40 million short-term note.

3) Bank borrowings

At December 31, 2007, bank overdrafts (€17.3 million) mainly broke down between Italy, France and Brazil.

At December 31, 2006, bank overdrafts (€24.3 million) broke down between France, Brazil, Italy and the United Kingdom.

4) Finance lease obligations

Finance lease obligations mainly relate to finance leases in Spain (Sabadell) and since 2007 Italy (Easy Leasing).

Principal features of borrowings and other financial liabilities

Interest rates and maturities

		2007					
(in thousands of euros)		Amount	Average annual rate	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
OCEANES	INGENICO SA	61,508	5.67%	5,206		56,302	
	TOTAL	61,508		5,206		56,302	
BANK BORROWINGS	INGENICO SA (short-term notes)	24,549	3-month Euribor + 60 pts			24,549	
	INGENICO Barcelona SA	312		161	151		
	Planet Elektronik Sanayi	1		1			
	Planet Odeme Sistem	542	3-month variable-rate	542			
	TOTAL	25,404		704	151	24,549	
FINANCE LEASE OBLIGATIONS FINANCEMENT	INGENICO SA	126			126		
	INGENICO Do Brasil Ltda	137	20.88%		137		
	INGENICO Iberia	2,672	7%	1,133	1,071	286	182
	INGENICO Hungary	32		7	7	18	
	INGENICO Pacific	3	10.12%	3			
	Planet Elektronik Sanayi	52	10.21%		52		
	Planet Odeme Sistem	280	10.21%		280		
	INGENICO Italia SpA	1,309		626	683		
TOTAL	4,611		1,769	2,356	304	182	
BANK OVERDRAFTS	INGENICO SA	4,209	Eonia + 40 pts	4,209			
	INGENICO Do Brasil Ltda	4,495	18.48%	4,495			
	INGENICO Italia SpA	8,476	4.80%	8,476			
	INGENICO UK	86	6%	86			
	INGENICO Data Systems SA	1		1			
TOTAL	17,267		17,267				
OTHER FINANCIAL LIABILITIES	INGENICO SA	204			204		
	INGENICO Data Systems SA	13			13		
	INGENICO Electronic Equipment	39			39		
	Planet Odeme Sistem	31			31		
TOTAL	287			287			
ACCRUED INTEREST ON BORROWINGS	INGENICO SA	1,910	2.75%	1,910			
	INGENICO Iberia	286		286			
TOTAL	2,196			2,196			
TOTAL FINANCIAL LIABILITIES		111,273		27,142	2,794	81,155	182

		2006					
(in thousands of euros)		Amount	Average annual rate	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
OCEANES	INGENICO SA	70,054	5.67%				70,054
	TOTAL	70,054					70,054
BANK BORROWINGS	INGENICO SA (short-term notes)	58,504	3-month Euribor + 95 pts	10,592	7,912	40,000	
	INGENICO Barcelona SA	1,796		1,494	151	151	
	INGENICO Iberia	578	7%	578			
	Other	13		13			
	TOTAL	60,891		12,677	8,063	40,151	
FINANCE LEASE OBLIGATIONS FINANCEMENT	INGENICO SA	135			135		
	INGENICO Do Brasil Ltda	325	Between 14 and 20% p. a.		315	10	
	INGENICO Iberia	3,444	7%	1,128	2,208	108	
	INGENICO Hungary	39		7	7	21	4
	INGENICO Pacific	27		7	20		
	TOTAL	3,970		1,142	2,685	139	4
BANK OVERDRAFTS	INGENICO SA	9,458	Eonia + 40,pts	9,458			
	INGENICO Do Brasil Ltda	2,371	Between 14 and 20% p. a.	2,371			
	INGENICO Italia SpA	7,770	3-month Euribor + 80 pts	7,770			
	INGENICO UK	4,627	6%	4,627			
	INGENICO Data Systems SA	1		1			
	DSI International SA	1		1			
	INGENICO Colombia	56		56			
	TOTAL	24,284		24,284			
OTHER FINANCIAL LIABILITIES	INGENICO SA	204			204		
	TOTAL	204			204		
ACCRUED INTEREST ON BORROWINGS							
	TOTAL FINANCIAL LIABILITIES	159,403		38,103	10,952	40,290	70,058

Breakdown by currency

The breakdown of debt by currency is as follows:

(in thousands of euros)	2007	2006	2005
Euro	105,575	151,958	157,293
US dollar		2,753	6,606
Sterling pound	86	4,627	9,380
Other currencies	5,612	62	1,728
TOTAL DEBT	111,273	159,400	175,007

Change in debt

Change in debt is broken down as follows:

(in thousands of euros)	Financial 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)
Changes in consolidation scope	206
BALANCE AT DECEMBER 31, 2005	175,007
New borrowings	320
Repayments	(21,670)
Net change in drawdowns on lines of credit	6,161
Translation differences	(352)
Other movements	(311)
Changes in consolidation scope	246
BALANCE AT DECEMBER 31, 2006	159,403
New borrowings	26,842
Repayments	(69,408)
Net change in drawdowns on lines of credit	(7,135)
Translation differences	193
Other movements	224
Changes in consolidation scope	1,154
BALANCE AT DECEMBER 31, 2007	111,273

23. DERIVATIVE FINANCIAL INSTRUMENTS

Fair value of derivative instruments at balance sheet date

(in thousands of euros)	Interest rate hedging			Foreign exchange hedging		
	At Dec. 31, 2007	At Dec. 31, 2006	At Dec. 31, 2005	At Dec. 31, 2007	At Dec. 31, 2006	At Dec. 31, 2005
Current assets	8	179	253	266	786	48
Current liabilities				(1,713)	(141)	
TOTAL	8	179	253	(1,447)	645	48

Breakdown of instruments by investment policy

(in thousands of euros)	2007	2006	2005
INSTRUMENTS DESIGNATED AS FUTURE CASH FLOW HEDGES			
Foreign exchange forward contracts	(1,374)	643	
Interest rate swaps	8	179	253
INSTRUMENTS NOT DESIGNATED AS FUTURE CASH FLOW HEDGES			
Foreign exchange options	63	2	48
Foreign exchange forward contracts	(136)		
Interest rate swaps			
TOTAL	(1,439)	824	301

Changes in the value of inefficient hedging instruments or in efficient portions of hedging instruments eligible for the hedging accounting method, are directly recognized in total financing

costs. Inefficiency due to hedging totals (€284,000). It mainly stems from yield spreads between the currency of the hedged items and the euro.

