



2008
Financial Statements



"The French version of 2008 financial statements shall prevail over the English version which is available for convenience."

I. Ingenico: Consolidated income statements
for the years ended December 31, 2006, 2007 and 2008

(in thousands of euros)	Notes	2006	2007	2008
Revenue	7	506 222	567 857	728 017
Cost of sales		-343 724	-359 795	-456 358
Gross profit		162 499	208 061	271 659
Distribution and marketing costs		-35 425	-40 205	-59 012
Research and development expenses		-39 822	-42 962	-61 828
Administrative expenses		-54 171	-62 386	-78 838
Profit from ordinary activities	7	33 081	62 508	71 981
Other operating income	9	6 795	3 150	10 239
Other operating expenses	9	-8 683	-8 636	-24 710
Profit from operations		31 193	57 023	57 510
Net financing costs	10	-9 152	-7 202	-2 656
Income from cash and cash equivalents	10	1 524	1 195	2 095
Other financial income and expenses	10	-221	-2 822	-6 885
Profit/(loss) before income taxes		23 344	48 194	50 064
Income tax	11	-7 371	-8 702	-13 382
Profit for the period		15 973	39 492	36 682
Attributable to:				
- INGENICO S.A. shareholders		15 984	39 447	36 683
- Minority interests		-12	45	-1
Earnings per share (in euros)	21			
Net earnings				
- basic		0,54	1,24	0,83
- diluted		0,53	1,21	0,82

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II. Ingenico: Statement of recognized income and expense for the years ended December 31, 2006, 2007 and 2008

(in thousands of euros)	Notes	2006	2007	2008
Translation differences (1)		-3 059	132	-10 869
Cash flow and foreign exchange hedges (2)		274	-1 298	-118
Value adjustments of investments available for sale (3)			-321	321
After-tax actuarial gains/(losses) on long-term employee benefit obligations (4)	24	1 197	1 088	1 293
Income and expenses recognized directly in equity		-1 588	-399	-9 373
Profit for the period		15 985	39 447	36 682
Total gains/losses recognized for the period		14 397	39 047	27 310
Attributable to:				
INGENICO S.A. shareholders		14 406	39 000	27 311
Minority interests		-9	47	-1

- (1) Translation differences in 2008 (gross amount: (€1,108,000) – deferred tax: €239,000).
- (2) 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.
- (3) The impairment loss on available-for-sale financial assets, previously recognized in equity (gross amount €489,000 – deferred tax: €168,000), was recognized in the income statement in 2008, and the cumulative impairment loss recognized in the income statement during the period accordingly stands at €6,414,000 (See Note 9).
- (4) As allowed by the revised version of IAS 19, actuarial gains or losses on long-term employee benefit obligations are recognized in consolidated equity (gross amount €1,795,000 – deferred tax €502,000). (See Note 24)

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III. Ingenico: Consolidated balance sheets for the years ended December 31, 2006, 2007 and 2008

Assets (in thousands of euros)	Notes	2006	2007	2008
NON-CURRENT ASSETS				
Goodwill	12	89 987	106 324	221 437
Other intangible assets	12	21 361	23 576	103 257
Property, plant and equipment	13	16 801	17 829	25 361
Financial assets	14	899	1 295	3 265
Deferred tax assets	11	14 393	19 391	20 631
Other non-current assets	15	6 544	2 338	1 030
Total non-current assets		149 984	170 752	374 979
CURRENT ASSETS				
Inventories	16	49 960	52 472	77 211
Trade and related receivables	17	125 982	138 938	177 390
Other current assets	18	5 802	6 917	3 577
Current tax assets	27	506	4 111	8 602
Derivative financial instruments	23	965	274	162
Short-term investments	22	58 736	21 338	2 847
Cash and cash equivalents	22	67 625	87 479	142 770
Assets held for sale	19	0	0	0
Total current assets		309 575	311 529	412 560
Total assets		459 559	482 281	787 539
Equity and liabilities (in thousands of euros)				
		2006	2007	2008
EQUITY				
	20			
Share capital		32 109	32 931	47 793
Share premium account		117 014	123 581	371 538
Retained earnings and other reserves		-5 018	36 487	44 000
Translation differences		2 746	2 878	-8 229
Equity attributable to INGENICO S.A. shareholders		146 852	195 877	455 102
Minority interests		45	47	0
Total equity		146 897	195 924	455 102
NON-CURRENT LIABILITIES				
Long-term financial liabilities	22	121 300	84 132	61 018
Provisions for retirement benefit obligations	24	7 555	6 115	4 776
Other provisions	25	5 361	9 387	10 645
Deferred tax liabilities	11	734	835	24 216
Other non-current liabilities	28	1 931	1 697	4 827
Total non-current liabilities		136 881	102 166	105 482
CURRENT LIABILITIES				
Short-term financial liabilities	22	38 103	27 142	7 149
Other provisions	25	3 662	7 589	10 310
Trade payables and related accounts	26	94 484	110 260	153 960
Current tax payables	27	2 116	2 280	5 184
Derivative financial instruments	23	141	1 713	2 472
Other liabilities	28	37 276	35 209	47 880
Liabilities held for sale	29	0	0	0
Total current liabilities		175 781	184 191	226 955
Total liabilities		312 662	286 357	332 437
Total equity and liabilities		459 559	482 281	787 539

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IV. Ingenico: Consolidated cash flow statements for the years ended December 31, 2006, 2007 and 2008

(in thousands of euros)	2006	2007	2008
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period	15 973	39 492	36 682
Adjustments for:			
Income tax expense / (income)	7 371	8 702	13 382
Depreciation, amortization and provisions	6 420	28 966	32 956
Gains / (losses) on remeasurement at fair value	-2 099	2 331	1 124
Gains / (losses) on disposal of assets	-571	-2 854	1 605
Net interest expense	6 610	2 268	854
Cancellation of income from dividends	0	0	0
Share-based payment expense	5 875	6 439	8 539
Interest paid	-5 554	-6 545	-4 399
Tax paid	-5 937	-13 606	-24 632
Cash flow from operating activities before change in working capital requirements	28 089	65 194	66 111
Change in working capital requirements			
inventory	-7 012	-1 108	979
trade and other receivables	15 790	-19 427	16 173
trade and other payables	929	20 731	7 544
Net cash flow from operating activities	37 795	65 390	90 808
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of non-current assets	-10 468	-15 778	-21 752
Gains on disposals of non-current assets	178	3 376	429
Acquisition of subsidiaries, net of cash acquired	1 347	-18 176	-336
Disposal of subsidiaries, net of cash disposed of	8 075	0	0
Short-term investments	3	35 172	11 180
Loans and advances granted	-97	-615	-2 273
Loan repayments received	108	172	576
Interests received	2 934	5 703	1 748
Dividends received	0	-2	0
Changes in short-term investments	31	-992	-1 333
Net cash flow from investing activities	2 111	8 860	-11 761
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue	1 702	3 648	1 210
Purchase of treasury shares	-8 142	0	-24 524
Issuance of debt	320	26 842	63 153
Repayment of debt	-21 670	-69 408	-35 378
Changes in other financial liabilities	-106	463	0
Dividends paid	-3	-3 161	-10 771
Net cash flow from financing activities	-27 899	-41 615	-5 868
Effect of changes in exchange rates	-2 164	296	-1 100
Share in equity of buyback of OCEANES	2 312	-6 082	-3 062
Change in cash and cash equivalents	12 155	26 848	69 016
Cash and cash equivalents at beginning of period	31 091	43 246	70 096
Cash and cash equivalents at end of period(1)	43 246	70 096	139 112
Comments:			
	31/12/2006	31/12/2007	31/12/2008
(1) Cash and cash equivalents			
UCITS (only portion readily convertible into cash)	9 513	44 668	98 286
Cash in hand	58 018	42 811	44 485
Bank overdrafts	-24 284	-17 382	-3 657
Total cash and cash equivalents	43 246	70 097	139 113
UCITS (portion qualifying as short-term investments)	58 736	13 651	1 083
Assets held for sale		7 687	1 763
Total cash, cash equivalents and short-term investments	101 982	91 435	141 960

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V. Ingenico: Statements of changes in consolidated equity for the years ended December 31, 2006, 2007 and 2008

(in thousands of euros)	Share capital	Issue and transfer premiums	Translation differences	Efficient portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total consolidated equity
Balance at January 01, 2006	29 924	85 924	5 805	166	-3 877	-16 620	101 321
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
Other						105	105
Balance at December 31, 2006	32 109	117 014	2 746	440	-11 986	6 529	146 852
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 TUP Lexem, DSI, SCI		823				-823	
Changes in equity related to acquisition of Planet Oedeme (Turkey) (6)	271	5 310					5 581
Total gains/losses recognized for the period			132	-1 298		40 214	39 047
Other					-1	-7	-8
Balance at December 31, 2007	32 931	123 581	2 878	-858	-10 823	48 168	195 877
Dividends paid to shareholders(1)						-10 771	-10 771
Treasury shares (3)					-24 331	-1 249	-25 580
Share-based payments and exercise of stock options(4)	135	1 304			7 634	905	9 978
Buyback of OCEANE bonds, equity components (5)						-3 061	-3 061
Conversion of OCEANE bonds, equity components (5)	4 063	54 983			223		59 270
Sagem Monetel capital increase (6)	10 663	191 670					202 333
Total gains/losses recognized for the period			-11 108	-118		38 536	27 310
Other						-254	-254
Balance at December 31, 2008	47 793	371 538	-8 230	-976	-27 297	72 273	455 102

2008:

(1) Dividend paid on May 27, 2008.

(3) Treasury shares: reduction relating to the cancellation of treasury shares held by the Company.

At January 1, 2008, the Company held 634,332 treasury shares. At December 31, 2008, the Company held 1,624,290 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 the share capital and issue premiums reflects the exercise of share subscription options.

(5) Changes in equity relating to the buyback (January 2008) and conversion of OCEANE bonds (February 12, 2008): 4,063,236 shares were created following the conversion.

(6) Capital increase consecutive to the acquisition of Sagem "payment terminals" on March 14, 2008. The acquisition was carried out by a share swap: 10,663,046 shares were created. The issue premium amounted to €91,670,000 after allocation of issuance expenses of €265,000.

2007:

(1) Dividend paid on June 12, 2007.

(2) Issue of 113,418 shares in connection with payment of a stock dividend.

(3) Purchase of treasury shares: reduction relating to the cancellation of treasury shares held by the Company.

At January 1, 2008, 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 issue premiums 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 issue 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 retained earnings reflects the fair value of stock options and bonus 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 March 11, 2009. They are subject to approval of the Combined Ordinary and Extraordinary Shareholders Meeting of May 15, 2009.

2. ACCOUNTING PRINCIPLES AND METHODS

The consolidated financial statements for fiscal year 2008 were drawn up in accordance with IFRS and the interpretations of the standards, as adopted by the European Union on December 31, 2008 and in compliance with European Regulation No. 1606-2002 of July 19, 2002.

The new texts that must be applied as of January 1, 2008 and affecting the Group are as follows:

- the amendment to IAS 39 and IFRS 7 “Reclassification of Financial Assets”, adopted by the European Union on October 15, 2008;
- IFRIC 11 “Group and Treasury Share Transactions”, adopted by the European Union on June 1, 2007.

Certain standards and interpretations adopted by the IASB or the IFRIC (International Financial Reporting Interpretations Committee) and by the European Union on December 31, 2008 were not applied in advance. This holds primarily for:

- revised IAS 1 “Presentation Of Financial Statements”;
- IFRS 8 “Operating Segments”
- revised IAS 23 “Borrowing Costs”;
- amendments to IFRS 2 “Vesting Conditions And Cancellations”;
- IFRIC 13 “Customer Loyalty Programmes”;
- IFRIC 14 “The Limit On A Defined Benefit Asset, Minimum Funding Requirements And Their Interaction”, applicable to periods opened as of January 1, 2008;
- amendments to IFRS 1 and IAS 27 “Cost Of An Investment In A Subsidiary, Jointly Controlled Entity Or Associate”;
- The amendment to IAS 32 and IAS 1 “Puttable Financial Instruments And Obligations Arising On Liquidation”;
- The amendments of the first batch of the annual procedure aimed at improving IFRS standards.

Certain standards, amendments of 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, 2008, were not applied in advance. They were the following standards:

- revised IFRS 3 “Business Combinations”;
- amended IAS 27 “Consolidated And Separate Financial Statements”;
- the amendment to IAS 39 “Financial Instruments:– Eligible Hedged Items”;
- IFRIC 15 “Agreements for the Construction of Real Estate”;
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”;
- IFRIC 17 “Distributions of Non-cash Assets to Owners”.

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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.

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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 2006, 2007 and 2008 are as follows:

Closing rate	2006	2007	2008
U.S. dollar	1,3170	1,4721	1,3917
Canadian dollar	1,5281	1,4449	1,6998
Australian dollar	1,6691	1,6757	2,0274
British pound	0,6715	0,7334	0,9525
Brazilian Real	2,8157	2,6075	3,2436

Average rate	2006	2007	2008
U.S. dollar	1,2557	1,3706	1,4706
Canadian dollar	1,4242	1,4689	1,5593
Australian dollar	1,6667	1,6356	1,7416
British pound	0,6818	0,6846	0,7965
Brazilian Real	2,7309	2,6638	2,6745

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.

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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.

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Depreciation

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

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

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

Intangible assets

Goodwill

All business combinations are accounted for using the acquisition method.

Goodwill arises from the acquisition of subsidiaries, associates and joint ventures and represents the difference between the cost of acquisition and the fair value of the assets, liabilities and possible identifiable liabilities 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 for impairment, as described in the paragraph entitled “Impairment of assets”. 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 is 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.

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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 recognized in compliance with IAS 39 according to the category they match. Any unrealized gain or loss arising from the investment is recognized either directly in the income statement, or temporarily in equity until the financial instrument is sold.

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.

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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.

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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 first-category 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.

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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.

