



Interim consolidated financial
statements for the half year ended
June 30, 2007

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1. INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

(in thousands of euros)	Notes	30-juin-07	30-juin-06
Revenue	5	260 103	255 208
Cost of sales		-170 281	-175 997
Gross profit		89 822	79 211
Distribution costs		-18 157	-16 126
Research and development expenses		-19 307	-21 511
Administrative expenses		-29 302	-26 868
Profit from ordinary activities	5	23 055	14 704
Other income	6	3 208	6 889
Other expenses	6	-5 584	-5 105
Profit from operations		20 679	16 488
Net finance costs	7	-4 207	-4 615
Income from cash and cash equivalents	7	845	861
Other financial income and expenses	7	431	-2 505
Profit before income taxes		17 748	10 229
Income taxes	8	-5 345	-1 975
Net profit		12 403	8 254
Attributable to:			
- INGENICO S.A. shareholders		12 437	8 268
- Minority interests		-34	-14
Earnings per share (in euros)			
Net earnings			
- basic		0,40	0,28
- fully diluted		0,38	0,28

2. INTERIM STATEMENT OF RECOGNIZED INCOME AND EXPENSE

(in thousands of euros)	Notes	30-juin-07	30-juin-06
Translation adjustments	11	1 783	-1 568
Cash flow and foreign exchange hedges and remeasurement of available-for-sale financial instruments (1)	13	-274	109
Net income recognized directly in equity		1 509	-1 459
Profit for the period		12 437	8 268
Total recognized income and expense for the period		13 946	6 809
Attributable to:			
INGENICO S.A. shareholders		13 980	6 820
Minority interests		-34	-11

(1) Changes in the value of interest-rate swaps on bank borrowings and in the value of foreign exchange forward contracts used to hedge cash flows are recognized in equity.

3. INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

Assets (in thousands of euros)	Notes	30-juin-07	31-déc.-06
NON-CURRENT ASSETS			
Goodwill	9	88 778	89 987
Other intangible assets		20 424	21 361
Property, plant and equipment		17 446	16 801
Non-current financial assets		707	899
Deferred tax assets		16 438	14 393
Other non-current assets		5 522	6 544
Total non-current assets		149 315	149 984
CURRENT ASSETS			
Inventories	10	48 042	49 960
Trade receivables and related accounts		139 665	125 982
Other current assets		4 374	5 802
Current tax receivables		813	506
Derivative financial instruments	13	383	965
Short-term investments	12	52 225	58 736
Cash and cash equivalents	12	70 457	67 625
Total current assets		315 958	309 575
Total assets		465 274	459 559
Shareholders' equity and liabilities (in thousands of euros)			
		30-juin-07	31-déc.-06
EQUITY			
	11		
Share capital		32 500	32 109
Share premium account		117 821	117 014
Retained earnings and other reserves		9 651	-5 018
Translation differences		4 529	2 746
Equity attributable to INGENICO S.A. shareholders		164 502	146 852
Minority interests		4	45
Total equity		164 506	146 897
LIABILITIES			
Borrowings and long-term debt	12	118 083	121 300
Provisions for retirement benefit obligations	15	7 867	7 555
Other non-current provisions	15	9 952	5 361
Deferred tax liabilities		0	734
Other non-current liabilities		1 807	1 931
Total non-current liabilities		137 709	136 881
CURRENT LIABILITIES			
Short-term borrowings	12	18 963	38 103
Current provisions	15	5 651	3 662
Trade payables and related accounts		97 195	94 484
Income tax expense		7 417	2 116
Derivative financial instruments	13	640	141
Other liabilities		33 193	37 276
Total current liabilities		163 060	175 781
Total liabilities		300 768	312 662
Total equity and liabilities		465 274	459 559