24. PROVISIONS FOR RETIREMENT BENEFIT OBLIGATIONS

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

(in thousands of euros)	BALANCE AT DECEMBER 31, 2006	Translation differences	Additions	Reversals	Changes in consolid. scope	Actuarial gains or losses	BALANCE AT DECEMBER 31, 2007
PROVISIONS FOR FUNDED DEFINED-BENEFIT PLANS							
United Kingdom	5,927	(401)	68			(1,553)	4,040
PROVISIONS FOR OTHER UNFUNDED DEFINED-BENEFIT PLANS							
Provision for retirement benefit obligations (France, Italy)	1,628		820	(374)			2,074
TOTAL	7,555	(401)	888	(374)		(1,553)	6,115

(in thousands of euros)	BALANCE AT DECEMBER 31, 2005	Translation differences	Additions	Reversals	Changes in consolid. scope	Actuarial gains or losses	BALANCE AT DECEMBER 31, 2006
PROVISIONS FOR FUNDED DEFINED-BENEFIT PLANS							
United Kingdom	7,073	126	283			(1,555)	5,927
PROVISIONS FOR OTHER UNFUNDED DEFINED-BENEFIT PLANS							
Provision for retirement benefit obligations (France, Italy)	1,018		408	(72)	274		1,628
TOTAL	8,091	126	691	(72)	274	(1,555)	7,555

(in thousands of euros)	BALANCE AT DECEMBER 31, 2004	Translation differences	Additions	Reversals	Changes in consolid. scope	Actuarial gains or losses	BALANCE AT DECEMBER 31, 2005
PROVISIONS FOR FUNDED DEFINED-BENEFIT PLANS							
United Kingdom	6,131	175	404			363	7,073
PROVISIONS FOR OTHER UNFUNDED DEFINED-BENEFIT PLANS							
Provision for retirement benefit obligations (France, Italy)	1,713			(695)			1,018
TOTAL	7,844	175	404	(695)		363	8,091

There are two main types of retirement plan:

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 retirement indemnities 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 commitments

(in thousands of euros)	2007	2006	2005
ASSETS AND LIABILITIES RECOGNIZED IN THE BALANCE SHEET			
Actuarial obligations	16,150	17,812	16,515
Fair value of plan assets	12,109	11,885	9,442
NET OBLIGATIONS	4,040	5,927	7,073
Recorded in the balance sheet as follows:			
• Assets			
• Liabilities	4,040	5,927	7,073
NET COMMITMENTS	4,040	5,927	7,073

Changes in 2005, 2006 and 2007 break down as follows:

(in thousands of euros)	2007			2006			2005		
	Discounted value of the obligation	Fair value of plan assets recorded in the balance sheet	Net obligation recorded in the balance sheet	Discounted value of the obligation	Fair value of plan assets recorded in the balance sheet	Net obligation recorded in the balance sheet	Discounted value of the obligation	Fair value of plan assets recorded in the balance sheet	Net obligation recorded in the balance sheet
AT DECEMBER 31 Y-1	17,812	11,885	5,927	16,515	9,443	7,073	12,769	6,638	6,131
Service cost	865	(1)	866	1,089		1,089	1,105		1,105
Interest cost	914		914	807		807	733		733
Expected return on assets		859	(859)		689	(689)		547	(547)
Benefits paid to employees		853	(853)		924	(924)		888	(888)
Contributions to plans	298	298		337	337		263	263	
Payments	(304)	(304)		(293)	(293)		(170)	(170)	
Net actuarial gains or losses recognized as equity in the year	(1,944)	(391)	(1,553)	(997)	557	(1,555)	1,453	1,091	363
Translation differences	(1,491)	(1,090)	(401)	354	228	126	361	186	175
Other changes									
AT DECEMBER 31, Y	16,150	12,109	4,040	17,812	11,885	5,927	16,515	9,443	7,073

The Group applies the revised version of IAS 19, and accordingly, records all actuarial gains or losses in full in equity. The cumulative total of all actuarial gains or losses at December 31, 2007 amounted to (€256,000).

A total of 221 current employees in the United Kingdom at December 31, 2007, versus 216 at December 31, 2006 and 222 at December 31, 2005.

The actuarial assumptions used are as follows:

- 3.30 percent discount rate for obligations in 2007 (versus 3.25% in 2006 and 2005);
- 3.30 percent wage increase in 2007 (vs. 3.10% in 2006 and 3.00% in 2005);
- 4.40 percent expected return on assets in 2007 (vs. 5.10% in 2006 and 4.70% in 2005).

Provisions for unfunded defined-benefit retirement plans

At December 31, 2007, actuarial obligations amounted to €2,074,000 (vs. €1,628,000 at December 31, 2006 and €1,018,000 at December 31, 2005).

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

(in thousands of euros)	2007	2006	2005
Service cost	446	336	(695)
Benefits paid to employees			9
COST OF UNFUNDED RETIREMENT PLANS	446	336	(686)

A total of 394 current employees are covered, most of them based in France.

(employees excluding temporary staffing agency workers)	2007	2006	2005
France	350	244	259
Italy	44	45	39
TOTAL	394	289	298

25. OTHER PROVISIONS

	BALANCE AT JANUARY 1 2007	Translation differences	Additions	Deductions of amounts used	Deduction of unused amounts	Changes in consolidation scope and other	BALANCE AT DECEMBER 31, 2007
(in thousands of euros)							
Provisions for warranties	2,886	(330)	8,216	(4,008)		328	7,092
Provisions for litigation and claims	3,487	(72)	2,895	(1,893)	(516)	1,402	5,303
Provisions for restructuring	2,139	(20)	577	(733)		(656)	1,307
Other provisions	511	(4)	3,004	(169)		(69)	3,274
TOTAL	9,023	(426)	14,691	(6,803)	(516)	1,005	16,976

	BALANCE AT JANUARY 1 2006	Translation differences	Additions	Deductions of amounts used	Deduction of unused amounts	Changes in consolidation scope and other	BALANCE AT DECEMBER 31, 2006
(in thousands of euros)							
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

	BALANCE AT JANUARY 1 2005	Translation differences	Additions	Deductions of amounts used	Deduction of unused amounts	Changes in consolidation scope and other	BALANCE AT DECEMBER 31, 2005
(in thousands of euros)							
Provisions for warranties	3,103	118	4,243	(155)		(22)	7,287
Provisions for litigation and claims	1,965		7,824	(1,379)		(3,468)	4,942
Provisions for restructuring			964	(35)		(864)	65
Other provisions	790	75	140	(585)		(12)	408
TOTAL	5,858	193	13,171	(2,154)		(4,366)	12,702

In 2007

Warranties

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

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. Cancelled reversals primarily consist in provisions for risks related to law employment litigation.

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.

In 2005 and 2006

Warranties

A special provision of €3,778,000 was also recorded at December 31, 2005 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

The €2,672,000 deduction of unused amounts consists in the difference between the amount of the provision booked in

2005 and the expense actually paid due to the settlement of major legal litigation during the first half.

Restructuring

The year's addition consists in provisions set aside in Germany, France and Korea and related to reorganization measures the Group continued implement in 2006.

In 2005, most of the provision for restructuring carried out during the second half of 2005 was transferred to the "Expenses to be paid" item, as the expenditure was deemed certain at December 31.

26. TRADE PAYABLES AND RELATED ACCOUNTS

(in thousands of euros)	2007	2006	2005
Trade payables	88,849	74,260	81,066
Other operating liabilities	21,410	20,224	19,156
• Customer advances	1,552	1,295	558
• Tax liabilities	6,367	5,300	6,338
• Employee related liabilities	13,182	11,155	9,463
• Other	309	2,473	2,797
TOTAL	110,260	94,484	100,223

27. INCOME TAX EXPENSE

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

(in thousands of euros)	2007	2006
Canada	494	627
Spain	657	128
United Kingdom	260	92
Ireland		26
Italy	831	297
Turkey	37	
Mexico		490
USA		457
TOTAL	2,280	2,116

28. OTHER LIABILITIES

Other liabilities are broken down as follows:

(in thousands of euros)	2007	2006	2005
Accrued interest on borrowings	6		15
Other liabilities	10,048	10,928	14,422
Deferred income	25,154	26,348	15,194
TOTAL	35,209	37,276	29,631

29. LIABILITIES THAT ARE PART OF DISPOSAL GROUPS

At December 31, 2007, the Group had not initiated any processes for disposing of assets or subsidiaries.

30. OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	At December 31, 2007	At December 31, 2006	At December 31, 2005
COMMITMENTS RECEIVED			
Liabilities guarantee as part of MoneyLine merger, valid until November 1, 2007, then reduced to €1,500,000 (between November 2007 and April 30 2008)	1,500	2,000	
Liabilities guarantee as part of Planet acquisition, valid to July 12, 2010 (amount deposited in an escrow account for one year)	2,000		
Retirement benefits	16	47	
COMMITMENTS GIVEN			
Various bank guarantees (in France, Spain and Italy)	2,531	385	258
Service agreement with a shareholder of the former Moneyline Group	665	1,020	
Shares of U.S. subsidiary of INGENICO Corp. pledged as security for a 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			
• Debitex - term April 1, 2007	–	3,948	
• INGENICO Sweden - term April 1, 2007	–	2,415	
• ITS - term May 31, 2007 1/05/2007	–	2,800	
NB: the guarantee covers tax litigation during the legal term			
Liabilities guarantee given in connection with disposals carried out in 2007:			
Liabilities guarantee given by INGENICO Pacific to Cabcharge in connection with the disposal of the on-board terminals business valid until June 27, 2008.	791		

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 INGENICO Eastern Europe Sarl subsidiary.

At 31 December 2007, the Company also had the following commitments in connection with its business activity:

- Firm price orders from manufacturers totaling around €43 million (versus €30 million at December 31, 2006).
- 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)	2007	2006	2005
Commitments given on non-cancelable leases	18,843	13,681	16,089
TOTAL	18,843	13,681	16,089

The breakdown of commitments given by the Group with respect to non-cancelable leases and by term at December 31, 2007 is as follows:

(in thousands of euros)	Northern Europe	Southern Europe	Asia-Pacific	North America	EEMEA	TOTAL
Y+1	202	1,661	479	502	593	3,438
Y+2	175	2,647	312	522	322	3,978
Y+3	155	2,647	289	490	172	3,754
Y+4	140	2,370	20	403		2,934
Y+5 and beyond		4,740				4,740
TOTAL	672	14,065	1,101	1,917	1,087	18,843

The breakdown of commitments given by the Group with respect to non-cancelable leases and by term at December 31, 2006 is as follows:

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

The breakdown of commitments given by the Group with respect to non-cancelable leases and by term at December 31, 2005 is as follows:

(in thousands of euros)	Northern Europe	Southern Europe	Asia-Pacific	North America	EEMEA	TOTAL
Y+1	264	1,509	751	891		3,415
Y+2	157	1,224	405	902		2,688
Y+3	93	1,222	61	373		1,749
Y+4	88	1,184		211		1,483
Y+5 and beyond	85	5,895		774		6,754
TOTAL	687	11,034	1,217	3,151		16,089

31. RELATED PARTY TRANSACTIONS

No member of the Board of Directors, to the Company's knowledge, is in the situation of a potential conflict between his duties to the Company and his private interests.

Mr. Jacques Stern informed the Company that he holds indirectly with his wife a 23.53% stake in Cryptolog International, a company that is a supplier of INGENICO. This company's invoices for the parent company totaled €293,000 in 2007.

Compensation and allowances granted to the Chairman of the Board of Directors and the Chairman of the Executive Board at December 31, 2007 broke down as follows:

(in thousands of euros)	Dec. 31, 2007	Dec. 31, 2006 (*)	Dec. 31, 2005 (*)
Fixed compensation	1,446	1,102	777
Variable compensation	667	1,073	239
Miscellaneous benefits	2,299		
Stock options and bonus share awards (service cost was recognized)	2,896	1,653	412
TOTAL	7,308	3,828	1,428

(*) The Table shows the total compensation for 2006 and 2005 of to the Chairman of the Board of Directors and members of the Executive Committee who held these positions at December 31, 2006 and 2005.

32. SUBSEQUENT EVENTS

Sagem

On March 14, 2008, an Extraordinary INGENICO Shareholders' Meeting was held to approve the contribution in kind made by Sagem Sécurité consisting in shares of the following companies: Sagem Monétel, Sagem Denmark and Sagem Defesa de Segurança do Brasil.

This transaction enables the new company to benefit from the noteworthy fit between Sagem and INGENICO in terms of geographical operations, sales network and product offering, combining cutting-edge technological expertise with acknowledged know-how in the field of services.

The contributions were made under the ordinary rules of French law for simple and in-kind contributions, as set out by the provisions of Article L.225-147 of the French Commercial Code and decrees issued for its implementation.

In consideration of this contribution, estimated to be worth €238,765,432, Sagem Sécurité received 10,663,046 new INGENICO shares, which are entirely paid up, have a par value of €1 each and a cash sum totaling €4,856,590 paid on the day the contribution eventuates. In order to ensure this deal is fair, it has been agreed to take into account the change in net debt and working capital requirements of the contributed companies and of INGENICO. Taking these factors into account

does not affect the number of new ordinary shares that will be given to Sagem Sécurité as compensation for its contribution. Detailed information about this transaction is found in document E recorded with the AMF on February 28, 2008, under number E.08-0005.

Bond

INGENICO carried out, via its broker, from December 4, 2007 to January 14, 2008 a bond buyback program for an amount of 1 million bonds. At December 31, 2007, 620,000 bonds had been bought back. On January 14, 2008, INGENICO had bought back 380,000 OCEANES, thereby completing its early bond redemption program.

On January 21, 2008, INGENICO announced its decision to carry out the early conversion of all the remaining OCEANE bonds, i.e. bonds convertible into and/or exchangeable for new and/or existing shares, in other words 4,067,793 bonds. 99.8% of the bonds were presented for conversion, i.e. 4,059,819. 4,063,216 new shares were issued on February 21, 2008, by applying a conversion ratio of 1.005 INGENICO shares for one OCEANE bond.

Unanimous approval was obtained from the banks to carry out the public bond buyback program in compliance with the €150 million refinancing contract.

Statutory auditors' report on the parent company financial statements

Year ended December 31, 2007

To the shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting, we hereby report to you, for the year ended December 31, 2007, on the following:

- Our audit of the accompanying parent company financial statements of Ingenico S.A.
- The justification of our assessments.
- The specific verifications and information required by law.

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

1) Opinion on the parent company 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 parent company financial statements give a true and fair view of the assets, liabilities, financial position and results of the company in accordance with generally accepted accounting principles in France.

2) Justification of our assessments

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

- As part of our assessment of the accounting principles and methods used by your company, we 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 ensured that Note 3 ("Research and development") to the parent company financial statements provided the appropriate information.
- The balance sheet indicates equity interests and loans and advances to subsidiaries and associates with a net value of €230 million. Note 3 ("Financial assets") to the parent company financial statements sets forth the accounting rules and principles used to calculate the value in use of these equity interests. We examined the approach used by the company and ensured that these accounting rules and principles have been correctly applied.

The above assessments were made in the context of our audit of the parent company 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 verifications and information

We also carried out the specific verifications required by law, in accordance with the professional standards applicable in France.

We have no matters to report regarding:

- The fair presentation and conformity with the parent company financial statements of the information given in the management report and in the documents addressed to the shareholders with respect to the company's financial position and financial statements.
- The fair presentation of the information given in the management report on the compensation and benefits paid to the directors and executive officers and on commitments made to them on their appointment, removal from office or change of duties, or subsequently thereto.

In accordance with the law, we ensured that the required information on the purchase of equity interests and controlling interests in the company and the names of the shareholders and holders of voting rights were properly disclosed in the management report.

