INGENICO GROUP

Consolidated financial statements

December 31, 2011

I. Consolidated income statements

For the years ended December 31, 2009, 2010 and 2011

(in thousands of euros)	Notes	2009	2010	2011
REVENUE	7	**700,684**	**907,020**	**1,001,115**
Cost of sales		(429,780)	(540,885)	(584,333)
GROSS PROFIT		**270,904**	**366,135**	**416,782**
Distribution and marketing costs		(55,133)	(85,236)	(97,342)
Research and development expenses		(75,639)	(84,247)	(76,598)
Administrative expenses		(79,298)	(99,761)	(114,379)
PROFIT FROM ORDINARY ACTIVITIES		**60,835**	**96,891**	**128,463**
Other operating income	9	736	10,366	951
Other operating expenses	9	(14,123)	(33,487)	(18,593)
PROFIT FROM OPERATING ACTIVITIES		**47,448**	**73,770**	**110,821**
Finance income	10	37,224	59,738	57,732
Finance costs	10	(39,428)	(69,532)	(84,811)
NET FINANCE COSTS		**(2,204)**	**(9,794)**	**(27,079)**
Share of profit of equity-accounted investees	14	(283)	(1,671)	(3,198)
PROFIT BEFORE INCOME TAX		**44,961**	**62,305**	**80,544**
Income tax expense	11	(18,121)	(22,716)	(22,551)
PROFIT FOR THE PERIOD		**26,840**	**39,589**	**57,993**
Attributable to:				
• owners of Ingenico S.A.		26,840	39,575	56,489
• non-controlling interests		-	14	1,504
EARNINGS PER SHARE (in euros)	23			
Net earnings				
• Basic earnings per share		**0.58**	**0.81**	**1.11**
• Diluted earnings per share		**0.56**	**0.80**	**1.09**

II. Consolidated statements of comprehensive income

For the years ended December 31, 2009, 2010 and 2011

(in thousands of euros)	Notes	2009	2010	2011
PROFIT FOR THE PERIOD ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS		**26,840**	**39,575**	**56,489**
Translation differences		4,682	17,214	4,279
Remeasurement of derivative hedging instruments at fair value (1)		2,528	(705)	2,202
Remeasurement of available-for-sale financial assets at fair value	9			
Actuarial gains/(losses) on defined benefit plans (2)	26	(3,426)	1,706	(3,804)
Share of gains/(losses) of associates recognized directly in equity		2	-	-
Income tax on gains/(losses) recognized directly in equity (3)		33	(354)	907
TOTAL GAINS/(LOSSES) RECOGNIZED DIRECTLY IN EQUITY AND ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS		**3,820**	**17,861**	**3,584**
Total comprehensive income attributable to Ingenico S.A. shareholders		30,660	57,437	60,073
Total comprehensive income attributable to non-controlling interests			-	1,504
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**30,660**	**57,437**	**61,577**

2011 :

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

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

(3) Breakdown of income tax recognized in equity:

- Taxes on translation differences: €686,000
- Taxes on gains or losses on hedging instruments: €-758,000
- Taxes on actuarial gains or losses on defined benefits plans: €980,000

2010 :

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

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

(3) Breakdown of income tax recognized in equity:

- Taxes on translation differences: €-111,000
- Taxes on gains or losses on hedging instruments: €243,000
- Taxes on actuarial gains or losses on defined benefits plans: €-486,000

2009 :

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

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

(3) Breakdown of income tax recognized in equity:

- Taxes on translation differences: €-90,000
- Taxes on gains or losses on hedging instruments: €-870,000
- Taxes on actuarial gains or losses on defined benefits plans: €993,000

III. Consolidated balance sheets

For the years ended December 31, 2009, 2010 and 2011

ASSETS (in thousands of euros)	Notes	2009	2010	2011
NON-CURRENT ASSETS				
Goodwill	12	414,228	466,260	529,022
Other intangible assets	12	166,549	156,810	151,952
Property, plant and equipment	13	33,075	31,275	34,224
Investments in equity-accounted investees	14	6,787	21,116	18,265
Financial assets	15	3,567	4,561	4,667
Deferred tax assets	11	23,341	22,883	23,502
Other non-current assets	16	14,730	20,460	20,353
TOTAL NON-CURRENT ASSETS		**662,277**	**723,365**	**781,985**
CURRENT ASSETS				
Inventories	17	74,230	105,497	94,899
Trade and related receivables	18	225,327	254,123	335,329
Other current assets	20	5,825	7,440	11,209
Current tax assets	20	9,456	10,582	9,359
Derivative financial instruments	25	3,433	3,461	6,861
Cash and cash equivalents	24	91,205	158,937	347,602
Assets classified as held for sale	21	-	-	-
TOTAL CURRENT ASSETS		**409,475**	**540,040**	**805,259**
TOTAL ASSETS		**1,071,752**	**1,263,405**	**1,587,244**