4. INTERIM CONSOLIDATED CASH FLOW STATEMENTS

(in thousands of euros)	30-juin-07	30-juin-06
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss)	12 403	8 254
Adjustments for:		
Income tax expense	5 345	1 975
Depreciation, amortization and provisions	14 232	324
Gains/losses on remeasurement at fair value	-79	1 296
Gains/losses on disposal of assets	-3 056	-3 664
Net interest expense	2 260	3 680
Share-based payment	3 158	2 486
Interest paid	-5 010	-3 456
Income tax paid	-3 066	-1 050
Cash flow from operating activities before change in working capital requirements	26 188	9 845
Change in working capital requirements		
Inventory	2 288	-14 140
Short-term receivables	-14 645	1 358
Short-term payables	2 173	5 732
Net cash from operating activities	16 005	2 795
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of assets	-6 155	-4 079
Gains on disposals of assets	3 260	170
Acquisition of subsidiaries, net of cash acquired		-775
Disposal of subsidiaries, net of cash disposed of		10 504
Short-term investments	7 182	-300
Loans and advances granted	-4	-973
Loan repayments received	194	80
Interest received	2 526	1 835
Changes in short-term investments	103	-614
Net cash from investing activities	7 106	5 849
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	3 533	1 270
Purchase of own shares	1	-7 483
Issuance of debt	45 391	265
Repayment of debt	-58 239	-13 820
Changes in other financial liabilities	-29	-407
Payment of cash dividends	-3 161	0
Net cash from financing activities	-12 504	-20 176
Effect of changes in exchange rates	575	-1 102
Effect of changes in accounting methods	0	167
Cash in cash and cash equivalents	11 181	-12 466
Cash and cash equivalents at beginning of period	43 246	31 091
Cash and cash equivalents at end of period (1)	54 427	19 024
(1) Cash and cash equivalents		
UCITS (only portion readily convertible into cash)	33 444	4 022
Cash on hand	37 012	36 592
Demand deposits	-16 030	-21 590
Total cash and cash equivalents	54 427	19 024
OPCVM (only portion qualifying as short-term investments)	52 225	57 509
Total cash, cash equivalents and short-term investments	106 652	76 533

5. NOTES TO THE INTERIM CONDENSED 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-sur-Seine.

The interim condensed consolidated financial statements were approved by the Board of Directors on September 19, 2007.

2. ACCOUNTING PRINCIPLES AND METHODS

The interim condensed consolidated financial statements were drawn up in accordance with the International Financial Reporting Standard IAS 34, Interim Financial Statements. They do not include all the information required for complete annual financial statements and should be read in conjunction with the Group’s financial statements for the year ended December 31, 2006.

The accounting methods applied to these interim financial statements are the same ones used in the financial statements for the year ended December 31, 2006.

Translation of financial statements expressed in foreign currency

The conversion rates for the main currencies used by the Group in fiscal years 2006 and 2007 are as follows:

Closing rate	30-juin-07	31-déc.-06
U.S. dollar	1,3505	1,3170
Canadian dollar	1,4245	1,5281
Australian dollar	1,5885	1,6691
British pound	0,6740	0,6715
Brazilian real	2,6013	2,8157

Average rate	30-juin-07	30-juin-06
U.S. dollar	1,3293	1,2292
Canadian dollar	1,5082	1,3997
Australian dollar	1,6443	1,6546
British pound	0,6747	0,6872
Brazilian real	2,7179	2,6907

Estimates

In preparing these interim financial statements, Group management was led to exercise a fair amount of judgment and to make use of assumptions and estimates affecting the application of the accounting methods, 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.

The cases in which management exercised a significant degree of judgment in applying the accounting methods adopted by the Group in these interim financial statements and the main sources of uncertainty regarding estimates are the same as those described in the consolidated financial statements for the year ended December 31, 2006.

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 profit or loss.

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 recycled to profit or loss for the same period or periods during which the asset or liability affects profit or loss.

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 profit or loss.

Hedging monetary items

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

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 profit or loss.

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.

Short-term investments

Financial instruments classified as short-term investments may be accounted for in two different ways. Either they are measured at fair value, with any gain or loss arising from the investment recognized in profit or loss; or they are considered available-for-sale financial instruments, in which case any gain or loss arising from the investment is recognized in equity.