Paris La Défense, April 17, 2008

Paris, April 17, 2008

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

S.A. CGEC

Frédéric Quélin
Partner

Jacques Moreau
Partner

Five-year financial summary

Reporting date (12-month accounting period) (in thousands of euros)	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007
CAPITAL AT YEAR END					
Share capital	29,654	29,803	29,924	32,109	32,930
Number of ordinary shares issued	29,654,117	29,803,117	29,924,312	32,108,576	32,930,070
OPERATIONS AND RESULTS					
Revenue (excluding tax)	106,680	179,040	197,992	227,622	284,803
Profit before income taxes, profit-sharing, depreciation, amortization and provisions	(21,473)	1,043	(5,179)	14,688	49,554
Income taxes	(2,298)	8	(9)	(573)	(551)
Employee profit-sharing					
Depreciation, amortization and provisions					
Profit after income taxes, profit-sharing, depreciation, amortization and provisions	(16,361)	7,269	(42,198)	17,701	34,691
Dividends distributed	2,372	3,576		3,161	
PER-SHARE DATA (in euros)					
Earnings after tax and profit-sharing but before depreciation, amortization and provisions	(0.65)	0.03	(0.17)	0.48	1.52
Earnings after income taxes, profit-sharing, depre- ciation, amortization and provisions	(0.55)	0.24	(1.41)	0.55	1.05
Dividend per share	0.08	0.12		0.10	
PERSONNEL					
Average number of employees	221	239	266	279	302
Total payroll	13,153	15,750	16,794	18,079	19,638
Total benefits, including social security expenses	5,902	7,444	7,473	7,372	8,998

Balance sheet

At December 31, 2007

ASSETS	Notes	2007		2006	
		Gross	D&A or provisions	Net	Net
(in thousands of euros)					
INTANGIBLE ASSETS	4				
Research and development costs		16,628	12,597	4,031	7,341
Licenses, patents and similar rights		5,777	4,906	872	792
Goodwill		26,212	1,571	24,641	24,641
Other intangible assets		6,452	686	5,766	2,594
PROPERTY, PLANT AND EQUIPMENT	4				
Buildings on leasehold land		697	341	356	415
Facilities and equipment		12,401	8,312	4,089	2,065
Other property, plant and equipment		3,056	1,515	1,541	1,323
Assets in progress					87
FINANCIAL ASSETS	4				
Equity interests	5, 9, 19	208,432	5,488	202,944	193,347
Loans and advances to subsidiaries and associates	5, 6, 9, 19	30,232	2,917	27,315	11,454
Other non-current financial assets	6	9,547	12	9,535	11,798
TOTAL I		319,435	38,345	281,090	255,858
CURRENT ASSETS					
INVENTORIES	9				
Raw materials and consumables		5,619	2,514	3,105	2,826
Finished and semi-finished goods		8,090	1,424	6,666	3,835
Purchased goods held for sale		294	11	283	48
TOTAL INVENTORIES		14,003	3,949	10,054	6,709
TRADE RECEIVABLES AND RELATED ACCOUNTS	5, 6, 9, 13, 19				
Advances and down-payments		2,413		2,413	1,296
Trade receivables on the sale of goods and services		89,647	8,519	81,128	93,803
Other receivables		17,170	3,542	13,628	12,897
SHORT-TERM INVESTMENTS	7, 9	67,406	489	66,917	62,795
CASH AND CASH EQUIVALENTS	13	3,352		3,352	8,272
PREPAID EXPENSES	6	3,775		3,775	1,178
TOTAL II		197,766	16,500	181,266	186,950
Accrued income	4	1,630		1,630	1,910
Translation gains		2,609		2,609	837
TOTAL ASSETS		521,439	54,845	466,595	445,555

SHAREHOLDERS' EQUITY AND LIABILITIES**2007****2006**

	Notes		
(in thousands of euros)			
EQUITY	8		
Share capital		32,930	32,109
Share premium		190,804	184,237
RESERVES	8		
Legal reserve		2,519	2,519
Other reserves			
RETAINED EARNINGS	8	(16,907)	(34,608)
PROFIT FOR THE PERIOD	8	34,691	17,701
REGULATED PROVISIONS	8, 9	531	192
TOTAL I (EQUITY)		244,568	202,150
PROVISIONS FOR LIABILITIES AND CHARGES			
Provisions for liabilities and charges	9	18,339	10,165
TOTAL II (PROVISIONS)			10,165
LIABILITIES	12		
Bonds	10, 13	70,380	82,200
Bank borrowings and long-term debt	11, 13	29,244	65,976
Other long-term financial liabilities	5, 19	2,166	4,390
Advances and down-payments received on outstanding orders		115	108
Trade payables and related accounts	13, 19	83,967	65,882
Incomes taxes and taxes other than on income	13	10,362	9,126
Payables to non-current asset suppliers and related accounts			1,000
Other liabilities	13, 19	6,402	1,152
Deferred income		660	2,912
TOTAL III (LIABILITIES)		203,295	232,746
Translation losses		393	494
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		466,595	445,555

Income statement

For the year ended December 31, 2007

		2007	2006
(in thousands of euros)	Notes		
Resale of purchased goods		13,609	14,509
Sales of goods produced		243,834	190,836
Sales of services		27,360	22,277
REVENUE	14, 19	284,803	227,622
Other operating income	19	6,276	859
Reversals of D&A and provisions	9, 19	8,382	8,318
TOTAL OPERATING INCOME		299,462	236,799
Cost of inventories consumed	19	160,618	132,439
Other purchases and external charges	19	50,006	44,814
Income taxes, taxes other than on income and related expenses	19	3,139	2,403
Wages and salaries	15, 20	19,638	18,079
Social security contributions		8,998	7,372
D&A for non-current assets	4	7,163	7,010
D&A for current assets	9, 19	10,098	8,185
Other expenses		291	445
TOTAL OPERATING EXPENSES		259,951	220,747
PROFIT FROM OPERATIONS		39,510	16,052
Financial income	5	29,132	15,895
Financial expenses		(15,868)	(12,287)
Reversals of provisions	9	2,694	10,487
TOTAL FINANCIAL INCOME	16, 19	15,958	14,095
PROFIT BEFORE INCOME TAXES AND NON-RECURRING ITEMS		55,469	30,147
Non-recurring income		629	8,437
Non-recurring expenses		(12,729)	(20,286)
Non-recurring provisions	4, 9	(9,229)	(1,169)
TOTAL NON-RECURRING EXPENSES	17, 19	(21,329)	(13,018)
Employee profit-sharing			
Income taxes	18	(551)	(573)
NET PROFIT		34,691	17,701

Notes to the parent company financial statements

1. HIGHLIGHTS OF THE PERIOD

Appointments

On June 27, 2007, the board of directors appointed Jacques Stern as Chairman of the Board of Directors.

On July 17, 2007, the board of directors appointed Philippe Lazare as Chief Executive Officer of the Group.

Acquisition of Turkish distributor Planet

On July 13, 2007, Ingenico acquired its Turkish distributor, Planet, made up of two companies, Planet Odeme and its subsidiary Planet Elektronik. The transaction was completed for €26 million, of which €20 million in cash and €6 million paid in shares, representing a capital increase of 271,064 Ingenico shares. With this acquisition, Ingenico intends to further develop its business in this particularly dynamic market. Planet's IT and services development platforms will enable the Group to enter the payment applications market and to extend its current offering in areas such as the rental of terminals, repair and maintenance as well as the pre-processing of transactions.