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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 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, but also value adjustments of financial instruments, as well as income and expenses arising from disposals of financial instruments.

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.

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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.

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. 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.

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3. DEFINITION OF FINANCIAL ASSET/LIABILITY CLASSES BY ACCOUNTING CATEGORY IN COMPLIANCE WITH IFRS STANDARDS

Asset and liability classes (in thousands of euros)	2008							Total net carrying amount	Fair value of the asset or liability class
	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 (1)	Loans and receivables	Liabilities at amortized cost	Derivative instruments designated as hedging future cash flows		
Financial assets				251	3 037			3 287	3 287
Operating receivables and other current receivables					168 470			168 470	168 470
Derivative financial instruments	153						9	162	162
Other non-current assets					466			466	466
Cash and cash equivalents	98 286				44 485			142 770	142 770
Short-term investments	1 083		1 763					2 847	2 847
Total assets	99 522		2 014		216 457		9	318 002	318 002
Long term loans (2)							61 018	61 018	61 018
Other non-current liabilities							4 535	4 535	4 535
Short-term borrowings							7 149	7 149	7 149
Operating payables and other current liabilities							170 900	170 900	170 900
Derivative financial instruments	923						1 550	2 472	2 472
Total liabilities	923						243 603	1 550	246 074

(1) 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.

At December 31, 2008, the impairment loss on these assets, deemed durable and significant, was recognized in the income statement.

(2) The Group estimated that the value booked in the accounts for the credit line remained close to its market value.

Asset and liability classes (in thousands of euros)	2007							Total net carrying amount	Fair value of the asset or liability class
	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		
Financial assets				2	1 314			1 316	1 295
Operating receivables and other current receivables					134 635			134 635	134 635
Derivative financial instruments	266						8	274	274
Other non-current assets				2 042				2 042	2 042
Cash and cash equivalents	44 668				42 811			87 479	87 479
Short-term investments		13 651	7 687					21 338	21 338
Total assets	44 934	13 651	9 731		178 760		8	247 084	247 063
Long-term loans							84 132	84 132	79 581
Other non-current liabilities							1 697	1 697	1 697
Short-term borrowings							27 142	27 142	27 142
Operating payables and other current liabilities							125 682	125 682	125 682
Derivative financial instruments	396						1 316	1 713	1 713
Total liabilities	396						238 653	1 316	240 365

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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)	Carrying amount	Contractual cash flow	2008			
			Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
OCEANES						
Bank borrowings	61 525	61 877	2 203		59 674	
Finance lease obligations	2 760	2 760	1 433	699	572	56
Bank overdrafts	3 550	3 550	3 550			
Other financial liabilities	332	332	315	17		
Total	68 167	68 519	7 501	716	60 246	56
Derivative financial liabilities						
Exchange rate instruments	2 472	2 472	2 472			
Interest rate instruments						
Total	2 472	2 472	2 472			

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(in thousands of euros)	2007					
	Carrying amount	Contractual cash flow	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
OCEANES	61 508	75 391	7 579	1 723	66 089	
Bank borrowings	25 404	25 404	704	151	24 549	
Finance lease obligations	4 611	4 611	1 769	2 356	304	182
Bank overdrafts	17 267	17 267	17 267			
Other financial liabilities	287	287		287		
Total	109 077	122 960	27 319	4 516	90 942	182
Derivative financial liabilities						
Exchange rate instruments	1 713	1 713	1 713			
Interest rate instruments						
Total	1 713	1 713	1 713			
2006						
(in thousands of euros)	Carrying amount	Contractual cash flow	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
OCEANES	70 054	91 000	2 200	2 200	86 600	
Bank borrowings	60 891	60 891	12 677	8 063	40 151	
Finance lease obligations	3 970	3 970	1 142	2 685	139	4
Bank overdrafts	24 284	24 284	24 284			
Other financial liabilities	204	204		204		
Total	159 403	180 349	40 303	13 152	126 890	4
Derivative financial liabilities						
Exchange rate instruments	141	141	141			
Interest rate instruments						
Total	141	141	141			

On January 21, 2008, Ingenico announced its decision to carry out an early redemption of all outstanding OCEANES issued on May 4, 2005 and maturing on January 1, 2012.

In this procedure, holders of OCEANES massively elected the option of converting/exchanging their bonds into Ingenico shares. Accordingly, 4,059,819 OCEANES were presented for conversion into Ingenico shares, i.e. a 99.8% conversion rate.

Note that out of the 5,194,806 OCEANES issued on May 4, 2005, Ingenico at December 31, 2007 had already redeemed 620,000 OCEANES and remitted 127,648 treasury shares to meet requests to convert 127,013 OCEANES. From January 1 to 14, 2008, Ingenico ended this buyback program involving 1,000,000 shares, started on December 4, by the buyback of 380,000 bonds remitted 16,882 treasury shares to meet a request to convert 16,798 OCEANES.

At the closing of the procedure, on February 21, 2008, Ingenico therefore redeemed in cash, at a price of €15.46, the 7,974 OCEANES that were not converted and met the request to convert 4,043,021 OCEANES by issuing 4,063,236 new shares.

Furthermore, the Group had set up new financing during the first half of 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.

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At the December 31, 2008 reporting date, only the A tranche had been used for a total of €60 million. The amount of bank borrowings and commercial paper primarily consisted in the total drawing of the A tranche.

The term of the A tranche is 4 years, from the date of the signature of the contract that is to mature on May 16, 2011. Funding is carried out via the drawing of the commercial paper and redemption via the drawing of the commercial paper and direct redemption via credit to the account.

The term of the B tranche is 6 years, from the date of the signature of the contract that is to mature on May 16, 2013. This line is redeemable by amortization from the 2nd year onward in accordance with the schedule below. This tranche includes a so-called extended amount option that enables the Company to postpone the beginning of redemption by one year if Ingenico obtains the, unanimous, agreement of banks.

Date of redemption of B tranche	Redemption rate	Rate if option is activated
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 December 31, 2008.

The margins applicable to Euribor depend on the net debt-to-Ebitda ratio that breaks down as follows:

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%

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4.2 Credit risk

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 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.

In addition, at December 31, 2008, the Group had placed nearly all of its investments in OATs, i.e. "Obligations Assimilables du Trésor" or government bonds issued by the French Treasury, excluding strategic investments. As these investments are guaranteed by the French government's credit, they are deemed non-risky.

The net carrying amount of financial assets represents the Group's maximum exposure to risk credit. At December 31, 2008, its maximum exposure to credit risk thus breaks down as follows:

(in thousands of euros)	2006	2007	2008
Cash and cash equivalents	67 625	87 479	142 770
Short-term investments	58 736	21 338	2 847
Financial assets	921	1 317	3 287
Trade receivables	117 722	129 206	159 381
Trade notes	4 008	5 273	9 048
Other current assets	5 802	156	41
Other non-current assets	3 740	2 042	466
Hedging derivative financial instruments (assets)	965	274	162
Total	259 519	247 084	318 002

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

(in thousands of euros)	Gross carrying amount		
	2006	2007	2008
Northern Europe	21 586	22 522	29 081
Southern Europe	59 574	55 097	80 461
Asia Pacific	10 006	10 488	25 190
North America	16 548	28 327	9 149
Latin America	11 686	15 680	16 651
CEMEA	434	829	2 897
Total	119 834	132 943	163 429

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.

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 provisions for receivables that are more 180 days overdue.

To protect itself from credit risk and thus cover its risk of non-payment, the Group has set up debt collection and customer account-blocking procedures. Ingenico ensures that guarantees are given in the countries where such risks are most likely. These guarantees can consist in letters of credit that will be notified, or actually confirmed, by French banks.

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For more detailed information about trade receivables and their provisioning, refer to Note 17: “Aging schedule of trade receivables”.

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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 exposures are mainly in US dollars (USD), Canadian dollars (CAD), pound sterling (GBP) and Australian dollars (AUD). This management policy consists in hedging currency transactions as soon as the budget is closed and on a case-by-case basis by answering calls for tenders every time this is possible and also during invoicing.

The Group is subject to currency risks arising from purchases from terminal suppliers and financial relations between subsidiaries and the parent company.

Cash transactions are coordinated at parent company level by Group Treasury.

Currency risk is hedged by geographic zone, and transactional currency risk is, barring exceptions, hedged by the parent company.

In order to reduce this exposure, Group Treasury uses the following hedging derivative financial instruments to hedge its currency risk:

- 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.

For all other cash assets and liabilities denominated in a foreign currency, the Group ensures that its net exposure is kept at an acceptable level.

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

(in thousands of foreign currency)	Dec 31, 2008				
	U.S. Dollar	Sterling pound	Yen	Canadian dollar	Australian dollar
Trade receivables	67 969	21 834		17 875	20 348
Guaranteed bank loans (bank borrowings)					
Trade payables	(76 079)	(11 393)	(126)	(9 906)	(8 653)
Gross balance sheet exposure	(8 109)	10 441	(126)	7 969	11 696
Estimated projected sales	78 865	21 811		25 098	24 967
Estimated projected purchases	(242 742)				
Gross exposure	(171 986)	32 252	(126)	33 067	36 663
Derivative foreign exchange instruments					
Forward purchases	73 100	400		20 267	2 347
Forward sales		(16 700)		(19 600)	
Options					
Net exposure	(98 886)	15 952	(126)	33 734	39 010

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(in thousands of foreign currency)	U.S. Dollar	Sterling pound	Dec 31, 2007		
			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
Derivative foreign exchange instruments					
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 2008 was part of a foreign exchange policy aimed at hedging the exposure to currency risk of consolidated entities.

Analysis of sensitivity to currency risk

A 10% appreciation in the euro against the above currencies at December 31, 2008 would have led to an increase or decrease in equity and the year’s profit or loss equal to the amounts indicated hereafter. For the requirements of this analysis, all the other variables, in particular interest rates are supposed to remain constant.

(in thousands of euros)	Dec 31, 2007		Dec 31, 2008	
	Impact on income statement	Impact on cash flow hedge reserve	Impact on income statement	Impact on cash flow hedge reserve
	10%	10%	10%	10%
Trade receivables	(679)		(10 257)	
Trade payables	2 805		8 525	
Derivative financial instruments	(149)	(1 249)	(3 188)	(415)
Total	1 978	(1 249)	(4 920)	(415)

A 10% depreciation in the euro against the above currencies at December 31, 2008 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

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.

At December 31, 2008, the A tranche had been totally drawn for €60 million. For the time being, the B tranche has not been drawn at all.

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

(in thousands of euros)	2006	Net carrying amount	
		2007	2008
Fixed-rate instruments			
Fixed-rate financial assets	-	-	-
France OCEANE	70 054	61 508	
France commercial paper	20 000	24 700	30 000
France amortizable loans	16 250		1 735
Other			
Fixed-rate financial liabilities	106 304	86 208	31 735
Variable-rate instruments			
Cash and cash equivalents	67 625	87 479	142 770
Short-term investments	58 736	21 338	2 847
Financial assets	921	1 317	3 287
Trade receivables	117 722	129 206	159 381
Trade notes	4 008	5 273	9 048
Other current assets	5 802	156	41
Other non-current assets	3 740	2 042	466
Hedging derivative financial instruments (assets)	965	274	162
Variable-rate financial assets	259 519	247 084	318 002
Bank borrowings, finance leases, short-term borrowin	53 099	25 065	36 432
Variable-rate financial assets	53 099	25 065	36 432

Note that the €9,674,000 commercial paper drawn on December 31, 2008 broke down as follows: €30 million in fixed-rate financial liabilities, because of interest rate hedging, and the remainder was classified in bank borrowings, in order to be able to calculate sensitivity to interest rates.

In 2008, sensitivity to interest rate risk after taking into account interest rate hedging, stood at €64,000, in other words a 1% rise in interest rates would result in an increase in the Group's interest expense of a similar amount.

4.3.2.1 Sensitivity to interest rate risk of financial liabilities

<i>Sensitivity to interest rate risk in thousands of euros</i>		Total finance costs	
		100-basis point rise	100-basis point decline
	Variable-rate financial assets		
Dec 31, 2008	36 432	364	-364
Dec 31, 2007	25 065	251	-251
Dec 31, 2006	53 099	531	-531

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

4.3.2.2 Sensitivity to interest rate risk of financial assets

As the Group holds €8,286,000 in cash invested in UCITS (see Note 22), the risk run by the Group consists in a decline in interest to be received over the one-year period, in other words a €1,000,000 shortfall if the benchmark rate were to drop by 1 percentage point.

4.3.3 Risk on shares

The Group is led to buy shares on its own behalf to allocate them to employees and a market-marking contract was signed with Oddo to ensure the share's liquidity. As the value of treasury shares is deducted from equity, changes in the share price do not have any impact on the consolidated income statement.

Furthermore, the Group has not defined any other capital management indicators than those set out in Note 4.1.1.

Treasury shares:

The pace of such purchases depends on market prices. These shares are mainly used as part of the Group's bonus share allocation plans. Purchase and sell decisions are taken on a case-by-case basis by Group management. The Group has not defined any share buyback plan, with the sole exception of the planned purchase on July 03, 2008 of 373,243 shares through a share buyback program via BNP. At December 31, 2008, the Group held 1,301,876 treasury shares, including 250,000 allocated to canceling treasury shares in order to reduce the share capital.

Liquidity contract:

The Group signed a liquidity contract to ensure market making for the Ingenico stock with Oddo on August 4, 2008. At December 31, 2008, the Group held 322,414 Ingenico shares under the liquidity contract.

Sensitivity to the change in treasury shares held and to the liquidity contract:

The company at December 31, 2008 held 1,624,290 shares in the 2 portfolios, and a 1% change in the share price would lead to a €80,000 change in the amount of the portfolio.

Shares of other companies:

The Group holds a strategic equity interest in a listed company as part of its investments, i.e. 2,272,334 shares. They amount to €1.7 million, or less than 2% of the portfolio invested at December 31, 2008.

A 1% change in the price of this share would lead to a \$25,000 change in the amount of the portfolio.