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

Cash and cash equivalents

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

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

3. CHANGES IN REPORTING ENTITY

Corporate name	Address	Country	% held by Ingenico S.A.	Accounting method
PARENT COMPANY				
INGENICO S.A.	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France		
CONSOLIDATED SUBSIDIARIES				
IDS SOFRACIN S.A.	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France	99,95%	FC
Moneyline Banking Systems	183, avenue Georges Clémenceau 92024 Nanterre Cedex	France	100,00%	FC
Moneyline Ventures	183, avenue Georges Clémenceau 92024 Nanterre Cedex	France	100,00%	FC
Cash Solutions	77, bvd Gambetta 59055 Roubaix	France	67%	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%	FC
INGENICO INTERNATIONAL (PACIFIC) PTY Ltd.	6 Prosperity Parade - Warriewood NSW 2102 <i>Along with its wholly owned subsidiaries Europa Ltd, INGENICO Singapore, INGENICO Japan and INGENICO New Zealand</i>	Australia	100%	FC
Ingenico International (S) Pte Ltd.	390 Havelock Road #03-03 King's Centre Singapore 169662	Singapore	100%	FC
Ingenico Japan K K	4F, Sumitomo Fudosan Higashi – Shinbashi Bldg. No. 6 1-2-4 Hamamatsuchuo Minato-ku Tokyo	Japan	100%	FC
INGENICO UK Ltd.	Ridge Way - Donibristle Industrial Estate Dalgety Bay - Dunfermline FIFE JY11 5JU - Scotland <i>Along with its wholly owned subsidiary INGENICO</i>	U.K.	100%	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%	FC
INGENICO CORP	6195 Shiloh Road, Suite D Alpharetta, Georgia 30005 <i>Along with its American and Canadian subsidiaries, all wholly owned</i>	U.S.A.	100%	FC
INGENICO LATIN AMERICA	9155 South Date Land Blvd Suite 1408 Miami Florida 33156 <i>Along with its wholly owned subsidiary in Mexico</i>	U.S.A.	100%	FC
Descartes Inc.	6 Colonial Lake Drive, Lawrenceville, New Jersey, U.S.A.	U.S.A.	99%	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 sales offices in Columbia, Venezuela, Argentina and Chile</i>	Brazil	100%	FC
INGENICO ITALIA SpA	Via Stephenson 43/a - 20157 Milano <i>Along with its wholly owned subsidiary EPOS Italia SpA</i>	Italy	100%	FC
INGENICO BV	Bogert 31 - 5612 LX Eindhoven	Netherlands	100%	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%	FC
INGENICO KOREA	Daeha Building #508, 14-11Yeojeido Dong,Yeoungdungpo, gu, Seoul Korea Postal Code 150-715	South Korea	100%	FC
Ingenico Switzerland S.A.	Impasse des Ecoreuils 2 Case postale 56 CH- 1763 Granges-Paccot	Switzerland	100%	FC
INGENICO HUNGARY	1022 Budapest,Bég u. 3-5.	Hungary	100%	FC
INGENICO EASTERN EUROPE I SARL	10 Bld Royal - 2449 Luxembourg <i>Along with its wholly owned subsidiary INGENICO Polska</i>	Luxembourg	80%	FC
INGENICO INVESTMENT Luxembourg S.A.	10 Bld Royal - L2449 Luxembourg	Luxembourg	90%	FC

The wholly owned subsidiaries Lexem, DSI and SCI 5 rue du Parc Floral were dissolved without liquidation in June 2007. As a result, all of their assets and liabilities were conveyed to INGENICO S.A., the sole partner.

4. ACQUISITIONS AND DIVESTITURES

Acquisitions

No acquisitions were carried out in the first half of 2007.

Divestitures

In June 2007, the Group disposed of its on-board taxi automation business of the company Europa. Priced at €3,120,000, the divestiture generated a net gain of €1.992,000.