OCEANE convertible bond issue

From December 4, 2007 to January 14, 2008, Ingenico acted through its broker to carry out a buyback program involving one million bonds. At December 31, 2007, a total of 620,000 bonds had been redeemed. During the period, one investor also exercised his right to convert 127,013 bonds. The shares remitted to him were transferred from treasury stock.

Ingenico and SAGEM Monetel business combination

Ingenico and Sagem Sécurité entered into an agreement to create a global leader in the electronic payment solution industry. Ingenico and Sagem Sécurité signed a Contribution Agreement for the purpose of merging their electronic payment business activities, whose main features are as follows:

- 1) The two companies have complementary strengths as regards their locations, their sales networks, and their product ranges.
- 2) Their product offer combines advanced technological expertise with significant know-how in service provision.

- 3) Combined pro forma revenue in 2006 totaled €646 million.

Under the terms of the agreement, Sagem Sécurité will contribute its payment terminal business, carried out by its subsidiaries Sagem Monetel and Sagem Denmark to Ingenico.

As consideration for this contribution in kind, valued at €238,765,432, Sagem Sécurité will receive 10,663,046 new ordinary Ingenico shares that are fully paid and non-assessable, with a par value of one euro, to be issued by Ingenico via a capital increase, as well as cash consideration of €4,856,590, paid on the date at which the contribution is recognized.

Mergers

The subsidiaries DSI, Lexem and SCI 5 rue du Parc Floral were dissolved without liquidation. As a result, all of their assets and liabilities were conveyed to Ingenico S.A.

2. SUBSEQUENT EVENTS

Sagem

On March 14, 2008, an Extraordinary Ingenico Shareholders' Meeting was held to approve the contribution in kind made by Sagem Sécurité consisting in shares of the following companies: Sagem Monetel, Sagem Denmark and Sagem Defesa de Segurança do Brasil.

This transaction enables the new company to benefit from the noteworthy fit between Sagem and Ingenico in terms of geographical operations, sales network and product offering, combining cutting-edge technological expertise with acknowledged know-how in the field of services.

The contributions were made under the ordinary rules of French law for simple and in-kind contributions, as set out in Article L. 225-147 of the French Commercial Code and the decrees issued for its implementation.

As consideration for this contribution, valued at €238,765,432, Sagem Sécurité received 10,663,046 new ordinary Ingenico shares that are fully paid and non-assessable with a par value of €1 each, and cash consideration totaling €4,856,590, paid

on the day the contribution becomes effective. In order to ensure the fairness of the transaction, it has been agreed to take into account the changes in net debt and working capital requirements of both the contributed companies and Ingenico. Taking these factors into account does not affect the number of new ordinary shares that will be given to Sagem Sécurité as consideration for its contribution. Detailed information about this transaction is found in document E filed with the AMF on February 28, 2008, under number E.08-0005.

Bond issue

On January 21, 2008, Ingenico announced its decision to carry out the early redemption of all the remaining OCEANE bonds, i.e. 4,067,793 bonds.

99.8% of the bonds were tendered for conversion, i.e. 4,059,819. 4,063,216 new shares were issued on February 21, 2008, by applying a conversion ratio of 1.005 Ingenico shares for one OCEANE bond.

3. ACCOUNTING PRINCIPLES AND METHODS

The accounting principles and methods used were applied in compliance with the conservatism principle and these basic assumptions:

- Going concern.
- Consistency principle.
- Matching principle.

General principles governing the preparation and presentation of annual financial statements were applied.

Items in the accounts are generally valued at historical cost. The main accounting principles applied by the Group are follows:

Intangible assets

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 production 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

Other intangible assets acquired by the company are stated at cost less accumulated amortization and impairment losses. The estimated useful lives are as follows:

- Development costs: 3 to 5 years.
- Licenses: 3 years.
- Other intangible assets: 5 years.

Property, plant and equipment

Property, plant, and equipment is carried at cost (purchase price and related expenses, less acquisition expenses).

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.

Depreciation is calculated based on the following depreciation methods and useful lives:

- Building fixtures and improvements: 10 years, straight-line depreciation.
- Technical equipment (R&D department information systems): 4 years, accelerated depreciation.
- Other machinery and equipment: 4 years, straight-line depreciation.
- Other property, plant and equipment: 3 to 10 years, straight-line or accelerated depreciation.

Equity and other long-term investments

The equity interests and loans and advances to subsidiaries and associates recorded on the balance sheet are stated at cost. When their recoverable amount is less than cost, an impairment loss is recognized for the difference. The recoverable amount

is value in use. Ingenico assesses the value in use of equity securities and loans and advances to subsidiaries and associates using the discounted cash flow method, net of subsidiary debt. The discount rates used are based on the average cost of capital and the risk associated with the business.

Inventories

Cost of inventories is determined using the weighted average cost method. Finished goods are valued at production cost, which corresponds to the subcontractor's manufacturing cost. If the net realizable value of inventory on the balance sheet date is less than cost, an impairment loss is recognized for the difference.

Trade receivables

Trade receivables and related accounts are stated at their nominal value. An impairment loss is recognized when the recoverable amount is less than the carrying amount.

Expenses incurred in relation to several-year contracts for the supply of applications are accounted for as accrued receivables (margin recognized in the current accounting period). A provision for losses on completion of the contract may be recognized, based on the estimated outcome of the transaction.

Transactions in foreign currency

Revenues and expenses denominated in foreign currency are recorded at the euro equivalent on the date of transaction. The difference resulting from the translation of debts and receivables at the closing exchange rate are recorded on the balance sheet under "Translation gains/(losses)". Hedged foreign currency receivables are recognized at their hedged rate. A provision is recorded for unrealized foreign exchange losses.

Foreign exchange hedges

Ingenico manages foreign exchange risk for all its entities at Group level. The purpose of Ingenico's foreign exchange risk management policy is to hedge against the risk of currency

depreciation against the euro for all invoices issued in foreign currencies. The policy therefore covers foreign exchange transaction risk to hedge trade receivables, trade payables and current accounts, as well as future cash flows from year-on-year budgets. To hedge against the foreign exchange risk associated with its overseas operations, Ingenico mainly uses spots, forwards and options. These instruments qualify as hedges and are recorded as off-balance sheet commitments.

Retirement benefit obligations

Upon retirement, company employees receive benefits as per the provisions of the collective bargaining agreement by which they are covered. The Company recognizes provisions for retirement benefit obligations. For 2007, those obligations were estimated at €1,148,263. A provision for this amount was recorded in the income statement.

The Company's calculations are based on a 48% social security contribution rate, and on the assumption of voluntary departure at age 65.

The annual wage adjustment rate used was 1.80 percent. The discount rate was 1.90 percent.

The Company used the prospect method, which is recommended by the French Ordre des Experts-Comptables and meets the requirements of the revised IAS 19.

Short-term investments

Financial instruments classified as short-term investments are carried at cost. When their recoverable amount, which is their fair value, is less than cost, an impairment loss is recognized for the difference.

Losses are not offset against unrealized gains.

Accrued expenses

These are expenses incurred in connection with the OCEANE bond issue (amortized over 6 years) and the new refinancing contract (amortized over 4 years).