5. CONSOLIDATION SCOPE

Corporate name	Address	Pays	% held Ingenico SA	Account method
PARENT COMPANY				
INGENICO SA	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France		
CONSOLIDATED SUBSIDIARIES				
IDS SOFRACIN SAS	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France	100%	FC
Moneyline Banking Systems	183, avenue Georges Clémenceau 92024 Nanterre Cedex	France	100%	FC
Cash Solutions	77, bvd Gambetta 59055 Roubaix	France	67%	FC
Ingenico France	1, rue Claude Chappe BP 346 - 07503 Guilherand-Granges Along with its wholly-owned subsidiary in Germany	France	100%	FC
Ingenico Transactions Services SAS	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France	100%	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 subsidiary, Europa Communications Ltd</i>	Australia	100%	FC
Ingenico International (Singapore) Pte Ltd	390 Havelock Road #03-03 King's Centre Singapore 169662	Singapore	100%	FC
Ingenico Japan K K	3-7-403 Kita - Aoyama 3 - Chome 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 subsidiaries, Ingenico Ireland Ltd and Sagem Matsu</i>	UK	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>	United States	100%	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%	FC
Descartes Inc	6 Colonial Lake drive Lawrenceville - New Jersey USA	United States	100%	FC
Ingenico do Brasil Ltda	Rua Tomé de Souza, 15-8 floor - Sao Bemardo do Campo - Sao Paulo <i>Along with its wholly-owned subsidiaries and branches in Colombia, Venezuela, Argentina and Chile</i>	Brazil	100%	FC
Sagem Defesa e Segurança do Brasil Ltda	Rua Ramos Batista, 198, 14º Andar 04552-020 Sao Paulo Brasil	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 Electronic Equipment CO Ltd	C/D 8F, Block B Wangjing Tower No. 9 Wangjing Zhong Huan Nan Rd., Beijing, China 100102	China	100%	FC
Auto Gain Hong Kong Ltd.	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong <i>Along with its 55%-held subsidiary in China</i>	Hong Kong	100%	FC
Ingenico Korea	Woorim Lion's Valley Road - A606B 371-28 Gasan-Dong Geumchun-Gu Seoul Korea Postal Code 153-786	South Korea	100%	FC
Ingenico Software Services Philippines Inc.	15 & 17 Floors pearl Bank Center - 146 Valero, Salcedo Village Mkt Philippines	Philippines	100%	FC
Ingenico International Private India Ltd	D-4, Ground Floor, Street # 1, Chandra Shekhar Azad Road, Laxmi Nagar - New Delhi - 110092, Delhi, India	India	100%	FC
Ingenico Switzerland SA	Impasse des Ecoreuils 2 Case postale 56 CH-1763 Granges-Paccot	Switzerland	100%	FC
Ingenico Hungary	1022 Budapest, Béq u. 3-5.	Hungary	100%	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	99%	FC
Ingenico Investment Luxembourg SA	10 bd royal L2449 Luxembourg	Luxembourg	100%	FC
Ingenico CIS	Godovikova street,9 - 119085, Moscow - Russia	Russia	99%	FC
Sagem Denmark A/S	Fabriksparke 20 - DK 2600 Glostrup - Denmark <i>As well as its subsidiaries and branches in Finland and Norway, 100% and 50.13% held, respectively</i>	Denmark	100%	FC
Planet Ödeme System	ITU Ayazaga Kampuzu Ari 2 Binasi B blok N° 6/1 Koryulou 34469 Maslak Istanbul <i>Along with its wholly-owned subsidiary Planet Elektronik Sanayi</i>	Turkey	100%	FC

6. ACQUISITIONS AND DIVESTITURES

Acquisitions

6-1) Acquisition of the “payment terminal” unit of the Sagem Sécurité Group, a Safran Group subsidiary.

Description of the transaction

On July 16, 2007, Ingenico and Sagem Sécurité, a subsidiary of international group Safran specialized in high technology, began exclusive negotiations, aimed at merging their electronic payment operations and thus build the world leader in the field.

On December 3, 2007, a Contribution Agreement was signed with Sagem Sécurité (a Safran Group subsidiary).

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

Ingenico’s Extraordinary Shareholders’ Meeting approved on March 14, 2008 the contribution of Safran Group’s payment terminal business, operated by Sagem Sécurité, to the benefit of Ingenico. In consideration of this contribution, Ingenico issued 10,663,046 new shares to Sagem Sécurité. After this rights issue, Sagem Sécurité became a shareholder in Ingenico with 22.37% of its outstanding shares.

Sagem Sécurité has also undertaken to maintain its shareholding at its current level for 12 months and not to sell its shares during a 24-month period after the transaction.

The Extraordinary Shareholders’ Meeting also appointed new Directors. The Board of Directors now comprises 13 members, of whom 7 will be chosen from those representing Ingenico’s current shareholders, 4 will be chosen from proposals made by Sagem Sécurité and 2 will be independent.

Acquisition price

The price paid to acquire Sagem's "payment terminal" business by Ingenico breaks down as follows:

- fair value of Ingenico's equity instruments contributed on the date of the transaction, i.e. March 14, 2008: €202,598,000;
- cash payment made: €4,857,000;
- adjustment in price included in the contract for an amount of €62,000;
- acquisition costs agreed upon: €4,913,000, corresponding to the costs of the various external players.

The total acquisition price therefore amounted to €13,329,000.

The cash acquired from the Sagem "payment terminal" business sub-group totaled €20,458,000. The net effect of the acquisition in terms of cash amounts to €10,752,000.

Consolidation scope

The Sagem "payment terminal" unit is made up of the following companies:

Sagem Monétel SA (France)

Sagem Defesa e Segurança do Brasil (Brazil)

Sagem Denmark (Denmark)

Manison (Finland)

Mynt Bétal (Norway)

Sagem Monétel GmbH (Germany)

Matsu (United Kingdom)

The operations of the Sagem "payment terminal" unit have been included in Ingenico's consolidated statements since April 1, 2008. By consequence, Ingenico's consolidated income statement at December 31, 2008 includes 9 months of operations of the Sagem "payment terminal" unit, generating a net profit of €6,081,000. The pro forma income statement for the period ranging from January 1, to December 31, 2008 is presented in Note 33 of this Appendix.

If the business combination had occurred as early as January 1, 2008, the revenue and net profit of the Sagem "payment terminal" unit would have totaled €159,769,000 and €10,181,000, respectively.

Goodwill

The contribution of the Sagem "payment terminal" unit to Ingenico was valued at €208,416,000. After taking into account the (€4,913,000) acquisition, the business

combination leads to an acquisition price of the Sagem “payment terminal” unit shares of €13,329,000.

Goodwill after provisional allocation amounts to €106,879,000.

4-2) Acquisition of Fujian Landi

On June 25, 2008: Ingenico purchased 55% of the share capital of Fujian Landi, one of the leading Chinese transaction solution providers and point-of-sale equipment manufacturers. Fujian Landi, an unlisted company with its head office located in Fuzhou, operates in 23 Chinese regions, has in particular developed electronic payment terminals in China since its creation in 1992. In 2007, it posted revenues of approximately €18 million. The transaction carried out by the acquisition of 100% of the shares of Auto Gain Hong Kong that held the Fujian Landi shares. As the seller enjoys a put option on the remaining 45% shares, Ingenico recognized as of June 30, 2008 the acquisition of 100% of Fujian Landi shares.

Acquisition price

The amount of the transaction, paid cash, totaled \$17.05 million (€10,850,000). When acquisition costs are included, the total acquisition price of the shares stood at €12,128,000.

Under the terms of the Memorandum of Agreement, the seller holds a put option on the 45% shares remaining in the share capital of Fujian Landi. This option has been valued in the financial statements of the Ingenico Group for an amount of \$22.8 million (discounted value), or €14,500,000.

The cash acquired with the acquisition amounted to €1,222,000. The net effect of the acquisition in terms of cash amounts to (€10,906,000).

Consolidation scope

The entity that has been purchased is made up of two companies:

- a. Auto Gain Hong Kong
- b. Fujian Landi Commercial Equipment Co

Fujian Landi has been integrated in Ingenico’s consolidated financial statements as of June 30, 2008. Ingenico’s consolidated income statement at December 31, 2008 includes 6 months of operations of the entity purchased at the end of the first half of 2008. The entity consisting of Auto Gain Hong Kong and Fujian Landi posted a net profit of €1,259,000 in this period. Information about this entity’s net profit and revenue is not available for the period ranging from January 1, to December 31, 2008.

Goodwill

The business combination leads to an acquisition price of the acquired entity’s shares and of the put option on the remainder of the equity stake of €26,222,000. Goodwill after provisional allocation (work carried out during the second half of 2008) amounts to €10,852,000.

7. SEGMENT INFORMATION

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

At December 31, 2008, 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;
- Central Europe, Africa, Middle East.

Breakdown of segment profit or loss

At December 31, 2008, segment profit or loss broke down as follows:

At December 31, 2008

Breakdown of segment profit or loss (in thousands of euros)									
	Northern Europe	Southern Europe	Pacific /Asia	North America	Latin America	CEMEA	Unallocated	Eliminations	Consolidated
External revenue	125 339	167 750	65 841	105 123	129 953	133 532	481		728 017
Inter-segment revenue	7 067	258 267	1 239	927	10 774	1 491		(279 766)	
Total revenue	132 407	426 017	67 079	106 050	140 727	135 022	481	(279 766)	728 017
Profit from ordinary activities	14 039	23 822	12 041	10 388	5 130	12 149	(5 588)		71 981
Profit from operations	12 445	22 972	6 235	9 328	2 741	19 944	(16 155)		57 510
Total finance costs									(7 446)
Income tax									(13 382)
Profit for the period									36 682
Attributable to INGENICO shareholders									(0)
Revenue by location of customers is as follows:									
External revenue	111 156	169 432	74 399	109 679	135 072	128 281			728 017

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

(**) The impairment loss on Moneyline Banking System totaling €1,000,000 is included in the Southern Europe segment.

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

At December 31, 2007

Breakdown of segment profit or loss (in thousands of euros)									
	Northern Europe	Southern Europe	Pacific /Asia	North America	Latin America	CEMEA		Eliminations	Consolidated
External revenue	102 100	138 988	44 106	107 899	106 359	67 620	785		567 857
Inter-segment revenue	2 164	180 758	952	1 455	9 215	2 090		-196 633	0
Total revenue	104 264	319 746	45 057	109 353	115 573	69 710	785	-196 633	567 857
Profit from ordinary activities	7 485	12 306	1 225	6 099	11 666	5 153	18 576		62 509
Profit from operations	9 462	10 224	2 323	5 881	11 655	4 056	13 422		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.

(**) The impairment losses on MBS and Ingenico Switzerland totaling €500,000 and €1,000,000 are included in the Southern Europe segment.

The revenue and operating income of companies that contribute to several segments have been broken down by geographical zone. This restatement was carried out for 2007 and 2008.

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

At December 31, 2006

Breakdown of segment profit or loss (in thousands of euros)								
	Northern Europe	Southern Europe	Pacific /Asia	North America	Latin America	CEMEA	Eliminations	Consolidated
External revenue	102 825	153 709	38 082	110 527	99 024	2 055	0	506 222
Inter-segment revenue	1 132	142 505	2 323	493	15 658	0	-162 111	0
Total revenue	103 957	296 214	40 405	111 020	114 682	2 055	0	506 222
Profit from ordinary activities	3 784	23 312	-4 404	7 780	11 327	-2 337	-6 381	33 081
Profit from operations	-94	26 395	-7 088	9 286	11 411	-2 336	-6 381	31 193
Total finance costs								-7 849
Income tax								-7 371
Profit for the period								15 973
Attributable to INGENICO shareholders								15 984
Revenue by location of customers is as follows:								
External revenue	90 152	108 978	38 802	110 527	99 024	58 739		506 222

(*) Unallocated items consist in the head office expenses not allocated 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, 2008:

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	CEMEA	Eliminations	Consolidated
Depreciation and amortization expense	1 645	25 985	1 250	1 540	1 302	1 391		33 114
Additions to provisions net of reversals and IFRS 2 expenses	93	6 597	707	(822)	1 933	996		9 505

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	CEMEA	Eliminations	Consolidated
Depreciation and amortization expense	2 133	13 731	1 420	2 028	624	1 131		21 067
Additions to provisions net of reversals and IFRS 2 expenses	1 819	11 920	0	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	CEMEA	Eliminations	Consolidated
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	0	12		521

Breakdown of segment assets and liabilities

Segment assets and liabilities are broken down as follows at December 31, 2008:

Breakdown of segment assets and liabilities (in thousands of euros)	Northern Europe	Southern Europe	Pacific /Asia	North America	Latin America	CEMEA	Eliminations	Consolidated
Goodwill	38 951	52 027	20 793	66 917	5 701	37 048		221 437
External segment assets	60 055	316 250	62 520	35 262	45 600	13 754		533 442
Deferred tax assets								20 631
Current tax assets								8 602
Financial receivables								3 265
Derivative instruments								162
Assets held for sale								
Total assets	99 006	368 277	83 313	102 179	51 302	50 802		787 539
External segment liabilities	24 698	113 697	47 373	17 949	26 663	2 018		232 398
Consolidated equity								455 102
Deferred tax liabilities								24 216
Current tax liabilities								5 184
Financial debt								68 167
Derivative instruments								2 472
Liabilities held for sale								
Total liabilities	24 698	113 697	47 373	17 949	26 663	2 018		787 539