5. SEGMENT INFORMATION

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

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

(i) Breakdown of segment profit or loss

At June 30, 2007

Breakdown of segment profit or loss (in thousands of euros)

	Northern Europe	Southern Europe	Asia-Pacific	North America	Latin America	CEMEA	Unallocated Elim.	Consol.
External revenue	45 487	95 422	19 695	45 381	52 310	1 808		260 103
Intra-group revenue	1 132	142 505	2 323	493	15 658	0	-162 111	0
Total revenue	46 619	237 927	22 018	45 875	67 968	1 808	0	260 103
Profit from ordinary activities	2 383	18 477	-1 721	3 178	5 792	-967	-4 086	23 055
Profit from operations	1 629	18 250	-310	3 083	5 793	-973	-6 792	20 679
Total finance costs								-2 931
Income taxes								-5 345
Consolidated net profit/loss								12 403
Attributable to Ingenico S.A. shareholders								12 437

At June 30, 2006

(in thousands of euros)	Northern Europe	Southern Europe	Asia-Pacific	North America	Latin America	CEMEA	Unallocat ed (*)	Elim.	Consol.
External revenue	53 417	73 371	15 818	55 802	56 007	792			255 208
Intra-group revenue	593	75 731	708	111	2 367	0		-79,510	0
Total revenue	54 010	149 102	16 527	55 913	58 374	792	0	-79 510	255 208
Profit from ordinary activities	3 471	4 897	-851	2 778	8 608	-1 524	-2 674	674	14 704
Profit from operations	3 189	7 651	-1 699	4 326	8 683	-1 528	-4 135	135	16 488
Total finance costs									-6 259
Income taxes									-1 975
Consolidated net profit/loss									8 254
Attributable to Ingenico S.A. shareholders									8 268

6. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses include:

(in thousands of euros)	06/30/2007	06/30/2006
Restructuring charges	-3 864	-2265
Litigation expenses and costs related to quality issues	-468	2076
Gains/(losses) on disposal of assets	1 992	2300
Disposals and retirement of tangible and intangible assets	-2	-361
Other	-33	34
Total	-2 376	1 784

Other operating income and expenses for the six months ended June 30, 2007 include primarily:

- Restructuring charges incurred in connection with the disposal or discontinuation of a consolidated business (discontinuation of the Japanese subsidiary: €1,322,000) along with the cost of measures for the benefit of employees affected by workforce adjustment measures (France and the United Kingdom in particular: €2,274,000).
- Commercial and other litigation income and expenses.
- A net gain of €1,992,000 on the disposal of Europa's on-board taxi automation business.

7. NET FINANCE COSTS

(in thousands of euros)	06/30/2007	06/30/2006
Interest expense on convertible bonds	-1 971	-1 918
Other interest expense	-2 236	-2 674
Gross borrowing costs	-4 207	-4 592
Income from cash and cash equivalents	845	861
Net financing costs	-3 362	-3 730
Forex gains	1 950	2 838
Forex losses	-3 046	-6 029
Forex gains and losses	-1 096	-3 191
Gains on interest rate swaps	254	85
Gains on investment transactions (value adjustments, disposals)	1 189	379
Other financial income	298	263
Other financial expenses	-214	-65
Other financial income and expenses	1 527	662
Total finance costs	-2 931	-6 259

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
- 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 (€45 million euros of which were drawn down at the June 30, 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 €1,096,000, including a loss of €50,000 following the payment of interim intra-Group dividends.

Other interest income and expenses totaled €1,527,000, including €1,189,000 for disposals and adjustments to the value of investment income.

8. INCOME TAX EXPENSE

Income tax expense for the period

(in thousands of euros)	06/30/2007	06/30/2006
Income tax expense for the period	-7 896	-2 276
Deferred tax	2 550	301
Total	-5 345	-1 975

For the six months ended June 30, 2007, the effective income tax rate for consolidated companies is 30.12% (31.58% for the year ended December 31, 2006, 19.31% for the six months ended June 30, 2006). Deferred tax recorded for the period mainly reflects updated earnings estimates for the Group's various affiliates.