EQUITY AND LIABILITIES (in thousands of euros)		2009	2010	2,011
Share capital		48,638	51,512	51,980
Share premium account		380,320	382,517	394,796
Retained earnings and other reserves		67,677	97,250	158,160
Translation reserve		(3,547)	14,288	18,551
EQUITY ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS	22	**493,088**	**545,567**	**623,487**
NON-CONTROLLING INTERESTS		**-**	**-**	**7,096**
TOTAL EQUITY		**493,088**	**545,567**	**630,583**
NON-CURRENT LIABILITIES				
Long-term loans and borrowings	24	215,370	228,775	427,563
Provisions for retirement benefit obligations	26	10,415	8,650	12,785
Other provisions	27	13,013	20,109	22,276
Deferred tax liabilities	11	43,289	39,123	43,696
Other non-current liabilities	28	10,385	15,531	11,869
TOTAL NON-CURRENT LIABILITIES		**292,472**	**312,188**	**518,189**
CURRENT LIABILITIES				
Short-term loans and borrowings	24	20,275	39,228	29,691
Other provisions	27	12,068	14,030	11,184
Trade and related payables	29	188,162	267,730	297,332
Other current liabilities	31	47,758	73,813	79,855
Current tax liabilities	30	17,124	8,633	16,640
Derivative financial instruments	25	806	2,216	3,770
Liabilities classified as held for sale	21	-	-	-
TOTAL CURRENT LIABILITIES		**286,193**	**405,650**	**438,472**
TOTAL LIABILITIES		**578,665**	**717,838**	**956,661**
TOTAL EQUITY AND LIABILITIES		**1,071,752**	**1,263,405**	**1,587,244**

IV. Consolidated cash flow statements

For the years ended December 31, 2009, 2010 and 2011

(in thousands of euros)	2009	2010	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year	26,840	39,589	57,993
Adjustments for:			
• Share of profits of equity-accounted investees	283	1,671	3,198
• Income tax expense / (income)	18,121	22,715	22,551
• Depreciation, amortization and provisions	41,104	84,769	51,318
• Change in fair value	(3,076)	2,787	152
• Gains / (losses) on disposal of assets	1,106	(8,490)	980
• Net interest costs	322	9,241	21,545
• Share-based payment expense	6,663	5,611	4,291
• Interest paid	(3,836)	(12,106)	(12,248)
• Income tax paid	(12,733)	(38,763)	(25,665)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL	**74,794**	**107,024**	**124,115**
Change in working capital			
• Inventories	2,578	(22,902)	15,795
• Trade and other receivables	(15,808)	(13,338)	(72,249)
• Trade and other payables	11,437	52,410	26,485
CHANGE IN NET WORKING CAPITAL	(1,794)	16,170	(29,969)
NET CASH FROM OPERATING ACTIVITIES	**73,000**	**123,194**	**94,146**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-current assets	(23,161)	(24,085)	(34,745)
Proceeds from sale of non-current assets	131	879	373
Acquisition of subsidiaries, net of cash acquired	(165,778)	(57,993)	(80,509)
Disposal of subsidiaries, net of cash disposed of	27,752	2,653	-
Short-term investments	4,716	(524)	534
Loans and advances granted	(778)	(665)	(742)
Loan repayments received	2,582	650	739
Interest received	3,834	3,245	7,069
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(150,702)**	**(75,840)**	**(107,281)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital issues	2,133	4,895	400
Purchase/(sale) of own shares	2,088	(5,859)	(6,857)
Proceeds from loans and borrowings	210,741	34,257	462,508
Repayment of loans and borrowings	(190,995)	(5,934)	(258,719)
Changes in other financial liabilities	(3,648)	-	-
Changes in the fair value of hedging instruments	(1,566)	-	(273)
Dividends paid	(4,310)	(9,404)	(5,259)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**14,442**	**17,955**	**191,800**
Effect of exchange rates fluctuations	(508)	3,819	3,709
Financial asset reclassified to cash equivalents	1,083	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	**(62,684)**	**69,128**	**182,374**
Cash and cash equivalents at beginning of the year	139,112	76,430	145,557
Cash and cash equivalents at year end (1)	76,430	145,557	327,931