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	CEMEA	Eliminations	Consolidated
Goodwill	813	24 963	2 908	55 434	0	22 206		106 324
External segment assets	42 140	174 787	23 244	53 305	39 914	17 497		350 887
Deferred tax assets								19 391
Current tax assets								4 111
Financial receivables								1 295
Derivative instruments								274
Assets held for sale								0
Total assets	42 952	199 750	26 152	108 739	39 914	39 703		482 281
External segment liabilities	17 324	94 210	14 262	25 655	17 560	1 247		170 257
Consolidated equity								195 923
Deferred tax liabilities								835
Current tax liabilities								2 280
Financial debt								111 273
Derivative instruments								1 713
Liabilities held for sale								0
Total liabilities	17 324	94 210	14 262	25 655	17 560	1 247		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	CEMEA	Eliminations	Consolidated
Goodwill	888	26 751	4 871	57 477	0	0		89 987
External segment assets	55 537	185 741	24 065	48 086	37 383	1 998		352 810
Deferred tax assets								14 393
Current tax assets								506
Financial receivables								899
Derivative instruments								965
Assets held for sale								0
Total assets	56 425	212 492	28 936	105 563	37 383	1 998		459 559
External segment liabilities	19 374	80 582	9 047	21 145	19 759	360		150 268
Consolidated equity								146 897
Deferred tax liabilities								734
Current tax liabilities								2 116
Financial debt								159 403
Derivative instruments								141
Liabilities held for sale								0
Total liabilities	19 374	80 582	9 047	21 145	19 759	360		459 559

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 at December 31, 2008:

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	CEMEA	Eliminations	Consolidated
Acquisition costs for property, plant & equipment and intangible assets	(1 395)	(15 998)	(484)	(651)	(2 983)	(240)		(21 752)

Acquisition costs for property, plant and equipment and intangible assets are broken down as follows at December 31, 2007:

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	CEMEA	Eliminations	Consolidated
Acquisition costs for property, plant & equipment and intangible assets	-754	-9 188	-354	-1 315	-517	-3 643		-15 772

Acquisition costs for property, plant and equipment and intangible assets are broken down as follows at December 31, 2006:

Breakdown of acquisition costs for property, plant and equipment and intangible assets (in thousands of euros)	Europe du Nord	Southern Europe	Pacific /Asia	North America	Latin America	CEMEA	Eliminations	Consolidated
Acquisition costs for property, plant & equipment and intangible assets	-1 416	-6 467	-353	-1 090	-888	-255		-10 469

8. COSTS BY FUNCTION AND OTHER EXPENSES

Personnel costs are broken down as follows:

(in thousands of euros)	2006	2007	2008
Wages and salaries	66 137	71 872	91 825
Social security contributions	17 362	19 276	28 094
Retirement and other defined-benefit plan expenses	283	67	151
Provisions for retirement indemnities	336	461	304
Stock options and bonus shares	5 875	6 439	8 539
Total	89 993	98 114	128 913

Depreciation and amortization expense is broken down as follows:

(in thousands of euros)	2006	2007	2008
Provisions / (Writebacks)			
Amortization and provisions for intangible assets	7 894	11 391	17 613
Depreciation and provisions for property, plant and equipment	5 322	6 559	8 399
Goodwill impairment	376	1 077	1 000
Provisions for depreciation of inventories	(971)	(2 685)	2 977
Provisions for depreciation of trade receivables	(249)	1 706	(1 098)
Provisions for depreciation of financial assets	(1 818)	1	6 216
Total	10 554	18 048	35 107

Direct costs break down as follows:

(in thousands of euros)	2006	2007	2008
Cost of terminals	(223 491)	(239 235)	(323 669)
Cost of services and software	(79 948)	(74 265)	(79 942)
Total direct costs	(303 439)	(313 500)	(403 610)
Indirect costs	(40 284)	(46 296)	(52 748)
Total cost of sales	(343 725)	(359 795)	(456 358)

The share of Research & Development costs recognized is as follows:

(in thousands of euros)	2006	2007	2008 (*)
Amount of research and development recognized	3 091	3 226	5 723
Total R&D expenditure (costs and investment) (*)	42 913	46 188	67 551
Share of recognized R&D expenditure as %	7%	7%	8%

(*) o/w €2,621,000 corresponding to the 2008 research tax credit

9. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses include:

(in thousands of euros)	2006	2007	2008
Restructuring costs	(3 165)	(6 086)	(9 051)
Disputes	630	(579)	701
Gains/(losses) on disposal of assets	2 517	2 002	
Impairment loss of an asset held for sale			(6 414)
Disposal or retirement of plant, property and equipment or intangible assets and other	(1 495)	(822)	293
Total	(1 888)	(5 485)	(14 471)

The net non-recurring expense of (€4.5 million) in 2008 primarily includes:

- the restructuring charges incurred when operations were sold, discontinued or reorganized along with the cost of measures for the benefit of employees affected by staff adjustment programs (Ingenico Barcelona: €5,193,000 mainly as part of the redeployment of Research & Development activities within the Group – France: €2,294,000 in restructuring fees and €1,050,000 in layoff costs).
- Income and expenses related to legal and commercial litigation (€701,000) consist in the sums committed for the company's defense and sums received or paid when litigation was settled.

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: €30,000:
 - quality-related costs were offset by the reversal of the provision set up in 2005. The Group recorded a residual expense of €30,000,
 - the charges and income related to legal litigation. The positive €1,560,000 balance in litigation income and expenses primarily resulted 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 €76,000 goodwill impairment loss 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 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)	2006	2007	2008
Interest expense on convertible bonds	(3 880)	(2 978)	
Other interest expense	(5 272)	(4 224)	(2 656)
Net financing costs	(9 152)	(7 202)	(2 656)
Income from cash and cash equivalents	1 524	1 195	2 095
Net finance costs	(7 628)	(6 007)	(561)
Foreign exchange gains	6 606	6 581	42 217
Foreign exchange losses	(8 686)	(12 075)	(44 094)
Foreign exchange gains and losses	(2 079)	(5 494)	(1 877)
Gains on sales of interest rate hedging instruments	2	630	130
Gains on investment transactions (value adjustments, disposals)	1 493	1 684	(64)
Other financial income	2 404	854	648
Other financial expenses	(2 041)	(496)	(5 723)
Other financial income and expenses	1 859	2 672	(5 008)
Total finance costs	(7 849)	(8 830)	(7 446)

In 2008, net financing costs consist in interest expenses, primarily short- and medium-term loans, contracted by the parent company and Brazil. For the parent company, interest expenses consist in the drawing in late December of the entire A tranche of the syndicated loan contracted in May 2007. The sharp decline in this item in 2008 is explained by the positive developments recorded with respect to cash and net debt. Net cash virtually doubled and net debt became positive, after the redemption and conversion of OCEANES.

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

Net foreign losses came to €1,877,000.

Other interest income and expenses totaled (€5,008,000), and are mainly accounted for by the Brazilian *real's* devaluation against the US dollar and its consequences on an interest rate savings product backed by a loan in *real*.

In full year 2007, net financing costs broke down into:

- 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 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.

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

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.

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

Net foreign exchange losses came to €2,079,000.

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

The analysis of net finance costs according to IAS 39 was as follows:

<u>Recognized in the income statement</u>	<u>2007</u>	<u>2008</u>
Interest income on bank deposits	670	528
Income from sale of financial assets held for trading	5 312	2 209
Financial income	5 982	2 738
Change in fair value of financial assets held for trading	(1 589)	(262)
Net forex loss	(5 211)	(1 118)
Inefficient portion of the change in fair value of cash flow hedging (exchange rate) instruments	(283)	(823)
Inefficient portion of the change in fair value of cash flow hedging (interest rate) instruments	(1)	
Interest expense on borrowings stated at amortized cost	(7 728)	(7 980)
Financial expense	(14 812)	(10 183)
Net financial costs	(8 830)	(7 446)
<u>Items directly recognized in equity</u>	<u>2007</u>	<u>2008</u>
Net change in fair value of financial assets available for sale	(489)	489
Efficient portion of the change in fair value of cash flow hedging (exchange rate) instruments	(1 808)	(173)
Efficient portion of the change in fair value of cash flow hedging (interest rate) instruments	(170)	1
Recognized in fair value reserve	(2 467)	318

11. INCOME TAX

Income tax expense on the earnings of consolidated companies

(in thousands of euros)	2006	2007	2008
Income tax expense for the period	(6 516)	(10 068)	(18 677)
Deferred tax	(855)	1 366	5 295
Total	(7 371)	(8 702)	(13 382)

In 2008, income tax expense for the period consists:

- on the one hand, in tax due at Ingenico France (formerly Sagem Monetel), in Canada, Italy and the United Kingdom;
- and, on the other hand, to the tax saving resulting from the utilization and recognition of tax losses that had not been previously recognized, in particular in France and Australia.

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 activated 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 activated 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, 2008. 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 income 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)	2006	2007	2008
Net profit/(loss) for the period	15 973	39 492	36 682
Corporate income tax	(7 371)	(8 702)	(13 382)
Profit/(loss) before income taxes	23 344	48 194	50 064
Tax rate - France	34,43%	34,43%	34,43%
Prima facie tax expense	(8 037)	(16 593)	(17 237)
Difference between the French tax rate and that of foreign subsidiaries	(415)	217	1 696
Unused loss carry forwards for the period	(2 888)	(1 822)	(1 398)
Use of non-capitalized loss carryforwards	8 058	16 860	7 928
Tax credits			2 417
Effect of permanent differences	(4 089)	(7 363)	(6 788)
Total	(7 371)	(8 702)	(13 382)

Deferred taxes recognized in the balance sheet

Breakdown by recovery or settlement date

(in thousands of euros)	2006	2007	2008
Deferred tax assets:			
Deferred tax assets recoverable in more than one year	14 393	19 391	20 631
Deferred tax assets recoverable in less than one year			
Total	14 393	19 391	20 631
Deferred tax liabilities:			
Deferred tax liabilities to be settled in more than one year	(734)	(835)	(24 216)
Deferred tax liabilities to be settled in less than one year			
Total	(734)	(835)	(24 216)

Change in deferred tax

(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, 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
Deferred tax recognized in the income statement	(2 574)	1 526	(1 048)	6 342	5 295
Deferred tax recognized in equity	148	3 873	4 021	(30 299) (1)	(26 278)
Translation differences	(460)	(496)	(956)	(203)	(1 159)
Other movements		(778)	(778)	778	
At December 31, 2008	9 184	11 445	20 631	(24 216)	(3 586)

(1) This figure includes deferred tax liabilities on Sagem and Landi PPA.

Breakdown by type of temporary difference

(in thousands of euros)	2006	2007	2008
Deferred tax assets by type of temporary difference			
Property, plant and equipment and intangible assets	(1 265)	(1 489)	(2 236)
Post-employment employee benefits	2 862	4 860	5 208
Inventories, receivables, payables and provisions	3 066	4 682	9 331
Non-recovered tax losses and credits	12 182	12 071	9 184
Other (financial instruments)	(2 452)	(732)	(856)
Total	14 393	19 391	20 631
Deferred tax liabilities by type of temporary difference			
Property, plant and equipment and intangible assets	(456)	(854)	(27 113)
Post-employment employee benefits	205	9	767
Inventories, receivables, payables and provisions	(491)	4	2 042
Non-recovered tax losses and credits			
Other (financial instruments)	7	5	88
Total	(734)	(835)	(24 216)
Shown as follows on the balance sheet			
Deferred tax assets	14 393	19 391	20 631
Deferred tax liabilities	(734)	(835)	(24 216)
Total net deferred tax	13 659	18 556	(3 585)

Breakdown of unrecognized deferred tax assets

(in thousands of euros)	2006	2007	2008
Deferred tax from tax loss carryforwards	30 677	15 263	10 164
Deferred tax from temporary differences	4 216	267	3 614
Total	34 893	15 530	13 778

12. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

(in thousands of euros)	2006	2007	2008
At January 1	65 413	89 987	106 324
Investments	25 382	21 737	118 623
Divestitures			
Impairment losses	(376)	(2 577)	(1 000)
Translation differences	(20)	416	(4 880)
Other	(412)	(3 239)	2 370
At December 31	89 987	106 324	221 437

Breakdown of goodwill

Cash-generating units (in thousands of euros)	2006			2 007			2008		
	Gross value	Total impairment losses	Net value	Gross value	Total impairment losses	Net value	Gross value	Total impairment losses	Net value
Asia	4 192	(376)	3 816	3 284	(376)	2 908	18 337	(376)	17 961
Pacific	4 434	(3 379)	1 055	4 417	(4 417)	0	6 483	(3 651)	2 832
Central Europe /Middle East /Africa				22 206		22 206	35 781		35 781
France	21 264		21 264	21 114		21 114	35 235		35 235
Germany							5 523		5 523
Spain							5 708		5 708
Italy	2 611	(96)	2 515	2 611	(1 096)	1 515	12 113	(1 096)	11 017
Latin America							5 701		5 701
North America	57 477		57 477	55 434		55 434	66 917		66 917
Northern Europe	1 026	(139)	888	919	(107)	813	33 455	(27)	33 428
Moneyline Banking System	2 972		2 972	2 834	(500)	2 334	2 834	(1 500)	1 334
Total	93 976	(3 990)	89 987	112 819	(6 495)	106 324	228 087	(6 650)	221 437

In 2008

The increase in goodwill was primarily due to the acquisitions made during the first half of 2008: Sagem “payment terminal” unit for €106.9 million and Fujian Landi for €10.8 million. The other changes consist in purchases of minority interests and an adjustment in the goodwill of the Turkish subsidiary.

Goodwill on Sagem

A provisional allocation of the acquisition price of the Sagem “payment terminal” unit was carried out and will be finalized within 12 months of taking control of the company. The items likely to be adjusted relate to the fair value of contributed assets and

liabilities. Complementary impairment tests could lead to adjustments in the opening balance sheet.

After allocation, goodwill amounted to €106,879,000.

(1) Intangible assets were measured at fair value with the help of external consultants.

This measurement led to the recognition of intangible assets not booked in the financial statements of the Sagem “payment terminal” unit, for an amount of €2.5 million, including:

Client portfolio: €36.6 million amortizable over 10 years.

Recognized customer relations relate to direct clients (mostly banks providing their clients with payment terminals and mass market retailers) and indirect ones (clients of banks and distributors).