9. INTANGIBLE ASSETS

Goodwill

(in thousands of euros)	06/30/2007	12/31/2006
At January 1	89 987	65 413
Investments	0	25 382
Disposals	0	0
Impairment losses	-1 071	-376
Translation differences	12	-20
Other	-150	-412
At June 30	88 778	89 987

Breakdown of goodwill

(in thousands of euros)	06/30/2007			12/31/2006		
	Gross carrying amount	Accumulated impairment losses	Net carrying amount	Gross carrying amount	Accumulated impairment losses	Net carrying amount
North America	57 477	0	57 477	57 477	0	57 477
Asia	4 192	-376	3 816	4 192	-376	3 816
INGENICO Italia	814	-96	718	814	-96	718
INGENICO Ireland Ltd.	1 022	-137	884	1 026	-139	888
EUROPA Pty Ltd.	4 659	-4 659	0	4 434	-3 379	1 055
INGENICO Switzerland	1 797	0	1 797	1 797	0	1 797
Moneyline Banking System	2 972	0	2 972	2 972	0	2 972
Moneyline Retail	21 114	0	21 114	21 264	0	21 264
Total	94 047	-5 268	88 778	93 976	-3 990	89 987

- The decrease in net goodwill reflects the recognition of goodwill impairment on EUROPA Pty Ltd., whose business assets were sold in June 2007 (disposal of the on-board taxi automation business).

10. INVENTORIES

(in thousands of euros)	06/30/2007	12/31/2006
Raw materials and consumables	12 743	14 592
Finished products	46 453	48 024
Depreciation, raw materials and consumables	-4 971	-5 932
Depreciation, finished products	-6 184	-6 725
Net total	48 042	49 960

11. CONSOLIDATED EQUITY

(in thousands of euros)	Share capital	Share premium	Translation differences	Effective portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total consolidated equity	Minority interests
Balance at Jan. 1, 2006	29 924	85 924	5 805	166	-3 877	-16 620	101 321	9
Treasury shares					-8 109		-8 109	
Share-based payment and exercise of stock options	302	1 774				5 875	7 951	
Movements in equity related to Moneyline merger	1 883	29 316				-12	31 187	
Total gain/loss recognized for the period			-3 059	274		17 181	14 396	-9
Other						105	105	45
Balance at Dec. 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	
Dividends reinvested in shares (2)	113	1 868					1 981	
Treasury shares (3)					103		103	
Share-based payment and exercise of stock options (4)	278	1 335				3 158	4 771	
Movements in equity related to Lexem, DSI, SCI dissolution without liquidation		765				-759	6	-7
Total gain/loss recognized for the period			1 783	-274		12 437	13 946	-34
Other						3	3	
Balance at June 30, 2007	32 500	117 821	4 529	166	-11 883	21 368	164 502	4

(1) Dividend payout on June 12, 2007.

(2) 113,418 newly issued shares in connection with stock dividend payout.

(3) Sale of treasury shares: increase related to the retirement of treasury shares held by the company.

On 01/01/2007, the company held 782,829 treasury shares. On June 30, 2007, it held 710,580 treasury shares, acquired by virtue of the authorizations granted at shareholders' meetings.

(4) Share-based payment:

- The increase in retained earnings and other reserves reflects the fair value of options and free shares granted and recognized each year as "Administrative expenses" and "Other operating income and expenses."
- The increase in share capital and share premium reflects the exercise of share subscription options.

Shares outstanding

	06/30/2007	06/30/2006
Shares issued at January 1	32 108 576	29 924 312
Shares issued in connection with options exercised and dividend distributions	391 320	213 000
Shares issued at June 30	32 499 896	30 137 312
Treasury shares at June 30	710 580	783 270
Shares outstanding at June 30	31 789 316	29 354 042

INGENICO's shares have a par value of €1.

Treasury shares

During the six months ended June 30, 2007, the Company did not directly purchase its own shares in the stock market. In connection with the aims pursued by these repurchase programs, the portfolio of shares purchased directly by the Company totaled 732,770 shares at December 31, 2006. At the June 30, 2007 reporting date, this portfolio contained 672,480 shares, reflecting the 60,290 shares granted to the chairman and to the CEO.

The portfolio of shares purchased on the basis of the liquidity contract totaled 50,059 shares at December 31, 2006. It contained 38,100 shares at June 30, 2007.