Comments:

	2009	2010	2011
(1) **CASH AND CASH EQUIVALENTS**			
UCITS (only portion classified as cash)	24,635	22,712	86,724
Cash on hand	66,570	136,225	260,878
Bank overdrafts (included in short-term borrowings)	(14,775)	(13,380)	(19,671)
TOTAL CASH AND CASH EQUIVALENTS	**76,430**	**145,557**	**327,931**
UCITS (portion classified as other investments) designated as at fair value through profit or loss	-	-	-
Available-for-sale assets	-	-	-
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	**76,430**	**145,557**	**327,931**

V. Consolidated statements of changes in equity

For the years ended December 31, 2009, 2010 and 2011

(in thousands of euros)	Share capital	Issue and contribution premiums	Translation réserve	Effective portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total equity attributable to Ingenico S.A. shareholders	Minority interests	Total equity
BALANCE AT JANUARY 1, 2009	**47,793**	**371,538**	**(8,230)**	**(976)**	**(27,297)**	**72,273**	**455,101**	**-**	**455,101**
Dividends paid to shareholders (1)						(4,310)	(4,310)		(4,310)
Stock dividends paid to shareholders (2)	597	6,654				(7,251)	-		-
Treasury shares (3)					2,141	(37)	2,104		2,104
Share-based payments and exercise of stock options (4)	248	2,408				6,877	9,533		9,533
Total gains/(losses) recognized for the period			4,683	1,657		24,320	30,660		30,660
Other		(280)				280	-		-
BALANCE AT DECEMBER 31, 2009	**48,638**	**380,320**	**(3,547)**	**681**	**(25,156)**	**92,152**	**493,088**	**-**	**493,088**
Dividends paid to shareholders (1)						(9,404)	(9,404)		(9,404)
Stock dividends paid to shareholders (2)	290	4,601				(4,891)	-		-
Treasury shares (3)					6,203	(12,425)	(6,222)		(6,222)
Share-based payments and exercise of stock options (4)	217	1,858				6,179	8,254		8,254
Reduction of capital (5)	(250)	(4,059)			4,309		-		-
Increase in capital reserved to employees (5)	172	2,241					2,414		2,414
Increase in capital – free shares (5)	2,445	(2,445)					-		-
Total gains/(losses) recognized for the period			17,214	(462)		40,685	57,437		57,437
Other			623			(623)	-		-
BALANCE AT DECEMBER 31, 2010	**51,512**	**382,516**	**14,290**	**219**	**(14,644)**	**111,672**	**545,567**	**-**	**545,567**
Dividends paid to shareholders (1)						(5,260)	(5,260)		(5,260)
Stock dividends paid to shareholders (2)	439	12,065				(12,504)	-		-
Treasury shares (3)					(3,038)	(2,504)	(5,542)		(5,542)
Share-based payments and exercise of stock options (4)	29	213				3,117	3,359	42	3,401
Equity component of OCEANE, net amount (5)						24,256	24,256		24,256
Acquisition of additional interest in Landi (6)						1,788	1,788		1,788
Acquisition of Xiring (7)							-	5,550	5,550
Discounting effect of put option Landi (8)						(754)	(754)		(754)
Total gains/(losses) recognized for the period			4,279	1,444		54,350	60,073	1,504	61,577
Other							-		-
BALANCE AT DECEMBER 31, 2011	**51,980**	**394,794**	**18,569**	**1,663**	**(17,682)**	**174,161**	**623,487**	**7,096**	**630,583**

<u>2011</u>

(1) Cash dividend paid on May 30, 2011.

(2) Stock dividend through capitalization of reserves and issuance of 439.205 new shares.