4. CHANGES IN NON-CURRENT ASSETS AND DEPRECIATION AND AMORTIZATION

(in thousands of euros)

NON-CURRENT ASSETS

Items	Carrying amount at 1/1/2007	Increase	Transfer	Decrease	Carrying amount at 12/31/2007
Intangible assets	51,264	3,824		18	55,070
Property, plant and equipment	11,462	4,717	87	112	16,154
Advances and down-payments for property, plant and equipment	87		(87)		
Financial assets:					
• Equity interests	198,762	15,134		5,464	208,432
• Loans and advances to subsidiaries and associates	19,166	19,449		8,383	30,232
• Other financial assets	11,810	75		2,338	9,547
TOTAL	292,551	43,199		16,315	319,435

DEPRECIATION AND AMORTIZATION

Items	Accumulated at 1/1/2007	Increase	Transfer	Decrease	Accumulated at 12/31/2007
Intangible assets	15,895	3,878		13	19,760
Property, plant and equipment	7,638	2,481		34	10,084
TOTAL	23,533	6,359		47	29,845

BREAKDOWN OF DEPRECIATION AND AMORTIZATION

	Straight-line	Accelerated	Impairment
	4,668	1,691	

CHANGES IN ACCRUED EXPENSES

	Carrying amount at 1/1/2007	Increase	Expense for the period	Carrying amount at 12/31/2007
Accrued expenses	1,910	525	805	1,630

5. SUBSIDIARIES AND ASSOCIATES

	Capital	Reserves, retained earnings and prior-year profit (before appropriation)	% held	Book value Gross	Net	Loans and advances granted by the Company, Company at not yet repaid	Loans and advances received by the Company at 12/31/2007	Revenue (excluding tax) in the prior year	Prior-year profit/(loss)	Dividends received by the Company in 2007	Comments
SUBSIDIARIES AND ASSOCIATES⁽¹⁾											
IDS SOFRACIN SA 192 avenue Charles de Gaulle 92200 Neuilly-sur-Seine cedex	1,572	(1,697)	100.00%	1,419			12		2		
MONEYLINE VENTURES 183 avenue Georges Clemenceau 92000 Nanterre	250	(279)	99.96%	250		25			(8)		
MONEYLINE BANKING SYSTEMS 183 avenue Georges Clemenceau 92000 Nanterre	1,283	485	99.99%	5,775	4,101	101	1,950	7,179	373	749	
CASH SOLUTIONS 77 boulevard Gambetta - 59055 Roubaix	152	(750)	67.00%	102		436					Avance 100.00%
INGENICO GMBH Pfalzburger Strasse 43-44 10717 Berlin - Germany	1,023	(6,063)	100.00%	1,027	1,027	7,934		15,874	(335)		
INGENICO UK LTD⁽²⁾ 17 Ridge Way - Donibristle Industrial Estate Dalgety Bay Dunfermline - FIFE JY11 5 JU Scotland - United Kingdom	1,418	7,716	100.00%	1,544	1,544	4,308		87,854	3,195	1,000	
INGENICO ITALIA SPA⁽²⁾ Via Stephenson 43/A - 20157 Milano - Italy	250	4,208	100.00%	838	838	350		44,069	1,494	353	
INGENICO IBERIA SL⁽²⁾ C/Ribeira des Loira, 4 y 6 4 plana Campo de las Naciones 28042 Madrid - Spain	8,115	32,974	100.00%	87,191	87,191			53,486	5,881	3,121	
INGENICO HUNGARY Big U. 3-5 - 1022 Budapest - Hungary	12	(1,073)	100.00%	12	12	1,025		588	(460)		
INGENICO EASTERN EUROPE SARL⁽²⁾ 10 Bd Royal 2449 Luxembourg - Luxembourg	13	195	80.00%	10	10	375		3,140	369		
INGENICO INVESTMENT LUXEMBOURG 10 Bd Royal L-2449 Luxembourg - Luxembourg	500	(634)	100.00%	508	508	652			(516)		
INGENICO SWITZERLAND Impasse des Écureuils 2 - Case postale 56 CH-1763 Granges-Paccot - Switzerland	85	(4,409)	100.00%	1,810	810	5,042		692	(1,638)		
INGENICO CORP⁽²⁾ 6195 South Date Land Blvd - Suite D Alpharetta - Georgia 30005 - United States	106,970	(80,435)	100.00%	86,229	86,229			109,053	3,735	6,252	
INGENICO IVI INC⁽²⁾ 9155 South Dade Land Blvd - Suite 1408 Miami Florida 33156 - United States	1	8,582	100.00%	418	418			41,146	7,654	3,690	
DESCARTES CORP Colonial Lake Drive Lauwrenceville - United States	1	(1,159)	99.00%			1,503					Avance 100.00%
INGENICO DO BRASIL LTDA⁽²⁾ Rua Tomé de Souza, 15 - 8 Floor São Bernado do Campo - Sao Paulo - Brazil	511	3,966	100.00%	273	273	764		66,940	(781)		
INGENICO KOREA Daeha Building 508, 14-11 Yeoeido Dong Yeoungdunpo, gu, Séoul Postal code 150-715 - South Korea	36	(787)	100.00%	158		263		115	(181)		Avance 100.00%
INGENICO ELECTRONIC EQUIPMENT CO LTD C/D 8, Block B Wangjing Tower n°9 Wangjing Zhong Huan Nan Rd 100102 Beijing - China	1,896	(2,793)	100.00%	5,353	5,353	557		4,436	(706)		
INGENICO INTERNATIONAL (PACIFIC) PTY LTD⁽²⁾ 6 Prosperity Parade Warriewood NSW 2102 - Australia	257	(4,604)	100.00%	692		2,696		38,676	4,715		Avance 100.00%
INGENICO INTERNATIONAL (SINGAPORE) PTE LTD 390 Havelock Road, 03-3 King's centre Singapore 169662 - Singapore	95	(6,484)	100.00%	101				6,426	(1,880)		
INGENICO JAPAN KK 4F Sumitomo fudosan Higashi Shinbashi Bldg n°6-1-2-4 Hamamatsucho Minatoku Tokyo 105-0013 - Japan	61	(4,877)	100.00%	92		1,899		1,184	(2,608)		Avance 100.00%
INGENICO ODEME SYSTEM⁽²⁾ ITU Ayazaga Kampusu Ari 2 Binasi B Blok No : 6/1 Koruyolu 34469 Maslak - Istanbul - Turkey	6,899	(540)	100.00%	14,630	14,630	14,540		13,065			
TOTAL	131,400	57,931		208,432	202,944	42,470	1,961			15,165	

(1) Income statement data for foreign subsidiaries is translated into euros at the average exchange rate for the year, while balance sheet data is translated at the closing rate. (2) Sub-group.

6. RECEIVABLES

(in thousands of euros)

RECEIVABLES	Carrying amount	Less than 1 year	More than 1 year
RECEIVABLES ON NON-CURRENT ASSETS			
Loans and advances to subsidiaries and associates	30,232		30,232
Other financial assets ⁽¹⁾	9,547		9,547
RECEIVABLES ON CURRENT ASSETS			
Doubtful or disputed accounts	546		546
Other trade receivables	89,100	89,100	
Income tax receivables	3,042	3,042	
VAT receivables	1,153	1,153	
Intra-Group receivables	11,881	11,881	
Other receivables	1,096	1,096	
Prepaid expenses	3,775	3,728	47
TOTAL ⁽²⁾	150,372	110,001	40,372
PRIOR-YEAR DATA	142,939	109,076	33,863

(1) Includes €8,955,000 in treasury shares.

(2) Includes €82,000 in commercial paper received.