Stock subscription option plans and free share awards

Free share awards

No additional free share award plans were set up during the first half of 2007. Following the adjustment made to reflect the payment of a dividend out of the proceeds of the share issue, 3,522 additional free shares were given to grantees. On June 28, 2007, 60,290 free shares, taken from the Company's own treasury shares, were awarded to Mr. Amedeo d'Angelo and Mr. David Znaty. In light of this additional grant and to the departures and arrivals of grantees during the period, the number of free shares in existence at the June 30, 2007 reporting date was 673,232.

Share subscription options:

No new share subscription option plans were set up during the first half of 2007. Following an adjustment that was made to reflect the payment of a dividend out of the share premium account, 2,952 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). As a result of this adjustment and options exercised (mainly under Plan A), the number of existing options at the June 30, 2007 reporting date was 760,502.

Fair value of options granted

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

Financial statement impact

On the basis of the parameters used to calculate fair value, the recognized expense related to share subscription options granted and free share awards in the first half of 2007 totaled €3.16 million, recorded as "Profit from ordinary operations."

12. NET DEBT

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

(in thousands of euros)	06/30/2007	12/31/2006
Cash and cash equivalents	70 457	67 625
Short-term investments	52 225	58 736
Financial liabilities	-137 046	-159 403
Net financial liabilities	-14 364	-33 042

In the first half of 2006, the €2,225,000 of short-term investments pertain to current financial assets used for cash management purposes, with €4,179,000 recorded at fair value. The remaining €8,046,000 are classified as assets held for sale (see accounting principles and methods).

Breakdown of cash and cash equivalents and short-term investments

(in thousands of euros)	06/30/2007	12/31/2006
Cash and cash equivalents	37 012	58 018
UCITS classified as cash equivalents	33 444	9 607
Cash and cash equivalents	70 457	67 625
UCITS classified as short-term investments	52 225	58 736
Cash, cash equivalents and short-term investments	122 682	126 361

UCITS are classified as cash equivalents 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)	06/30/2007	12/31/2006
Bonds convertible into or exchangeable for new or existing shares (OCEANE)	70 934	70 054
Bank borrowings	0	8 214
Short term notes	44 789	40 000
Finance lease obligations	2 156	2 828
Other financial liabilities	204	204
Total non-current liabilities	118 083	121 300
Short -term bank and related borrowings	1 883	12 677
Finance lease obligations (current portion)	1 144	1 142
Bank overdrafts	15 936	24 284
Total current liabilities	18 963	38 103
Total financial liabilities	137 046	159 403

During the first half of 2007, INGENICO opted for early repayment of a €72.5 million club deal 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).

In addition, the Group simultaneously refinanced, setting up 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 June 30, 2007 reporting date, only the A tranche had been drawn, for a total of €45 million.

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 Tranche B	Repayment rate	Rate in the event of option activation
05/16/2009	20%	-
05/16/2010	20%	25%
05/16/2011	20%	25%
05/16/2012	20%	25%
05/16/2013	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 June 30, 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%

13. DERIVATIVE FINANCIAL INSTRUMENTS

(i) Interest rate hedging

Interest rate hedges

(in thousands of euros)	June 30, 2007	December 31, 2006
Current assets	36	179
Current liabilities	0	0
Total	36	179

Swap and interest rate option contracts

In the first half of 2007, INGENICO arranged for €150 million in refinancing (see Note 12).

Accordingly, the corporate finance department exercised the remaining swap on an amortizable amount of €12,187,000 and received a cash amount of €218,000 in its favor on May 23, 2007.

When the refinancing was arranged, the company set up an optional interest rate hedge whose main features are described below:

Nominal: €35 million

Type: Cap

Rate: 5%

Condition: If Euribor 3 months < 5%, INGENICO pays Euribor 3 months
If Euribor 3 months > 5%, INGENICO pays 5%

Term: 2 years as of set-up, due 06/25/2009.

This cap was valued at €36,000 on 06/30/2007. This financial instrument was deemed to be an effective hedge and was therefore recorded as equity.

(ii) Exchange rate hedging

Forex hedges

(in thousands of euros)	June 30, 2007	December 31, 2006
Current assets	347	786
Current liabilities	-640	-141
Total	-293	645

The fair market value of exchange rate hedge instruments showed an unrealized loss of €293,000, including an unrealized loss of €476,000 recognized in equity and an unrealized gain of €183,000 recorded in profit or loss.