(3) At January 1, 2011, the Company held 875.443 treasury shares. At December 31, 2011, the Company held 868.484 treasury shares bought back by virtue of authorizations granted at shareholders' meetings.

(4) Share-based payments:

- The increase in retained earnings and other reserves reflects fair value adjustments to free share awards recognized each year in administrative expenses, as part of profit from operations, after deduction of €10,000 in deferred tax assets.
- The increase in share capital and issue and contribution premiums reflects the exercise of stock options.

(5) Represents the equity component of the convertible bond, i.e. €36,993,000, after deduction of €12,737,000 in deferred taxes.

(6) On September 22, 2011, Ingenico Holding Asia (formerly Autogain Hong Kong) acquired an additional 10% stake in Landi. The net effect of the subsequent renegotiation of the Landi put option was to increase equity by €1.8 million.

(7) Pertains to the 8.19% of "non-controlling interests" at the time of the Xiring acquisition on December 5, 2011.

(8) On September 22, 2011, the put option on Landi shares was renegotiated to apply to the remaining 22% held by minority shareholders.

The unwinding of the discount on this put was recognized as a €0.8 million financial expense for the year.

<u>2010</u>

(1) Cash dividend paid on June 15, 2010.

(2) Stock dividend through capitalization of reserves and issuance of 290.272 new shares.

(3) At January 1, 2010, the Company held 1.361.958 treasury shares. At December 31, 2010, the Company held 875.443 treasury shares bought back by virtue of authorizations granted at shareholders' meetings.

(4) Share-based payments:

- The increase in retained earnings and other reserves reflects fair value adjustments to stock options and free share awards recognized each year in administrative expenses as part of profit from operations.
- The increase in share capital and issue and contribution premiums reflects the exercise of stock options.

(5) Refer to Note 22, Total equity.

2009

(1) Cash dividend paid on June 17, 2009. Cash and stock dividends paid on the basis of €0.25 per share.

(2) Stock dividend through capitalization of reserves and issuance of 597,274 new shares.

(3) At January 1, 2009, the Company held 1,624,290 treasury shares. At December 31, 2009, the Company held 1,361,958 treasury shares bought back by virtue of authorizations granted at shareholders' meetings.

(4) Share-based payments:

- The increase in retained earnings and other reserves reflects fair value adjustments to stock options and free share awards recognized each year in administrative expenses as part of profit from operations, including €211,000 in deferred tax assets.
- The increase in share capital and issue and contribution premiums reflects the exercise of stock options.

Index of notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. The Group

The accompanying consolidated financial statements present the operations and financial position of the company Ingenico S.A. (hereinafter referred to as “the Company”) and its subsidiaries, as well as the Group’s share of the profit or loss of associated companies and joint ventures (together referred to as “the Group”). Ingenico S.A. is a company incorporated under French law whose securities are traded on a regulated market, with its registered office in Neuilly-sur-Seine.

The consolidated financial statements were authorized for by the Board of Directors on February 23, 2012. They will be submitted for approval by the shareholders at their Annual Shareholders’ Meeting of May 3, 2011.

2. Accounting principles and methods

In compliance with Regulation (EC) No. 1606/2002 of July 19, 2002 as amended by Regulation (EC) No. 297/2008 of March 11, 2008, the consolidated financial statements for the year ended December 31, 2011 were drawn up in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union at December 31, 2011. These standards are available on the European Commission’s website : http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The new standards, amendments and interpretations in effect at January 1, 2011 and which concern the Group are as follows:

- Revised IAS 24, *Related Party Disclosures*
- The amendments to IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*
- The amendment to IFRS 1, *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*
- The amendment to IAS 32, *Classification of Rights Issues*
- The amendments to the following standards included within the Annual Improvements to IFRSs issued in May 2010:
  - IAS 1, *Presentation of Financial Statements*
  - IAS 27, *Consolidated and Separate Financial Statements*
  - IAS 34, *Interim Financial Reporting*
  - IFRS 3, *Business combinations*
  - IFRS 7, *Financial Instruments: Disclosures*
  - IFRIC 13, *Customer Loyalty Programs*
- IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*

The adoption of theses standards did not result in any significant changes in the presentation of the consolidated financial statements.

In preparing these consolidated financial statements, the Group did not apply in advance the amendments to IFRS 7, *Disclosures – Transfers of Financial Assets*, issued by the IASB (International Accounting Standards Board) and adopted by the European Union at December 31, 2011, which are not yet mandatory.