Existing hardware technology: €1.6 million amortizable over 3 years.

Hardware technology consists in the development of the payment terminal called “Telium” as well as all the associated accessories. The range covers all possible types of terminals, including landline, radio, and GSM/GPRS technologies.

Existing software technology: €5.8 million amortizable over 3 years.

Software technology consists in the technology developed by the Sagem “payment terminal” unit for the “Telium” operating system.

Application software: €1.3 million amortizable over 5 years.

In addition to its software for the “Telium” operating system, the Sagem “payment terminal” unit has developed various application software programs in order to meet clients’ specific requirements, including a library of more than 400 application software programs covering such fields as payment, health and customer loyalty.

Hardware technology under development: €1.0 million amortizable over 5 years.

This technology consists in the new generation of payment terminals, the so-called “Telium II” range, which will be launched in early 2009.

Software technology under development: €6.1 million amortizable over 5 years.

This technology mainly includes the “Telium II” operating system, as well as two other projects relative to screens.

The deferred tax liabilities stemming from these adjustments in value amount to €28.4 million.

(2) Measurement of inventories at fair value

Inventories were measured at fair value, consisting in the selling price less the costs yet to be committed including marketing costs and the margin related to the sales drive. This measurement was carried out by country, by product family and type of products within a same family. It led to an adjustment in the value of inventories amounting to €6.1 million at March 31, 2008. The deferred tax liabilities stemming from this adjustment in value amount to €2 million.

(3) Goodwill

The contribution of the Sagem “payment terminal” unit to Ingenico was measured at €208,416,000. After taking acquisition costs (€4,913,000) into account, the business combination led to an acquisition price of Sagem “payment terminal” shares of €213,329,000 and goodwill after allocation of €106.9 million.

As Sagem payment terminal unit’s operations have been integrated within the Ingenico Group, this goodwill has been spread over the Group’s various cash-generating units according to the current operating income of each such unit and recognized in the operating currency of the relevant entities.

<i>In millions of euros</i>	
Carrying amount of Sagem Monétique’s net assets	56.4
Cancellation of goodwill on Sagem Monétique	(5.3)
Minority interests in Mynt	0.3
Provision to cover net negative situation at Mynt	(0.3)
Adjusted value of acquired net assets	51.1
Acquisition cost	213.3
Goodwill before allocation	162.2
Fair value of inventories	4.1
Fair value of intangible assets	54.1
Fair value of other acquired assets and liabilities	(2.8)
Unallocated goodwill	106.9

Goodwill on Fujian Landi

Goodwill before provisional allocation amounts to €18,732,000.

A provisional allocation of the acquisition price of Fujian Landi was carried out in the second half of 2008 and will be finalized within 12 months of taking control of the company.

Intangible assets and inventories were measured at fair value with the help of external consultants.

This measurement led to the recognition of intangible assets that were not booked in Fujian Landi’s financial statements, for an amount of €9.1 million, including the client portfolio and trademark.

Client portfolio: €6.5 million amortizable over 10 years.

Trademark: €2.5 million amortizable over 3 years.

Inventories: €1.4 million.

Deferred tax liabilities: (€2.6) million.

After allocation, goodwill amounts to €10,853,000.

Impairment losses

The impairment tests carried out during the fourth quarter of 2008 led the Group to recognize a goodwill impairment loss on Moneyline Banking System amounting to €1,000,000.

In 2007

The increase in goodwill was primarily due to the acquisition of Turkish distributor Planet. The transaction on July 13, 2007 was completed for €26 million was completed in cash with the balancing €6 million paid in shares, representing a capital increase of 271,064 Ingenico shares, while the issue premium came in at €5,310,000 after deduction of share issuance costs. A complementary payment of €2,629,000 was disbursed in August 2007.

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 fourth quarter of 2007 led the Group to recognize goodwill impairment on:

Ingenico Switzerland for €1,000,000;

Moneyline Banking System for €500,000.

Adjustment in goodwill:

The Group carried out goodwill adjustments for:

- Goodwill in North America that was revised following the utilization in 2007 of tax losses that existed at the time of the acquisition (2001) and had not been activated 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.

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 purchase goodwill of €24,236,000.

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.

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. These cash-generating units correspond to a geographic zone 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 the current year, including growth and profitability rates based on reasonable assumptions. A discount rate (based on the weighted average cost of capital) and a long-term growth rate for the three-year period following the current fiscal year 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:

2008												
Segments	Northern Europe		Southern Europe				Asia / Pacific			Latin America	Central Europe /Middle East /Africa	
Cash-generating units	Northern Europe	Germany	France	Spain	Italy	Moneyline Banking System	Asia	Pacific	North America	Latin America	Central Europe /Middle East /Africa	Total
Net carrying amount of goodwill (in thousands of euros)	33 428	5 523	35 235	5 708	11 017	1 334	17 961	2 832	66 917	5 701	35 781	221 437
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	1,00%	1,00%	1,00%	1,00%	1,00%	1,00%	2,00%	1,00%	1,00%	2,00%	1,94%	
Weighted average cost of capital used on Dec. 31, 2008	11,36%	10,86%	11,16%	11,45%	11,86%	11,16%	11,45%	13,18%	11,44%	14,10%	12,72%	

2007												
Segments	Northern Europe		Southern Europe				Pacific/Asia		North America	Latin America	Central Europe /Middle East /Africa	
Cash-generating units	Northern Europe	Germany	France	Spain	Italy	Moneyline Banking System	Asia	Pacific	North America	Latin America	Central Europe /Middle East /Africa	Total
Net carrying amount of goodwill (in thousands of euros)	813		21 114		1 515	2 334	2 908		55 434		22 206	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%		1,00%		2,00%	1,00%	2,00%		2,00%		2,50%	
Weighted average cost of capital used on Dec. 31, 2007	11,89%		11,90%		11,90%	12,05%	15,43%		12,50%		13,01%	

2006												
Segments	Northern Europe		Southern Europe				Pacific/Asia		North America	Latin America	Central Europe /Middle East /Africa	
Cash-generating units	Northern Europe	Germany	France	Spain	Italy	Moneyline Banking System	Asia	Pacific	North America	Latin America	Central Europe /Middle East /Africa	Total
Net carrying amount of goodwill (in thousands of euros)	888		21 264		718	2 972	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%	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%	

Applying a pre-tax discount rate to pre-tax cash flows would have led to an identical measurement of cash-generating units.

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

A change of +/- 1% in the 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 measurement of goodwill.

Other intangible assets

(in thousands of euros)	2008				Total
	Licenses, trademarks, technology	Development expenses (incurred internally)	Other intangible assets	Advances and down payments	
GROSS VALUE					
At January 1	20 668	35 600	10 266		66 534
Investments	1 465	5 723	954		8 142
Divestitures			(484)		(484)
Changes in consolidation scope (*)	2 519	17 150	75 188		94 857
Translation differences	(287)	447	636		796
Other	(9)	(817)	(2 459)		(3 285)
At December 31	24 357	58 102	84 101		166 561
DEPRECIATION AND IMPAIRMENT LOSSES					
At January 1	(12 243)	(24 859)	(5 854)		(42 956)
Amortization	(2 972)	(4 561)	(10 081)		(17 615)
Disposals and impairment losses	10		63		73
Changes in consolidation scope (*)	(20)		(3 177)		(3 197)
Translation differences	203	(421)	(303)		(520)
Other	(34)	671	274		911
At December 31	(15 056)	(29 170)	(19 078)		(63 304)
NET VALUE					
At January 1	8 425	10 741	4 412		23 576
At December 31	9 302	28 932	65 023		103 257

(*) Changes in the consolidation scope in 2008 primarily reflect the changes resulting from the allocation of goodwill on the Sagem “payment terminal” unit and Fujian Landi. This corresponds to intangible assets identified and recognized when the companies joined the consolidation scope for the following gross amounts:

- Sagem “Payment terminals”:

Research & Development

Technology: €7,150,000.

Other intangible assets:

Client portfolio: €6,643,000

Technology: €28,703,000

The amortization of these intangible assets in the period totaled €8,790,000, equivalent to 9 months of amortization from the date of acquisition of the Sagem “payment terminal” unit.

▪ Fujian Landi:

Licenses

Trademarks: €2,517,000.

Other intangible assets:

Long-term client contracts: €6,534,000.

The amortization of these intangible assets in the period totaled €875,000, equivalent to 6 months of amortization from the date of acquisition of Fujian Landi.

Depreciation and amortization expense on the assets identified during acquisitions are as follows for 2008:

Depreciation expenditure on identified assets (in thousands of euros)	SAGEM			LANDI			OTHER (Monelyline, Turkey)				Total amortization in the period	
	Amounts identified and allocated	Amortization in 2008	Net amounts at December 31, 2008	Amounts identified and allocated	Amortization in 2008	Translation differences	Net amounts at December 31, 2008	Net amounts at December 31, 2007	Amortization in 2008	Translation differences		Net amounts at December 31, 2008
Intangible assets												
Concessions, patents & similar rights												
Hardware and software technology under development	17 150		17 150									
Existing hardware and software technology	17 358	(4 340)	13 019					5 292	(1 293)	(441)	3 558	(5 632)
Application software	11 345	(1 702)	9 643									(1 702)
Brand				2 517	(470)	339	2 386					(470)
Other intangible assets												
Long-term client contracts	36 643	(2 748)	33 895	6 534	(405)	894	7 023	2 617	(530)	(257)	1 830	(3 683)
Total intangible assets	82 497	(8 790)	73 707	9 051	(875)	1 233	9 409	7 909	(1 823)	(698)	5 388	(11 487)
Inventories	6 087	(6 087)	0	1 441	(1 614)	173						(7 701)
Total identified and allocated assets	88 584	(14 876)	73 707	10 492	(2 489)	1 406	9 409	7 909	(1 823)	(698)	5 388	(19 188)

2007

(in thousands of euros)	Licenses, trademarks, technology	Development expenses (incurred internally)	Other intangible assets	Advances and down payments	Total
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GROSS VALUE

	At January 1			
	19 074	40 794	5 947	65 816
Investments	973	3 226	3 014	7 213
Divestitures	(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

DEPRECIATION 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 client contracts: €1,500,000.

The amortization and depreciation of these intangible assets totaled €26,000, equivalent to slightly less than six months of amortization from the date of acquisition of Ingenico Turkey.

(in thousands of euros)	2006				Total
	Licenses, trademarks, technology	Development expenses (incurred internally)	Other intangible assets	Advances and down payments	
GROSS VALUE					
At January 1	14 958	39 895	3 584		58 437
Investments	151	3 091	308		3 550
Divestitures	(301)				(301)
Changes in consolidation scope (*)	4 745	0	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
DEPRECIATION 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	(0)		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:

Long-term client contracts: €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.

13. PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	2008				
	Land and buildings	Technical facilities and equipment	Other	In progress	Total
GROSS VALUE					
At January 1	897	31 977	15 723	22	48 619
Investments	438	6 874	5 366	761	13 439
Divestitures	(379)	(5 394)	(1 433)		(7 206)
Changes in consolidation scope	297	6 133	3 165	96	9 690
Translation differences	(21)	(2 977)	(2 056)	1	(5 054)
Other	170	(735)	2 596	(40)	1 990
At December 31	1 402	35 878	23 361	840	61 480
DEPRECIATION AND IMPAIRMENT LOSSES					
At January 1	(512)	(20 360)	(9 918)		(30 791)
Amortization	(118)	(5 193)	(2 966)		(8 277)
Disposals and impairment losses	176	4 905	754		5 834
Changes in consolidation scope	(82)	(3 930)	(1 718)		(5 730)
Translation differences	20	1 777	1 195		2 991
Other	(94)	287	(338)		(146)
At December 31	(611)	(22 515)	(12 993)		(36 118)
NET VALUE					
At January 1	385	11 617	5 804	22	17 829
At December 31	791	13 363	10 367	840	25 361

(in thousands of euros)	2007				
	Land and buildings	Technical facilities and equipment	Other	In progress	Total
GROSS VALUE					
At January 1	842	37 105	18 858	46	56 852
Investments	89	5 780	2 345	24	8 238
Divestitures	(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

(in thousands of euros)	2006				Total
	Land and buildings	Technical facilities and equipment	Other	In progress	
GROSS VALUE					
At January 1	1 427	38 094	17 721	32	57 273
Investments	253	3 611	2 285	46	6 195
Divestitures	(1 006)	(2 472)	(2 696)		(6 174)
Changes in consolidation scope		1 165	1 256		2 420
Translation differences	(0)	(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	0	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

14. FINANCIAL ASSETS

At December 31, 2006, 2007 and 2008, financial assets included security deposits and guarantees paid, equity interests in non-consolidated companies and related receivables.

(in thousands of euros)	2006	2007	2008
Non-current financial assets	899	1 295	3 265
Total	899	1 295	3 265

15. OTHER NON-CURRENT ASSETS

At December 31, 2006, 2007 and 2008, other non-current assets consisted in the following:

(in thousands of euros)	2006	2007	2008
Other non-current assets	6 544	2 338	1 030
Total	6 544	2 338	1 030

(in thousands of euros)	2006	2007	2008
Receivables due in more than one year	3 740	2 042	466
Tax receivables other than corporate income tax due	443	295	0
Tax loss carry backs, more than one year	2 298	0	324
Accruals, more than one year	63	0	240
Total	6 544	2 338	1 030

16. INVENTORIES

(in thousands of euros)	2006	2007	2008
Raw materials and consumables	14 592	11 785	16 651
Finished products	48 024	50 816	76 312
Depreciation on raw materials and consumables	(5 932)	(4 065)	(3 825)
Depreciation on finished products	(6 725)	(6 064)	(11 926)
Net Total	49 960	52 472	77 211

The increase in inventories is mainly due to the integration within the consolidation scope of the Sagem “payment terminal” unit. The increase in the current payables and receivables item is accounted for by the same reason.