At June 30, 2007, foreign exchange forward contracts represented US\$61.3 million and currency options represented US\$14.6 million, all of them maturing prior to the end of December 2007.

14. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Total compensation paid to Company directors and executive officers in the first six months of 2007 is itemized below:

(in thousands of euros)	06/30/2007
Basic salary	721
Variable compensation	822
Stock options and free share awards	862
Total	2 405

15. PROVISIONS

(in thousands of euros)	Balance at	Translation difference	Additions	Deduction of used amounts	Reversals	Changes in reporting entity and other	Balance at
	01/01/2007						06/30/2007
Provisions for pensions and retirement	7 555	-22	371	-52		15	7 867
Provisions for warranties	2 886	61	2 321	-93		-1	5 174
Provisions for litigation and claims	3 486	0	1 368	-583		-797	3 474
Provisions for restructuring	2 140	-7	1 478	-838		50	2 823
Other provisions	511	-3	4 314	-1 423		732	4 132
Total other provisions	9 023	51	9 481	-2 937	0	-16	15 603

(i) Warranties

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

(ii) Litigation and claims

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

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

16. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments are of the same type as in the year ended December 31, 2006, except for the pledging of securities of its U.S. subsidiary in connection with the repayment of the earlier loan, and liability guarantees provided in connection with disposals completed in 2006 and which are no longer required (except for tax disputes).

17. EVENTS SUBSEQUENT TO INTERIM FINANCIAL STATEMENT DATE

- Projected alliance between INGENICO and Sagem-Monetel

INGENICO, a major supplier of transaction and secure payment solutions, and Sagem Sécurité, a subsidiary of the international group Safran, a high-tech specialist, announced that they had entered into exclusive talks aimed at combining their electronic payment solutions businesses to create a world leader in this area.

The proposed transaction concerns all of Sagem Sécurité's payment terminal businesses, primarily Sagem Monetel, Sagem Denmark A/S and their respective subsidiaries. The deal would include the issuance of new INGENICO shares to Sagem Sécurité, after which the latter would be a significant shareholder in INGENICO, with 25% of all outstanding shares post-transaction.

The parties signed a non-binding agreement and are now entering a phase of due diligence and exclusive negotiations. As part of these negotiations, the project will be submitted to the opinion of the trade unions representing personnel of the companies that would be impacted by the transaction. The deal, which could be completed by the end of the year, will be submitted to INGENICO's shareholders and the appropriate competition regulators for approval.

- Acquisition on July 13, 2007 INGENICO's Turkish distributor Planet.

The transaction was completed for €26 million, of which €20 million paid in cash and €6 million in shares, increasing INGENICO's stock float by 271,064 shares and bringing the total number of shares to 32,760,008.

With this acquisition, INGENICO intends to capitalize on particularly strong growth in this market. Planet's software development and services business will enable the Group to access the payment applications market and broaden its range of products and services, which could include rental and repair of terminals as well as the pre-processing of transactions.

The two companies (Planet Odeme and Planet Elektronik) acquired in this deal will be consolidated as of the second half of 2007.

- Appointments
- On June 27, 2007, Jacques Stern was appointed Chairman of the Board of Directors.
- On July 17, 2007, Philippe Lazare was appointed CEO. He succeeds Amedeo d'Angelo.

Mr. D'Angelo's settlement has not been signed to date, and will be accounted for in the second half of this year. According to the information provided in the *Document de Référence 2006* (2006 shelf registration document), Mr. d'Angelo is entitled to:

- A sum equal to 1 year of gross annual salary payable to him both as Chief Executive Officer of the Company and for all other positions he holds and duties he carries out at any company controlled by the Company (excluding directors' fees), plus
- A sum equal to the total value, at the date of his removal from office, of any free shares in the Company previously granted to him but whose 2-year acquisition period has not yet expired.

In addition, he may hold the 150,000 stock options awarded to him, avail himself of early vesting rights to those options and exercise those options at any time until they expire, notwithstanding his departure from the Company.