Nor did the Group apply in advance the amendments to IAS 1, *Presentation of Financial Statements,* issued by the IASB but not yet adopted by the European Union at December 31, 2011.

The adoption of these amendments at a subsequent date is not expected to have a significant impact on the consolidated financial statements of the Group.

Basis of preparation

The financial statements are presented in euros, the Group's presentation currency. Unless otherwise indicated, all amounts are rounded to the nearest thousand.

The financial statements were prepared on a historical cost basis, except for the following assets and liabilities, stated at fair value: derivative financial instruments, cash and cash equivalents, bank overdrafts, remeasurement to fair value of assets and liabilities of entities when the Group takes control.

Non-current assets and disposal groups classified as held for sale are recognized at the lower of their carrying amount or their fair value less costs to sell.

The preparation of these financial statements requires Group management to make assumptions and estimates affecting the application of the accounting methods, and the reported amounts of assets, liabilities, income and expenses. The estimates take account of economic information which may change in the future and which are uncertain. Such estimates with the most significant effect concern asset impairment tests and the measurement of provisions; the methods and assumptions used in identifying intangible assets acquired as part of business combinations; the determination of the useful lives of intangible assets; the estimation of provisions, especially for litigation; assets and liabilities in the context of finance lease contracts; the assumptions used in recognizing deferred tax assets; and, in respect of revenue recognition, the allocation of revenue in proportion to the value of specific components of a multiple-element agreement; revenue presentation as gross or net in respect of service activities.

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 is defined as the power to govern the financial and operating policies of an entity directly or indirectly 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 included in the consolidated financial statements from the date at which the Company gains 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. The consolidated financial statements include the Group's share of the profit or loss and of the other comprehensive income of all associates accounted for 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 in the associate's losses or make payments on behalf of the associate.

Jointly controlled operations

A jointly controlled operation is a joint venture operated by the Group and one or more other parties under the terms of a contractual agreement. As allowed by IAS 31 “Interests in Joint Ventures”, Ingenico has opted to account for such entities using the equity method.

Transactions eliminated in the consolidated financial statements

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

Transactions in foreign currency

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

Foreign currency monetary assets and liabilities are translated at closing exchange rates.

Monetary assets and liabilities 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 assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Any resulting unrealized exchange gains or losses are reported in profit or loss for the period.

Translation of financial statements

The consolidated financial statements are presented in euros.

Assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on acquisitions are translated into euros at the exchange rate on the reporting date, except for shareholders’ equity, which is stated at historical rates. Income and expenses of foreign operations 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 reserve”.

The translation rates for the main currencies used by the Group in 2009, 2010 and 2011 are as follows:

Closing rate	**2009**	**2010**	**2011**
U.S. Dollar	1.4406	1.3362	1.2939
Canadian Dollar	1.5128	1.3322	1.3215
Australian Dollar	1.6008	1.3136	1.2723
British Pound	0.8881	0.8608	0.8353
Brazilian Real	2.5113	2.2177	2.4159
Chinese Yuan	9.8350	8.8220	8.1588

Average rate	**2009**	**2010**	**2011**
U.S. Dollar	1.3933	1.3268	1.3917
Canadian Dollar	1.5852	1.3665	1.3756
Australian Dollar	1.7749	1.4442	1.3482
British Pound	0.8910	0.8582	0.8678
Brazilian Real	2.7706	2.3344	2.3259
Chinese Yuan	9.5174	8.9805	8.9961

Hedging

Cash flow hedges

When a derivative financial instrument is designated as a hedging instrument whose cash flows are expected to offset changes in the cash flows of a highly probable forecast transaction, the Group uses hedge accounting. The effective portion of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income until the hedged item itself is recognized in profit or loss. The effective portion is then recognized in profit or loss. The ineffective portion of any gain or loss is recognized in profit or loss for the period.

Any hedging relationship must be highly effective at the outset and during the entire period of the hedging relationship. Changes in the hedging instrument and the hedged item must offset each other.

The hedging instrument is deemed to be highly effective when it is within a range of 80 % to 125 % on a cumulative basis. At each reporting date, effectiveness is assessed.