17. TRADE RECEIVABLES AND RELATED ACCOUNTS

Trade and other current receivables are broken down as follows:

(in thousands of euros)	2006	2007	2008
Advances and down-payments to suppliers	1 567	3 513	5 659
Trade receivables on the sale of goods and service:	119 834	132 943	163 428
Employee-related receivables	130	166	100
Tax receivables other than corporate income tax	4 122	4 293	8 861
Current accounts, receivables		70	257
Other receivables	2 586	1 828	3 246
Provisions for bad debt	(2 112)	(3 737)	(4 047)
Provisions for other receivables	(144)	(138)	(114)
Total	125 983	138 938	177 390

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

	2008				
	Closing	Not due	< 120 days	120 - 180 days	> 180 days
Trade receivables	163 428	130 812	23 058	2 327	7 232
Provisions for bad debt	(4 047)	(165)	(223)	(537)	(3 122)
Net	159 381	130 647	22 835	1 790	4 109

	2007				
	Closing	Not due	< 120 days	120 - 180 days	> 180 days
Trade receivables	132 943	98 155	28 686	1 797	4 304
Provisions for bad debt	(3 737)	(53)	(35)	(174)	(3 474)
Net	129 206	98 102	28 651	1 623	830

	2006				
	Closing	Not due	< 120 days	120 - 180 days	> 180 days
Trade receivables	119 834	76 899	26 782	9 291	6 862
Provisions for bad debt	(2 112)	(325)	(127)	(52)	(1 608)
Net	117 722	76 574	26 655	9 239	5 254

18. CURRENT TAX RECEIVABLES AND OTHER CURRENT ASSETS

(in thousands of euros)	2006	2007	2008
Prepaid expenses	5 486	6 748	3 536
Accrued interest on receivables and loans	315	170	0
Loans, securities and other payables			41
Total	5 802	6 917	3 577
Government, income tax	506	4 111	8 602

19. ASSETS HELD FOR SALE

At December 31, 2008, the Group had not initiated any processes for disposing of assets or subsidiaries.

20. CONSOLIDATED EQUITY

Number of outstanding shares

	2006	2007	2008
Shares issued at January 1	29 924 312	32 108 576	32 930 070
Shares issued in connection with options exercised and dividend payout	301 500	450 430	135 342
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 acquisition of Sagem payment terminals			10 663 046
Shares issued in connection with the conversion of OCEANE bonds			4 063 216
Shares issued in connection with the granting of bonus shares		100 000	
Shares issued at December 31	32 108 576	32 930 070	47 791 674
Treasury shares at December 31	782 829	634 332	1 624 290

Ingenico's shares have a par value of €1. Authorized share capital at December 31, 2008 breaks down into 47,791,674 shares.

Treasury shares

(in euros)	2007	Acquisitions	Divestitures	Other (*)	2008
Number of shares	634 332	3 350 504	(1 881 447)	(479 099)	1 624 290
Unit value	17,06	16,86	17,09	16,40	16,81
Total	10 823 149	56 478 556	(32 147 452)	(7 857 130)	27 297 123

(in euros)	2006	Acquisitions	Divestitures	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 euros)	2005	Acquisitions	Divestitures	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

Shares acquired to be allocated or cancelled

- In 2008, the Board of Directors used two authorizations granted by Shareholders' Meetings in order to buy shares in the market (excluding the liquidity contract):

- that given by the Shareholders' Meeting of May 10, 2007 (implemented by decisions taken by the Board on September 19, 2007 and January 23, 2008);

- that given by the Shareholders' Meeting of May 15, 2008 that replaced the authorization given on May 10, 2007 (implemented by a decision taken by the Board on May 15, 2008)

250,000 treasury shares were acquired in 2008 at an average price of €17.23 in order to reduce the share capital.

986,143 treasury shares were acquired in 2008 at an average price of €18.95 to provide for bonus share allocation plans.

479,099 treasury shares were withdrawn from the portfolio of treasury shares in 2008, of which 462,217 shares to serve beneficiaries of bonus share allocation plans reaching maturity and 16,882 shares to provide for the conversion of OCEANES.

- In 2007, no share was bought under the provisions of the resolution of Combined Ordinary and Extraordinary Meeting of May 10, 2007.

(*) 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.

Treasury shares acquired under the liquidity contract entered into in 2004

- In 2008, 2,114,361 shares were purchased at an average price of €15.84 while 1,881,447 shares were sold at an average price of €17.09.

The portfolio of shares purchased on the basis of the liquidity contract totaled 322,414 shares at December 31, 2008.

- 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, 2008

The main features of the plans in force at December 31, 2008 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.

In 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.

No new share subscription plan was set up during 2008. The number of existing options at December 31, 2008 totaled 557,002.

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 €1.68, 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 €1.62, 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 599,046 shares by the Annual Shareholders' Meeting of May 5, 2006, i.e. 2 % 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 stock 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 the grantees who had not yet exercised their entitlement on June 27, 2007 (date of the Board meeting during which the formula for calculating the adjustment was approved).

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.

The Board of Directors of January 23, 2008 decided to implement a bonus share allocation plan, pursuant to the authorization given by the Shareholders' Meeting of May 5, 2006 and the forthcoming authorization to be granted by the Shareholders' Meeting of March 14, 2008.

Given these allocations as well as the arrivals and departures of other grantees during the period, the number of existing bonus shares was 880,096 at December 31, 2008. At December 31, 2007, 637,457 bonus shares were outstanding.

Change in stock options and share prices in the period

2008							
	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	119 634		9 792		109 842	8	5,64 €
B tranche						8	8,42 €
C tranche	41 000		15 042		25 958	8	10,88 €
D tranche	100 456		100 456			8	10,99 €
E tranche						8	-
F tranche	93 507				93 507	8	11,62 €
H tranche	345 789		10 052	8 042	327 695	8	11,56 €
Bonus shares	637 457	775 000	462 217	70 144	880 096		
Total	1 337 843	775 000	597 559	78 186	1 437 098		

(1) including 229,307 exercisable at December 31, 2008

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 354,597 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

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	11,1	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%

Impact on financial statements

On the basis of the parameters used to calculate fair value, the expense recognized in current operating income in connection with the award of stock options and bonus shares totaled (€8,514,000) in the 2008 period.

In 2007, the expense was as follows:

- Stock options: €96,000 were charged to “Profit from ordinary activities” and €15,000 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 €04,000 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.

	2006	2007	2008
Net profit or loss attributable to INGENICO S.A.	15 984	39 447	36 683
Weighted average number of ordinary shares	29 791 844	31 738 076	44 010 097
Basic earnings per share (in euros)	0,54	1,24	0,83

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, 2008, dilutive instruments include stock options and bonus shares.

Note that after the procedure of early redemption of all OCEANES, launched on January 21, 2008 and ended on February 21, 2008, Ingenico redeemed 7,974 non-converted OCEANES and met a request to convert 4,043,021 OCEANES by issuing 4,063,236 new shares. By consequence, there were no more anti-dilutive instruments at December 31, 2008.

(in thousands of euros)	2006	2007	2008
Net profit or loss attributable to INGENICO S.A. shareholders	15 984	39 447	36 683
Diluted net profit or loss attributable to INGENICO S.A. shareholders	15 984	39 447	36 683
Weighted average number of ordinary shares	29 791 844	31 738 076	44 010 097
Impact of dilutive instruments:			
Exercise of stock subscription plans and bonus shares	611 410	918 580	781 281
- conversion of convertible bonds			
Diluted weighted average number of ordinary shares	30 403 254	32 656 656	44 791 378
Diluted earnings per share (in euros)	0,53	1,21	0,82

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.

(in thousands of euros)	2006	2007	2008
Cash and cash equivalents	67 625	87 479	142 770
Short-term investments	58 736	21 338	2 847
Financial debt	(159 403)	(111 273)	(68 167)
Net debt	(33 042)	(2 457)	77 450

Short-term investments of €2,847,000 include €1,084,000 in current financial assets used for cash management purposes recognized in compliance with the fair value option. The balance, i.e. €1,763,000 is classified as an asset available for sale (cf. accounting rules and methods).

Breakdown of cash and short-term investments

(in thousands of euros)	2006	2007	2008
Cash and cash equivalents	58 018	42 811	44 484
UCITS classified as cash	9 607	44 668	98 286
Cash and cash equivalents	67 625	87 479	142 770
UCITS and other short-term investments classified as investment	58 736	21 338	2 847
Cash and short-term investments	126 361	108 817	2 847

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

(in thousands of euros)	2006	2007	2008
Balance at January 1	82 215	68 343	66 005
Increase/Purchases	27 384	47 171	53 412
Decrease/Sales	(44 336)	(47 456)	(14 088)
Translation differences	(35)	(33)	(39)
Other movements	3 115	(2 020)	(4 158)
Balance at December 31	68 343	66 005	101 133

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)	2 006	2 007	2008
Bonds convertible into or exchangeable for new or existing shares (OCEANE)	70 054	56 302	
Bank borrowings	8 214	151	(0)
Short-term notes	40 000	24 549	59 674
Finance lease obligations	2 828	2 913	1 340
Other financial liabilities	204	217	4
Long-term financial liabilities	121 300	84 132	61 018
Bonds convertible into or exchangeable for new or existing shares (OCEANE)		5 206	
Bank borrowings or assimilated	12 677	2 878	2 002
Finance lease obligations	1 142	1 769	1 433
Bank overdrafts and other financial liabilities	24 284	17 288	3 714
Short-term financial liabilities	38 103	27 142	7 149
Total debt	159 403	111 273	68 167

At May 4, 2005, Ingenico had issued 5,194,806 OCEANES maturing on January 1, 2012.

In the period ranging from December 31, 2007 to January 14, 2008 Ingenico bought back 1,000,000 OCEANES and delivered 144,530 treasury shares to meet requests to convert 143,811 OCEANES.

At February 21, 2008, following the early redemption of all OCEANES, launched on January 21, 2008, Ingenico had redeemed 7,974 OCEANES that had not been converted and met the request to convert 4,043,021 OCEANES by issuing 4,063,236 new shares.

During the first half of 2007, Ingenico opted for early repayment of a €7.5 million syndicated loan initially contracted in 2005. In the same period, the Group also set up new financing arrangements. At December 31, 2008, Ingenico drew the entire A tranche for an amount of €60 million. (Complementary information about the setting up of these financing arrangements is presented in Note 4: Financial risk management).

2) Bank borrowings and short-term notes

At December 31, 2008, bank borrowings reflect the drawing of the A tranche (€60 million) of the refinancing set up in May 2007.

At December 31, 2007, bank borrowings mainly reflect the partial drawing down of the A tranche (€60 million) of their 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, 2008, bank overdrafts (€3.6 million) mainly broke down between Brazil, the United Kingdom and France.

At December 31, 2007, bank overdrafts (€7.3 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 then 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

(in thousands of euros)	Carrying amount	Contractual cash flow	2008			
			Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
OCEANES	Ingenico SA Oceane					
	Total					
Bank borrowings	Ingenico SA (short-term notes)	59 674	1-month Euribor + 60 pts			59 674
	Ingenico Barcelona SA	148	0% subsidized loan	148		
	Planet Elektronik Sanayi					
	Planet Odeme Sistem					
	Landi	1 703	Fixed rate ranging between 2.88% and 6.03%	1 703		
	Total	61 525		1 851		59 674
Finance lease obligations	Ingenico SA					
	Ingenico Do Brasil Ltda					
	Ingenico Iberia	1 587	7% fixed rate	1 019		512
	Ingenico Hungary	17		7		10
	Ingenico Pacific	2		2		
	Planet Elektronik Sanayi					
	Planet Odeme Sistem	1			1	
	Italia SpA	1 149	3-month Euribor + 250 pts	401	698	50
	Matsu	4		4		
	Total	2 760		1 433	699	572
Bank overdrafts	Ingenico SA	98	1-month Euribor + 30 pts	98		
	Ingenico Do Brasil Ltda	2 550	Ptax + 0.20% at +1.55% per month	2 550		
	Italy SpA					
	Ingenico UK	902		902		
	Ingenico Data systems SA					
	Total	3 550		3 550		
Other financial liabilities	Ingenico SA	154	1-month Euribor + 60 pts	150	4	
	Ingenico Do Brasil Ltda	13			13	
	Total	167		150	17	
Accrued interest on borrowings	Ingenico SA	165	1-month Euribor + 60 pts	165		
	Total	165		165		
Total debt		68 167		7 149	716	60 246

		2007					
(in thousands of euros)		Carrying amount	Contractual cash flow	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
OCEANES	Ingenico SA Oceane	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	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	
	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			
	Italy 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			
	Iberia	286		286			
	Total	2 196		2 196			
Total debt		111 273		27 142	2 794	81 155	182

		2006					
(in thousands of euros)		Carrying amount	Contractual cash flow	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	
	Barcelona	1 796		1 494	151	151	
	Iberia	578	7%	578			
	Other	13		13			
	Total	60 891		12 677	8 063	40 151	
Finance lease obligations	Ingenico SA	135				135	
	Brazil	325	between 14 and 20% p.a.		315	10	
	Iberia	3 444	7%	1 128	2 208	108	
	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			
	Brazil	2 371	between 14 and 20% p.a.	2 371			
	Italy 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	
Total debt		159 403		38 103	10 952	40 290	70 058

Breakdown by currency

The breakdown of debt by currency is as follows:

	2006	2007	2008
Euro	151 958	105 575	62 975
US dollar	2 753		
Sterling pound	4 627	86	906
Other currencies	65	5 612	4 286
Total debt	159 403	111 273	68 167

Change in debt

Change in debt is broken down as follows:

(in thousands of euros)	Financial debt
Balance at January 01, 2006	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
New borrowings	63 153
Repayments	(35 378)
Net change in drawdowns on lines of credit	(12 885)
Translation differences	(912)
Other movements	(57 092)
Changes in consolidation scope	8
Balance at December 31, 2008	68 167