7. SHORT-TERM INVESTMENTS

(in thousands of euros)

TYPE OF ASSETS	Cost	Fair value	Impairment
Treasury shares	1,868	1,947	
UCITS	65,538	65,469	489
Certificates of deposit			
TOTAL SHORT-TERM INVESTMENTS	67,406	67,416	489

8. CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)

	Balance at Jan. 1, 2007	Appropriation of 2007 net profit	Movements in 2007	Balance at Dec. 31, 2007
Share capital	32,109		821 ⁽¹⁾	32,930
Share premium	184,237		6,567 ⁽²⁾	190,804
Legal reserve	2,519			2,519
Retained earnings	(34,608)	17,701		(16,907)
Net profit for the period	17,701	(17,701)	34,691	34,691
Regulated provisions	192		338	531
TOTAUX	202,150		42,417	244,568

(1) Includes €335,000 in stock options exercised.

(1) Includes €113,000 in dividends converted into ordinary shares.

(2) Includes a €1,826,000 issue premium on stock options.

(2) Includes €3,161,000 in dividends paid.

(2) Includes a €823,000 merger premium.

(2) Includes a €5,310,000 issue premium on the acquisition of Planet.

9. PROVISIONS, DEPRECIATION AND AMORTIZATION AND IMPAIRMENT

(in thousands of euros)

	Balance at 1/1/2007	Additions	Deductions	Balance at 12/31/2007
I. REGULATED PROVISIONS				
Tax-accelerated depreciation	192	465	126	531
TOTAL I	192	465	126	531
II. PROVISIONS FOR LIABILITIES AND CHARGES				
Provisions for litigation ⁽¹⁾	1,615	1,500	883	2,232
Provisions for warranties	406	445	403	447
Provisions for foreign exchange losses	837	2,609	837	2,609
Provisions for retirement benefit obligations	897	251		1,148
Other provisions ⁽²⁾	6,409	7,494	2,000	11,903
TOTAL II	10,165	12,298	4,124	18,339
III. D&A AND IMPAIRMENT				
Property, plant and equipment	21	77	14	84
Financial assets	13,138	2,393	7,115	8,416
Inventories	8,018	1,962	6,032	3,949
Trade receivables	954	8,145	579	8,519
Other receivables	3,130	846	435	3,542
Short-term investments		489		489
TOTAL III	25,262	13,913	14,175	25,000
TOTAL I + II + III	35,619	26,676	18,425	43,870
OF WHICH, ADDITIONS AND DEDUCTIONS				
• for operating items		10,098	8,382	
• for financial items		5,400	8,093	
• for non-recurring items		11,179	1,950	

(1) Provision for litigation in industrial tribunals and commercial courts.

(2) Includes a provision for consideration-free shares (€4,334,000 in 2006 and €7,843,000 in 2007).

10. OCEANE CONVERTIBLE BONDS

On April 27, 2005, 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 terms and conditions of the bond issue are set forth in the information memorandum that was approved by the *Autorité des Marchés Financiers* under visa number 05-042 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 information memorandum. 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, for €15.40 per bond, which is approximately 100 percent of the face value.

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.

From December 4, 2007 to January 14, 2008, Ingenico acted through its broker to carry out a buyback program involving one million bonds. At December 31, 2007, a total of 620,000 bonds had been redeemed. During the period, one investor also exercised his right to convert 127,013 bonds. The shares remitted to him were transferred from treasury stock.

On February 21, 2008, Ingenico completed the early redemption of the entire bond issue.

(See Note 1, "Highlights of the period", and Note 2, "Subsequent events".)

11. BANK BORROWINGS AND LONG-TERM DEBT

(in thousands of euros)

	Amount	Term	Contract expiration date
MEDIUM-TERM BORROWINGS			
Accrued interest on loans	14		
Commercial paper(1)	25,000	3,ans	16/05/10
SHORT-TERM BORROWINGS			
Bank overdrafts	4,209		
Accrued interest on bank accounts	20		
TOTAL	29,244		

(1) Part of a secured line of credit (3-month commercial paper renewable over a 3-year period). The facility is subject to three covenants:

- Net debt/EBITDA \leq 2.5
- Net debt/equity \leq 0.8
- EBITDA/Interest expense $>$ 5

These covenants were satisfied on December 31, 2007.

12. LIABILITIES

(in thousands of euros)

BREAKDOWN OF LIABILITIES IN 2007	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Bonds	70,380	8,117		62,263 ⁽¹⁾
Bank borrowings and debt	29,244	4,244	25,000	
Other borrowings and liabilities	2,166	1,962	204	
Trade payables and related accounts	83,967	83,967		
Employee-related liabilities	5,641	5,641		
Social security and related liabilities	4,137	4,137		
Payables to government	98	98		
Other taxes and similar duties	486	486		
Payables to non-current asset suppliers and related accounts				
Other liabilities	6,402	6,402		
Deferred income	660	175	485	
TOTAL	203,181	115,229	25,689	62,263
PRIOR-YEAR DATA	232,637	103,751	48,886	80,000

(1) Early redemption according to the terms described in Notes 2 and 10. The portion listed under "More than 5 years" refers to the bonds converted into shares in 2008.

13. CURRENT ASSETS AND LIABILITIES

(in thousands of euros)

CURRENT ASSETS	12/31/2007	12/31/2006
Trade receivables and related accounts	9,708	3,889
Other receivables	479	436
Cash and cash equivalents	5	50
TOTAL CURRENT ASSETS	10,192	4,375
CURRENT LIABILITIES	12/31/2007	12/31/2006
Bonded debt	1,884	2,200
Short-term bank and related borrowings	34	242
Trade payables and related accounts	13,735	8,503
Taxes and employee-related liabilities	8,788	6,867
Other liabilities	2,542	535
TOTAL CURRENT LIABILITIES	26,983	18,347

14. BREAKDOWN OF REVENUE

(in thousands of euros)

	2007	2006
BREAKDOWN BY GEOGRAPHICAL AREA		
France (mainland and overseas depts.)	38,947	32,570
Australia, China and Southeast Asia	29,367	18,940
Western and Central Europe	125,180	107,613
The Americas	50,122	36,702
The Middle East	33,567	28,635
Africa	7,620	3,162
TOTAL	284,803	227,622

15. AVERAGE WORKFORCE

EMPLOYEES	2007	2006
Executives and engineers	242	226
Clerical and manual staff, technicians and supervisors	60	53
TOTAL	302	279

16. NET FINANCIAL INCOME

(in thousands of euros)

	2007	2006
FINANCIAL INCOME		
Forward contracts		
Income from equity investments	15,165	7,196
Foreign exchange gains	5,357	4,422
Income from other receivables	2,923	2,737
Gains on disposal of short-term investments	3,755	861
Reversal of provisions and expense transfers	8,093 ⁽¹⁾	11,714
Other financial income	1,932	680
TOTAL FINANCIAL INCOME	37,225	27,609
FINANCIAL EXPENSES		
Foreign exchange losses	6,017	5,677
Amortization and provisions	5,400	1,227
Interest expense	7,357	6,343
Losses on disposal of short-term investments	174	30
Other financial expenses	3	237
Losses on mergers/asset transfers	2,316 ⁽²⁾	
TOTAL FINANCIAL LIABILITIES	21,267	13,515
NET FINANCIAL INCOME	15,958	14,095

(1) Includes €18,000 in reversals for Ingenico BV shares.
 Includes €3,289,000 in reversals for Ingenico BV liabilities.
 Includes €1,480,000 in reversals for Ingenico Pacific liabilities.
 Includes €2,303,000 in reversals for Lexem shares.

(2) Pertains to Lexem and DSI.