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

- Interest rate differentials between the hedging instrument's reference currency and the euro over the hedge period (in forward points),
- Differentials between the notional amount of the hedging instrument and the notional or principal amount of the hedged item,
- Differentials between residual maturities or dates on which interest rates are reset for the hedging instrument and the hedged item.

Even in the case of hedging relationships that are "highly effective", the impact of any hedge ineffectiveness is recognized in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, or if a forecast transaction involving a non-financial asset or liability becomes a firm commitment measured at fair value, 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 liability, the associated gains or losses that were recognized directly in other comprehensive income are reclassified to profit or loss for the same period or periods during which the asset or liability affects profit or loss.

When the hedging instrument expires or is sold, terminated or exercised, or when the Group revokes the designation as a hedging relationship, but still expects the forecast transaction to occur, the cumulative gain or loss at that date remains in equity and is recognized when the transaction occurs, using the method previously described. When the Group no longer expects the hedged transaction to occur, the unrealized cumulative gain or loss that was recognized in equity is immediately recognized in profit or loss.

Hedge of monetary items

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

Derivative financial instruments

The Group uses derivative financial instruments to hedge its foreign exchange and interest rate exposure arising from its operating, financing and investing activities. Those instruments are initially measured at fair value, i.e. the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Except for in the hedging relationships described above, any gain or loss from remeasuring the instruments at fair value are recognized in profit or loss as financial income or expenses at the reporting date.

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

The fair value of interest rate options is the present value of the estimated payments that would be received from the counterparty, and is equal to the difference between the strike price and the forward rates over the life of the option.

Property, plant and equipment

Assets owned by the Group

Property, plant, and equipment, are stated 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 all other directly attributable costs that are necessary for the asset to be capable of operating in the manner intended by management.

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

Finance leases

Leases that transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. This requires a restatement so that the leased property is recognized as an asset at an amount equal to its fair value or, if lower, at the present value of the minimum lease payments, less accumulated depreciation and impairment losses, while the corresponding financial debt is recognized as a liability. The asset is depreciated over the lease term or its estimated useful life, whichever is shorter.

In the course of business, the Group may supply payment terminals to its customers under agreements classified as finance leases (with Ingenico as lessor). Those terminals may be refinanced by the Group under finance leases (with Ingenico as lessee). At the commencement of such leases, the purchase and the sale of the terminals are recorded at the present value of the estimated future lease payments and receipts, and financial asset and liability are recognized. Financial income and expenses are recognized over the lease term.

Leases for certain terminals may also include the provision of equipment maintenance and/or payment transaction management services. In such cases, revenue recognition is separated into an equipment component, with revenue recognized upon equipment delivery, and a service component, with recurring revenues recognized on a straight-line basis over the lease term.

Depreciation

Depreciation is computed using the straight-line method over the estimated useful life of each type of item.

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

• Buildings	30 years
• Building improvements	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

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized, but is tested annually for impairment, as described in the section on "Impairment of assets". In respect of associates or jointly controlled operations accounted for using the equity method, the carrying amount of goodwill is included in the carrying amount of the investment in the associate or jointly controlled operation.

As of January 1, 2011, put options over non-controlling interests in Group subsidiaries are initially recognized as a financial liability for the present value of the exercise price, with a corresponding entry in Equity attributable to Ingenico S.A shareholders. The unwinding of the discount to that liability and the effect of any changes in estimates are recognized in Equity attributable to Ingenico S.A shareholders. The share of subsequent profit or loss attributable to minority shareholders is recognized in Equity attributable to non-controlling interests, as is the share of dividends payable to minority shareholders.

Put options written in connection with business combinations completed prior to January 1, 2011 were initially recognized as a liability, with a corresponding adjustment to goodwill. The unwinding of the discount to that liability is recognized as a financial expense, while the effect of any changes in estimates is recognized in goodwill.

Business combinations are now recognized as follows:

- Identifiable assets and liabilities acquired are measured at fair value at the date of acquisition, i.e. the date on which control is transferred to the Group.
- A non-controlling interest in an acquiree is measured either at fair value or at the Group's proportionate share of the acquiree's identifiable net assets. This accounting policy choice may be made on a transaction by transaction basis for any business combination.

Transaction costs are recognized in Other operating expenses as incurred.