23. DERIVATIVE FINANCIAL INSTRUMENTS

Fair value of derivative instruments at balance sheet date

(in thousands of euros)	Foreign exchange hedging			Foreign exchange hedging		
	At December 31, 2006	At December 31, 2007	At December 31, 2008	At December 31, 2006	At December 31, 2007	At December 31, 2008
Current assets	179	8	9	786	266	153
Current liabilities				(141)	(1 713)	(2 472)
Total	179	8	9	645	(1 447)	(2 319)

Breakdown of instruments by investment policy

(in thousands of euros)	2006	2007	2008
<i>Instruments designated as future cash flow hedges (cash flow hedge)</i>			
Foreign exchange forward contracts	643	-1 374	-1 550
Interest rate swaps	179	8	9
<i>Instruments not designated as future cash flow hedges</i>			
Foreign exchange options	2	63	
Foreign exchange forward contracts and interest rate swaps		-136	-769
Total	824	-1 439	-2 310

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. They mainly stem 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, 2007	Translation differences	Additions	Reversals	Changes in consolidation scope	Actuarial divergences	Balance at December 31, 2008
Provisions for funded defined-benefit retirement plans							
United Kingdom	4 040	(660)	151			-1795	1 735
Provisions for other unfunded defined-benefit plans							
-Provision for retirement benefit obligations (France, Italy, Turkey)	2 074	(220)	495	-340	1031	0	3 041
Total	6 114	(880)	646	(340)	1 031	(1 795)	4 776
<hr/>							
(in thousands of euros)	Balance at December 31, 2006	Translation differences	Additions	Reversals	Changes in consolidation scope	Actuarial divergences	Balance at December 31, 2007
Provisions for funded defined-benefit retirement plans							
United Kingdom	5 927	(401)	68			-1553	4 040
Provisions for other unfunded defined-benefit plans							
-Provision for retirement benefit obligations (France, Italy, Turkey)	1 628		820	-374			2 074
Total	7 555	(401)	888	(374)		(1 553)	6 114
<hr/>							
(in thousands of euros)	Balance at December 31, 2005	Translation differences	Additions	Reversals	Changes in consolidation scope	Actuarial divergences	Balance at December 31, 2006
Provisions for funded defined-benefit retirement plans							
United Kingdom	7 073	126	283			-1555	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

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: these plans are found in the United Kingdom;
- 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 countries involved are France, Italy and Turkey.

Provisions for funded defined-benefit retirement plans

Breakdown of commitments

(in thousands of euros)	2006	2007	2008
ASSETS AND LIABILITIES RECOGNIZED IN THE BALANCE SHEET			
Debt	17 812	16 150	9 642
Fair value of plan assets	11 885	12 109	7 907
Net commitments	5 927	4 040	1 735
Recorded in the balance sheet as follows:			
Assets			
Liabilities	5 927	4 040	1 735
Net commitments	5 927	4 040	1 735

Changes in 2006, 2007 and 2008 break down as follows:

2006			2007			2008		
Discounted value of the obligation	Fair value of plan assets	Net	Discounted value of the obligation	Fair value of plan assets	Net	Discounted value of the obligation	Fair value of plan assets	Net
16 515	9 443	7 073	17 812	11 885	5 927	16 150	12 109	4 040
1 089		1 089	865	(1)	866	601		601
807		807	914		914	874		874
	689	(689)		859	(859)		655	(655)
	924	(924)		853	(853)		669	(669)
337	337		298	298		235	235	
(293)	(293)		(304)	(304)		(169)	(169)	
(997)	557	(1 555)	(1 944)	(391)	(1 553)	(4 879)	(3 083)	(1 795)
354	228	126	(1 491)	(1 090)	(401)	(3 169)	(2 509)	(660)
17 812	11 885	5 927	16 150	12 109	4 040	9 643	7 907	1 735

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

A total of 255 current employees in the United Kingdom at December 31, 2008, versus 221 at December 31, 2007 and 216 at December 31, 2006.

The actuarial assumptions used are as follows:

- 6.60 percent discount rate for obligations in 2008 (versus 5.75% in 2007 and 5.10% in 2006);
- 2.80 percent wage increase in 2008 (vs. 3.30% in 2007 and 3.10% in 2006);
- 3.70 percent expected return on assets in 2008 (vs. 4.40% in 2007 and 5.10% in 2006).

Provisions for unfunded defined-benefit retirement plans

At December 31, 2008, actuarial obligations amounted to €3,041,000 (vs. €2,074,000 in 2007 and €1,628,000 at December 31, 2006).

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

(in thousands of euros)	2006	2007	2008
Service cost	336	446	155
Benefits paid to employees			
Cost of unfunded retirement plans	336	446	155

A total of 714 current employees are covered, most of them based in France.

(employees excluding temporary staffing agency workers)	2006	2007	2008
France	244	318	560
Italy	45	44	54
Turkey		88	100
Total	289	450	714

25. OTHER PROVISIONS

Balance at January 1 2008	Translation differences	Changes in consolidation scope	Additions	Deductions of amounts used	Deduction of unused amounts	Other movements	Balance at December 31, 2008
6 115	(664)	1 031	646	(191)		(2 161)	4 776
7 092	(1 219)	1 536	7 777	(5 562)		(319)	9 305
5 303	(395)	4 131	1 737	(1 917)	(1 190)		7 669
1 307	(76)		419	(505)	(25)		1 120
3 274	(18)	951	4 320	(5 333)	(332)	(1)	2 861
16 976	(1 708)	6 618	14 253	(13 317)	(1 547)	(320)	20 955
Balance at January 1 2007	Translation differences	Changes in consolidation scope	Additions	Deductions of amounts used	Deduction of unused amounts	Changes in consolidation scope and other	Balance at December 31, 2007
2 886	(330)		8 216	(4 008)		328	7 092
3 487	(72)		2 895	(1 893)	(516)	1 402	5 303
2 139	(20)		577	(733)		(656)	1 307
511	(4)		3 004	(169)		(69)	3 274
9 023	(426)		14 691	(6 803)	(516)	1 005	16 976
Balance at January 1 2006	Translation differences	Changes in consolidation scope	Additions	Deductions of amounts used	Deduction of unused amounts	Changes in consolidation scope and other	Balance at December 31, 2006
7 288	(34)		802	(5 406)		236	2 886
4 942			593	(1 517)	(2 672)	2 141	3 487
65	(1)		2 068	(13)		20	2 139
408	(17)		268	(96)		(52)	511
12 702	(52)		3 731	(7 032)	(2 672)	2 345	9 023

In 2007 and 2008

(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. 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 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 to 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)	2006	2007	2008
Trade payables	74 260	88 849	96 950
Other operating liabilities	20 224	21 410	57 011
<i>Customer advances</i>	1 295	1 552	6 453
<i>Tax liabilities</i>	5 300	6 367	10 443
<i>Employee related liabilities</i>	11 155	13 182	21 435
<i>Other</i>	2 473	309	18 680
Total	94 484	110 260	153 960

27. INCOME TAX EXPENSE

At December 31, 2008, income tax expense is composed chiefly of income taxes payable on taxable profit at Group subsidiaries.

(in thousands of euros)	2006	2007	2008
France			162
Canada	627	494	2 419
Spain	128	657	
England	92	260	439
Ireland	26		3
Germany			416
Denmark			16
Finland			231
Poland			7
Italy	297	831	506
Turkey		37	345
Mexico	490		
USA	456		
China			639
Total	2 116	2 280	5 184

28. OTHER LIABILITIES

Other liabilities are broken down as follows:

(in thousands of euros)	2006	2007	2008
Accrued interest on borrowings	0	6	81
Other liabilities	10 928	10 048	24 326
Deferred income	26 348	25 155	23 473
Total	37 276	35 209	47 880

29. LIABILITIES HELD FOR SALE

At December 31, 2008, 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, 2006	At December 31, 2007	At December 31, 2008
Commitments received			
Liabilities guarantee as part of Moneyline merger, valid until November 1, 2007, then reduced to €1,500,000 (between November 1, 2007 and April 30, 2008)	2 000	1 500	-
Liabilities guarantee as part of Planet acquisition: valid to July 12, 2009 (amount deposited in an escrow account for one year, half of which can be freed after six months, and to be totally freed at July 13, 2008)	-	26 000	26 000
Liabilities guarantee as part of Sagem Monetel merger: valid to March 14, 2010 (no escrow account)	-	-	50 000
Liabilities guarantee as part of the acquisition of the 55% stake in Fujian Landi: valid to May 23, 2011 (\$17,050,000 commitment of which \$ 500,000 deposited on an escrow account)	-	-	12 251
Liabilities guarantee as part of acquisition of "Payment Terminals" business from Sagem Comunicaciones Iberica: valid to January 1, 2010	-	-	500
Retirement benefit insurance	47	16	16
Bank guarantees			30
Commitments given			
Bank and lease guarantees (in France, China, Spain and Turkey)	385	2 531	4 126
Service agreement with a shareholder of the former Moneyline Group	1 020	665	309
Shares of U.S. subsidiary of INGENICO Corp. pledged as security for the 2005 refinancing loan	56 250	56 250	56 250
MBS shares pledged as security for BNP loan	72	-	-
Pledging of Ingenico Corp. shares as guarantee of the new refinancing loan			
Liabilities guarantee given in connection with disposals carried out in 2006:			
Debitek - term April 1, 2007	3 948	-	-
Ingenico Sweden - term April 30, 2007	2 415	-	-
ITS - term May 1, 2007	2 800	-	-
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	-

At December 31, 2008, the Company had the following commitments in connection with its business activity:

- With respect to put or call options granted by the Company on the shares of its subsidiaries, an investor holds a put option that might lead to the buyout of minority interests in the Group's Landi subsidiary in China. This put was recognized in the consolidated financial statements at December 31, 2008 (see Note 6).
 - The Group has undertaken to pay employees of Ingenico Barcelona compensation for 3 years from July 15, 2008 - at the same terms and conditions as set out in the redundancy scheme that was carried out. Even if the business were to be sold, Ingenico would still honor its commitment to making these payments.
- Future payments under non-cancelable operating leases.

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

(in thousands of euros)	2006	2007	2008
Commitments given on non-cancelable leases	13 681	18 843	34 444
Total	13 681	18 843	34 444

The breakdown of commitments given by the Group with respect to non-cancelable leases and by term at December 31, 2008 is as follows:

(in thousands of euros)	Northern Europe	Southern Europe	Asia-Pacific	North America	Latin America	CEMEA	2008 Total
Y+1	1 511	5 251	746	1 065	686	100	9 358
Y+2	1 248	5 063	531	766	496	80	8 184
Y+3	1 169	4 881	127	456	258	7	6 898
Y+4	883	3 894	67	470	207	0	5 521
Y+5 and beyond	483	3 643	0	305	52	0	4 483
Total	5 294	22 732	1 470	3 061	1 699	187	34 444

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	CEMEA	2007 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	0	2 934
Y+5 and beyond	0	4 740	0	0	0	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	CEMEA	2006 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	0	536	7	1 999
Y+4	75	1 185	0	516	7	1 783
Y+5 and beyond	118	4 740	0	132	12	5 001
Total	701	10 106	559	2 276	39	13 681

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 €186,000 in 2008, versus €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, 2008 broke down as follows:

(in thousands of euros)	2006	2007	2008
Fixed compensation	1 102	1 446	2 193
Variable compensation	1 073	667	1 644
Miscellaneous benefits		2 299	32
Stock options and bonus share awards (service cost was recognized)	1 653	2 896	4 451
Total	3 828	7 308	8 320

SUBSEQUENT EVENTS

None.

32. PRO FORMA FINANCIAL INFORMATION

Description of the transaction

Ingenico's Extraordinary Shareholders' Meeting approved on March 14, 2008 the contribution of Safran Group's payment terminal business, operated by Sagem Sécurité, to the benefit of Ingenico. The contribution of this business, hereafter "Sagem Monétique", was compensated by a capital increase carried out by Ingenico to the benefit of Sagem Sécurité. After this rights issue, Sagem Sécurité became a shareholder in Ingenico with 22.37% of its outstanding shares

Scope of the pro forma information

The pro forma information presented below covers the combination of Ingenico's operations and the Sagem Monétique unit, which comprises the following companies:

- Ingenico France, formerly Sagem Monétel SA (France)
- Sagem Defesa e Segurança do Brasil (Brazil)
- Sagem Denmark (Denmark)
- Manison (Finland)
- Mynt Bétal (Norway)
- Sagem Monétel GmbH (Germany)
- Matsu (United Kingdom)

The operations of Sagem Monétique have been included in Ingenico's consolidated statements since April 1, 2008. By consequence, Ingenico's consolidated income statement at December 31, 2008 includes 9 months of operations of Sagem Monétique.

The unaudited pro forma income statement presented hereafter covers the combination of Ingenico's operations and the Sagem Monétique unit for the period ranging from January 1, to December 31, 2008.

Basis of presentation

Regulatory framework

The unaudited pro forma consolidated income statement is presented in application of Instruction No 2005-11 of December 13, 2005, Appendix II, of the *Autorité des Marchés Financiers*. It stipulates that when the size of the absorbing company increases by more than 25%, pro forma information must be presented.

This unaudited pro forma financial information has been drafted in compliance with the provisions of Annex II "pro forma financial information building block" of Regulation No 809/2004 of the European Commission, and in compliance with the recommendations issued by the CESR in February 2005 with respect to the preparation of pro forma financial information covered by this Regulation No 809/2004 on prospectuses as well as in application of Instruction No 2007-05 of October 2, 2007 of the *Autorité des Marchés Financiers*.

Pro forma adjustments

The pro forma adjustments pertaining to the unaudited pro forma consolidated income statement are calculated by drawing on the assumption that the transaction was carried out on January 1, 2008.

The unaudited pro forma consolidated income statement is presented exclusively as an illustration and does not provide an indication of the results of operational activities or the financial situation of the consolidated company that would have been set up if the transaction had effectively occurred at the date used (January 1, 2008). As it represents a hypothetical situation, it does not either provide any indication about the results of operational activities or the future financial situation of the consolidated company.