17. NON-RECURRING INCOME AND EXPENSES

(in thousands of euros)

	2007	2006
NON-RECURRING INCOME		
Gains on disposal of assets	32	7,737
Reversals of tax-accelerated depreciation	127	383
Reversal of depreciation on Puteaux furnishings		356
Reversals of provisions for liabilities	1,823	3,903
Income from prior periods		130
Other income	597	569
TOTAL NON-RECURRING INCOME	2,579	13,078
NON-RECURRING EXPENSES		
Losses on disposal of assets	105	8,912
Tax-accelerated depreciation expense	465	330
Provisions for consideration-free shares	4,156	3,491
Provisions for litigation	1,362	1,144
Provisions for closure of facilities	300	
Restructuring charge, including severance pay	2,331	2,066
Losses on buybacks of shares and bonds	5,070	
Market penalties	225	
Abandonment of INGENICO PACIFIC claims		5,520
Abandonment of INGENICO AB claims		2,363
Abandonment of INGENICO JAPAN claims	4,896	
Abandonment of INGENICO BV claims	3,577	
Quality-related costs for high-end product	773	1,184
Other non-recurring expenses	648	1,087
TOTAL NON-RECURRING EXPENSES	23,908	26,097
NET NON-RECURRING LOSS	(21,329)	(13,018)

18. INCOME TAXES

(in thousands of euros)

BREAKDOWN OF INCOME TAXES BETWEEN PROFIT BEFORE NON-RECURRING ITEMS AND NON-RECURRING PROFIT/(LOSS)

	2007	2006
NET PROFIT FOR THE PERIOD	34,691	17,701
Income tax on profit before non-recurring items	(450) ⁽¹⁾	
Income tax on non-recurring profit/(loss)		
Income tax on profit related to tax consolidation ⁽²⁾	(102)	(573)
TOTAL TAXES	(551)	(573)
PROFIT BEFORE TAXES	34,140	17,128

(1) Business research tax credit.

(2) Based on the tax consolidation regime opted for by the Group, parent company income tax expense is equal to the income tax expenses for all the subsidiaries in the tax consolidation group.

CHANGES IN DEFERRED TAX LIABILITIES

	2007	2006
Tax effect at:	34.43%	34.43%
INCREASE		
REGULATED PROVISIONS		
Tax-accelerated depreciation	183	66
TOTAL INCREASE	183	66
DECREASE		
PROVISIONS NOT DEDUCTIBLE IN ACCOUNTING PERIOD		
Non-deductible impairment of trade receivables	360	192
Provision for losses on contract completion		10
Solidarity contribution	125	88
Construction effort	25	6
Provision for consideration-free shares	2,700	
Provision for retirement	86	
Other provisions for liabilities	51	
OTHER		
Translation losses	135	170
TOTAL DECREASE	3,482	466
ITEMS TO BE ALLOCATED		
Loss carry-forwards	21,349	50,811
Long-term capital losses	1,396	1,396

19. DATA RELATED TO SEVERAL BALANCE SHEET AND INCOME STATEMENT ITEMS

(in thousands of euros)

Item	Relationship	AMOUNT INVOLVING COMPANIES		
		2007	2006	
		Share ownership by/in Company	Relationship	Share ownership by/in Company
BALANCE SHEET ITEM				
Equity interest		208,432		198,762
Loans and advances to subsidiaries and associates		30,232		19,166
Trade receivables and related accounts		68,341		69,580
Other receivables		11,880		11,088
Borrowings and other financial liabilities		1,962		4,185
Trade payables an related accounts		29,635		25,357
Other liabilities		1,859		58
OPERATING INCOME				
Resale of purchased goods		4,075		9,937
Sales of goods produced		171,073		125,982
Sales of services		10,660		11,827
Cost of inventories consumed		(3,171)		(641)
Other purchases and external charges		(16,637)		(11,966)
Income taxes, taxes other than on income and related expenses		(5)		
Depreciation and amortization		(2,619)		
NET FINANCIAL INCOME				
Financial income		18,419		9,885
Financial expenses		(4,590)		(1,205)
Reversals of provisions		4,815		9,233
NON-RECURRING ITEMS				
Non-recurring income				113
Non-recurring expenses		(8,491)		(17,440)

20. COMPENSATION PAID TO EXECUTIVE OFFICERS

The compensation paid to the Company's executive officers in 2007 totaled €3,621,000.

21. OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)

COMMITMENTS GIVEN	2007	2006
Various guarantees	50	27
Non-competition clause		
Service agreement with a shareholder of the former MoneyLine Group	665	1,020
Individual training rights	846	143
Shares of U.S. subsidiary Ingenico Corp. pledged as security for new refinancing loan	56,250	56,250
MBS shares pledged as security for BNP loan		72
Liabilities guarantee given in connection with AB disposal		2,415
Liabilities guarantee given in connection with ITS disposal		2,800
As part of Company policy to hedge foreign exchange exposure on existing assets and liabilities:		
• Forward contracts to purchase GBP	GBP 21,900,000	29,863
• Forward contracts to purchase AUD	AUD 22,500,000	13,427
• Forward contracts to purchase CAD	CAD 6,500,000	4,499
• Forward contract to sell USD	USD 83,500,000 (USD 2,500,000 in 2006)	56,722 1,898
• Forward contract to purchase USD to hedge future flows	USD 35,000,000 (USD 94,800,000 in 2006)	23,776 71,982
• CAD interest rate swap	CAD 4,000	2,768
• Forward contract to purchase USD	(USD 23,500,000 in 2006)	17,844
• Option on forward contracts to purchase USD to hedge future flows	(USD 13,000,000 in 2006)	9,871
COMMITMENTS RECEIVED		
	2007	2006
Liabilities guarantee received in connection with the MoneyLine merger, valid to April 30, 2008 (reduced to €1,500,000 from Nov. 1, 2007 to April 30, 2008)	1,500	2,000
Liabilities guarantee received in connection with the acquisition of Planet, valid to July 12, 2010 (amount deposited in an escrow account for one year, half of which may be released after 6 months)	2,000	
Retirement benefit insurance	16	47
Abandonment of Ingenico Pacific claims, with better-fortunes clause	5,520	5,520

Cash flow statement

For the year ended December 31, 2007 (on the basis of net profit)

(in thousands of euros)

2007

CASH FLOW FROM OPERATING ACTIVITIES

Net profit	34,691
Adjustments to reconcile net profit to net cash flow from operating activities:	
• D&A and provisions	8,327
• Gains on asset disposals, after tax	10,299
Cash flow from operating activities, before changes in working capital requirements	53,316
Change in working capital requirements	
• Inventory	(3,345)
• Short-term receivables	5,947
• Short-term payables	20,000

NET CASH FLOW FROM OPERATING ACTIVITIES	75,919
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CASH FLOW FROM INVESTING ACTIVITIES

Purchase of assets	(38,191)
Gains on disposal of assets, after tax	1,810
Net change in purchase or sale of own shares	2,155
Effect of acquisitions and divestitures	

NET CASH FLOW FROM INVESTING ACTIVITIES	(34,226)
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CASH FLOW FROM FINANCING ACTIVITIES

Payment of cash dividends	(3,161)
Proceeds from share issue	9,712
Issuance of debt	1,898
Repayment of debt	(45,222)
Changes in short-term investments of treasury shares	(991)

NET CASH FLOW FROM FINANCING ACTIVITIES	(37,764)
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CHANGE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginning of period	60,732
Cash and cash equivalents at end of period	64,660



French corporation ("Société Anonyme")
with registered share capital of €47,656,332

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