All the pro forma adjustments directly relate to the transaction. Only the adjustments that will likely have a recurring impact on the company's consolidated financial statements were taken into account. Only the adjustments that can be concretely documented and reliably estimated have been considered. For instance, the unaudited pro forma consolidated income statement does not factor in any potential savings cost resulting from the elimination of some expenses or the achievement of synergies. Nor does it take into consideration specific factors such as future restructuring or integration costs that could be incurred because of the transaction.

Significant assumptions

The data drawn upon correspond to the historic data of each entity. These data were not subjected to pro forma restatements aimed at reconstituting the full-year effects of acquisitions and disposals carried out during the period within each unit. In particular, the acquisitions of Landi (China) and Auto Gain (Hong Kong) carried out by Ingenico in 2008 do not give rise to pro forma adjustments given their not very significant scale.

Intragroup transactions

Any transaction carried out between Ingenico and Sagem Monétique is deemed an intragroup transaction and gives rise to a cancellation in the unaudited pro forma consolidated income statement. Intragroup balances and transactions relative to the period from January 1, to March 31, 2008 are eliminated.

Tax impact

The tax impact of the pro forma adjustments was calculated in accordance with the tax rate in force during the period with respect to which the pro forma information is presented.

Sources of the pro forma information

The unaudited pro forma consolidated income statement for the period from January 1, to December 31, 2008 was obtained from the following items:

- Ingenico's consolidated financial statements at December 31, 2008, were drawn up in compliance with IFRS standards; note that these financial statements have been audited by the statutory auditors;
- Financial statements at March 31, 2008 were drawn up in compliance with IFRS standards for Sagem Monétique entities; note that these financial statements were reviewed by the statutory auditors as part of their audit of Ingenico's consolidated financial statements at December 31, 2008.

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF INGENICO AND SAGEM MONÉTIQUE FOR THE PERIOD FROM JANUARY 1, TO DECEMBER 31, 2008

<i>In millions of euros</i>	Ingenico consolidated data	Sagem Monétique consolidated data	Adjustment inventories	Adjustment Cancellation R&D expenses	Adjustment Amort. of intangibles	Pro forma consolidated data
	Jan 1 - Dec 31, 2008	Jan 1 - March 31, 2008	(1)	(2)	(3)	(4)
Revenue	728.0	52.8				780.8
Cost of sales	(456.4)	(35.3)				(491.6)
Gross profit	271.7	17.6	-	-	-	289.2
Distribution and marketing costs	(59.0)	(3.3)			(0.9)	(63.2)
R&D expenses	(61.8)	(4.5)		1.1	(2.0)	(67.3)
Administrative expenses	(78.8)	(3.0)				(81.8)
Profit from ordinary activities	72.0	6.7	-	1.1	(2.9)	76.9
Other operating income/costs	(14.5)	(0.1)			-	(14.5)
Profit from operations	57.5	6.7	-	1.1	(2.9)	62.3
Net finance costs	(7.4)	(0.3)				(7.7)
Profit before income tax	50.1	6.4	-	1.1	(2.9)	54.6
Income tax	(13.4)	(2.3)	-	(0.4)	1.0	(15.1)
Profit/loss in the period	36.7	4.1	-	0.7	(1.9)	39.5

Description of the pro forma adjustments stated in the unaudited consolidated income statement

(1) The transactions carried out by Sagem Monétique between January 1, and March 31, 2008 were included in the unaudited pro forma consolidated income statement.

(2) Sagem Monétique's inventories were measured at fair value on March 31, 2008, leading to an adjustment in value of €6.1m before tax. Inventories were not measured at fair value at December 31, 2007 for pro forma information requirements, as the level of inventories was similar (€20.6m at December 31, 2007 and €21.7m at March 31, 2008). Accordingly, the adjustment in value carried out at March 31, 2008 was kept unchanged at January 1, 2008.

This adjustment is included in Ingenico's consolidated data covering the period from January 1, to December 31, 2008.

(3) Research and Development (R&D) expenses incurred by Sagem Monétique were expensed as incurred. These expenses are closely monitored (type of costs incurred, including internal development hours; amount of costs by kind, date they are available for use, etc.). Given that the amortization term of R&D expenses that can be capitalized is 3 years according to Ingenico's accounting principles, an analysis was carried out of the projects developed since 2005 in order to study whether they could be converted into intangible assets. Out of the 33 relevant projects in the period January 1, 2005 – March 31, 2008, 21 would have been recognized according to Ingenico's criteria. The amount of expenses recorded in the first quarter of 2008 at Sagem Monétique with respect to these projects was neutralized in the unaudited pro forma consolidated income statement. The theoretical amortization of recognized projects, calculated over a 5-year term from the launch of the project, is included in the amortization of intangible assets recognized within the framework of the business combination.

(4) The adjustments relative to intangible assets correspond to the depreciation and amortization in the first quarter of 2008 of intangible assets recognized within the framework of the business combination, i.e. on the one hand, the client base and, on the other hand, technologies whether existing or under development, including the R&D expenses related to the 21 projects that had been expensed at Sagem Monétique. This depreciation and amortization expense, calculated according to the terms described in the Opening Balance Sheet Note of Sagem Monétique, amounts to €2.9m before tax and €1.9m after recognition of the related deferred tax for the first quarter of 2008.

SAGEM MONÉTIQUE'S OPENING BALANCE SHEET

Ingenico's Extraordinary Shareholders' Meeting approved on March 14, 2008 the contribution of Safran Group's payment terminal business, operated by Sagem Sécurité, to the benefit of Ingenico. In consideration of this contribution, Ingenico carried out a capital increase in favor of Sagem Sécurité and made a cash payment. In application of IFRS 3, this contribution was recognized in the Group's consolidated financial statements as an acquisition of Sagem Monétique carried out by Ingenico.

The acquisition price of Sagem Monétique was allocated and led to the following opening balance sheet:

Sagem Monétique's opening balance sheet at March 31, 2008:

<i>In millions of euros</i>	Consolidated data before adjust.	Total PPA adjustments	Consolidated data after adjust.
Goodwill	-	106.9	106.9
Intangible assets	6.3	76.3	82.5
Property, plant & equipment	4.5	(1.3)	3.2
Equity interests	0.0	0.2	0.2
Deferred tax assets	1.4	1.0	2.4
Total non-current assets	12.3	183.1	195.4
Inventories	21.6	5.7	27.3
Trade and other current receivables	62.9	-	62.9
Tax receivables	1.8	-	1.8
Other current assets	1.4	-	1.4
Cash and cash equivalents	12.0	-	12.0
Total current assets	99.7	5.7	105.4
ASSETS	112.0	188.7	300.7
Share capital	20.1	-	20.1
Share premium account	6.9	-	6.9
Reserves	29.6	157.0	186.6
Minority interests	(0.3)	-	(0.266)
Equity	56.4	157.0	213.4
Non-current provisions	4.5	1.8	6.3
Deferred tax liabilities	0.2	30.4	30.6
Other non-current liabilities	1.7	(1.8)	(0.1)
Total non-current liabilities	6.4	30.4	36.8
Current provisions	0.9	0.9	1.9
Trade and other current payables	36.2	0.5	36.7
Tax payables	6.8	-	6.8
Other current liabilities	5.2	-	5.2
Total current liabilities	49.2	1.4	50.6
LIABILITIES	112.0	188.7	300.7

Sagem Monétique's opening balance sheet was adjusted as follows:

<i>In millions of euros</i>	Total PPA adjustments	Cancellation of goodwill (1)	Fair value of intangible assets (1)	Fair value of inventories (2)	Goodwill (3)	Other PPA adjustments (4)
Goodwill	106.9	-	-	-	106.9	-
Intangible assets	76.3	(6.2)	82.5	-	-	(0.0)
Property, plant & equipment	(1.3)	-	-	-	-	(1.3)
Equity interests	0.2	-	-	-	-	0.2
Deferred tax assets	1.0	1.0	-	-	-	0.0
Total non-current assets	183.1	(5.3)	82.5	-	106.9	(1.0)
Inventories	5.7	-	-	6.1	-	(0.4)
Trade and other current receivables	-	-	-	-	-	-
Tax receivables	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-
Total current assets	5.7	-	-	6.1	-	(0.4)
ASSETS	188.7	(5.3)	82.5	6.1	106.9	(1.4)
Share capital	-	-	-	-	-	-
Share premium account	-	-	-	-	-	-
Reserves	157.0	(5.3)	54.1	4.1	106.9	(2.7)
Minority interests	-	-	-	-	-	-
Equity	157.0	(5.3)	54.1	4.1	106.9	(2.7)
Non-current provisions	1.8	-	-	-	-	1.8
Deferred tax liabilities	30.4	-	28.4	2.0	-	0.0
Other non-current provisions	(1.8)	-	-	-	-	(1.8)
Total non-current liabilities	30.4	-	28.4	2.0	-	(0.1)
Current provisions	0.9	-	-	-	-	0.9
Trade and other current payables	0.5	-	-	-	-	0.5
Tax payables	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total current liabilities	1.4	-	-	-	-	1.4
LIABILITIES	188.7	(5.3)	82.5	6.1	106.9	(1.4)

(1) Fair value measurement of intangible assets

Goodwill existing within Sagem Monétique was entirely cancelled and intangible assets were measured at fair value with the help of external consultants on the basis of Sagem Monétique's business plan and conversations held with the management teams of Ingenico and Sagem Monétique.

This measurement led to the recognition of intangible assets not booked in the financial statements of Sagem Monétique, for an amount of €2.5m, including:

- Client portfolio: €36.6m amortizable over 10 years.
Recognized customer relations relate to direct clients (mostly banks providing their clients with payment terminals and mass market retailers) and indirect ones (clients of banks and distributors).
- Existing hardware technology: €1.6 million amortizable over 3 years.
Hardware technology consists in the development of the payment terminal called "Telium" as well as all the associated accessories. The range covers all possible types of terminals, including landline, radio, and GSM/GPRS technologies.
- Existing software technology: €5.8m amortizable over 3 years.

Software technology consists in the technology developed by Sagem Monétique for the “Telium” operating system.

- Application software programs: €1.3m amortizable over 5 years.
In addition to its software for the “Telium” operating system, Sagem Monétique has developed various application software programs in order to meet clients’ specific requirements, including a library of more than 400 application software programs covering such fields as payment, health and customer loyalty.
- Hardware technology under development: €1.0m amortizable over 5 years.
This technology consists in the new generation of payment terminals, the so-called “Telium II” range, which will be launched in early 2009.
- Software technology under development: €6.1m amortizable over 5 years.
This technology mainly includes the “Telium II” operating system, as well as two other projects relative to screens.

The client portfolio was measured according to the excess earnings method, on the duration of attrition of the client portfolio observed at Sagem Monétique by drawing on the date at which 90% of the value of assets is consumed over the projection period of the business plan.

Technologies were measured according to the relief from royalty method, by drawing on the estimation of the level of royalties a company would be willing to pay to use a technology it would not own. The value of the technology is accordingly defined as the discounted sum of royalties after tax related to the measured technology.

The deferred tax liabilities stemming from these value adjustments amounts to €28.4m.

(2) Fair value measurement of inventories

Inventories were measured at fair value, consisting in the selling price less the costs yet to be incurred including marketing costs and the margin related to the sales drive. This measurement was carried out by country, by product family and by type of product within a same family. It led to an adjustment in the value of inventories amounting to €6.1 million at March 31, 2008. The deferred tax liabilities stemming from this adjustment in value amount to €2 million.

(3) Goodwill

The contribution of Sagem Monétique to Ingenico was measured at €208.4m. After taking acquisition costs (€4.9m) into account, the business combination led to an acquisition price of Sagem Monétique shares of €13.3m and goodwill after allocation of €106.9m.

Calculation of the cost of the business combination:

<i>In euros</i>	
Fair value of Ingenico share at contribution date	19.0
Number of shares issued	10,663,046
Fair value of Ingenico shares at contribution date	202,597,874
Cash payment at contribution date	4,856,590
Contingent payment	961,667
Price of the transaction	208,416,131
Acquisition costs related to the transaction	4,913,109
Cost of business combination	213,329,240

Source: Management

Ingenico calculated the acquisition price of Sagem Monétique on the basis of:

- the fair value of the Ingenico shares contributed on the date of the transaction, i.e. on March 14, 2008,
- the cash payment made,
- and the adjustment in the price resulting from changes in working capital requirements and the net financial debt of Sagem Monétique and Ingenico between the reference amounts as agreed upon the parties and the actual amounts at December 31, 2007, which led to Sagem Monétique being valued at €208.4m.

The acquisition costs drawn upon consist in the costs of the various external players (investment banks, lawyers and other consultants). They do not include internal costs, or costs stemming from the issuance of Ingenico shares, which are recognized as a reduction in the issue premium in Ingenico S.A.'s financial statements.

Calculation of goodwill:

<i>In millions of euros</i>	
Carrying amount of Sagem Monétique's net assets	56.4
Cancellation of goodwill on Sagem Monétique	(5.3)
Minority interests in Mynt	0.3
Provision to cover net negative situation at Mynt	(0.3)
Adjusted value of acquired net assets	51.1
Acquisition cost	213.3
Goodwill before allocation	162.2
Fair value of inventories	4.1
Fair value of intangible assets	54.1
Fair value of other acquired assets and liabilities	(2.8)
Unallocated goodwill	106.9

(4) Other adjustments

Various other adjustments have been recorded in Sagem Monétique's opening balance sheet. They mainly consist in the recognition of possible liabilities related to litigation and warranties in France and Brazil (€2.7m), the measurement of tangible assets in Brazil (€1.3m), the depreciation of inventories (€0.4m), and the recognition of so-called "individual rights to vocational training" provided for by French legislation (€0.5m).



Société anonyme au capital de 47 791 674 €
192 avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine - France
Tél. : 33 (0)1 46 25 82 00
Fax : 33 (0)1 47 72 56 95

www.ingenico.com