Contingent consideration is measured at fair value at acquisition date. Subsequently, it is remeasured at fair value at each reporting date. After the expiry of one year from the acquisition date, changes in fair value are recognized in profit or loss. During the first year, changes in fair value resulting from circumstances arising after the acquisition date are also recognized in profit or loss. Other changes affect goodwill.

At the acquisition date, goodwill corresponds to the difference between:

- the fair value of the consideration transferred, plus the recognized amounts of any non-controlling interests in the acquiree, and, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, remeasured at the acquisition date (a change being recognized in profit or loss, in other operating income and expenses), and,
- the net recognized amount of identifiable assets acquired and liabilities assumed at the acquisition date.

Recognition of non-controlling interests:

Under IAS 27R, acquisitions of non-controlling interests are accounted for as transactions with owners acting in their capacity as owners, and therefore no goodwill is recognized as a result of such transactions. Adjustments for non-controlling interests are determined on the basis of the proportionate share of the net assets of the subsidiary.

Subsequent changes in the fair value of share purchase commitments (put options):

Subsequent changes in the fair value of the financial debt that is due to changes in expected future cash flows are recognized in equity.

When IFRS 3R came into effect, no adjustments were made to the assets acquired and liabilities assumed in business combinations completed before the effective date for the revised standard.

Research and development

Research costs are expensed as incurred.

The costs of development activities, i.e. costs related to the application of research findings to a plan or design for the production of new or substantially improved products or processes are capitalized if the Group can demonstrate:

- that the product or process is technically feasible, that it intends to complete it and that it is able to put it into service or to sell it;
- that sufficient technical, financial or other resources are available to complete the development and to put it into service or to sell it;
- that it is able to reliably measure the development costs of the asset and
- that the asset will generate probable future economic benefits (through the existence of a market or a use within the Group).

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

Capitalized development costs are stated at cost less accumulated amortization and impairment losses.*Other intangible assets*

Licenses, brand names, customer contracts, software and user rights over which the Group has full ownership, as well as software developed for internal use that has a positive, lasting and measurable impact on future results are capitalized and amortized over their estimated useful lives, unless such lives are indefinite. Other intangible assets are stated at cost less accumulated amortization and impairment losses.

Subsequent expenditure

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

Amortization

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

Goodwill, intangible assets under development and intangible assets with indefinite useful lives are not amortized, but are rather tested for impairment as described in the section on “Impairment of assets”. 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 7 years
- Licences 3 years
- Customer relationships 5 to 12 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.

Other investments

In accordance with IAS 39, financial instruments classified as investments are accounted for based on the category into which they fall. Any unrealized gain or loss arising from the investment is recognized either directly in profit or loss, or temporarily in equity until the instrument is disposed of/ derecognized.

UCITS that do not meet the criteria of IAS 7 are classified as other investments.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, together with short-term, highly liquid investments that are easily convertible to a known amount of cash, that are subject to an insignificant risk of changes in value, and which maturity is close. It also includes UCITS that meet the criteria of 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 reporting 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 reporting date, or more often if there is any indication of impairment.

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 profit or loss, in other operating expenses.

An impairment loss recognized in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the unit’s other assets on a pro-rata basis, based on the carrying amount of each asset in the unit.

Calculation of the recoverable amount

Financial assets

The recoverable amount of the Group's held-to-maturity 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 of the asset.

Non- financial assets

The recoverable amount of all other assets is the greater of their fair value less costs to sell and its 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 can not be reversed once it has been recognized.

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

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

Share capital

Treasury shares

Own shares acquired by Ingenico are classified as treasury shares, and their acquisition cost is deducted from equity.

Dividends

Dividends are recognized as a liability in the period in which they are declared and until they are paid.

Net debt

Net debt is defined as short- 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 items included in net financial liabilities.

Compound financial instruments

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

The fair value of the liability classified as long-term debt was calculated using the average market rate for a bond that does not have an equity conversion option. The difference between the nominal 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 the issue 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 a conversion feature. The interest expense recognized in the income statement is calculated using the effective interest method.

A debt instrument or financial liability represents a contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial instruments with another entity under conditions that are potentially unfavorable.

An equity instrument is a contract resulting in a residual interest in an entity after deducting all of its liabilities (net assets).

The shares issued by Ingenico qualify as equity within the meaning of IAS 32 and are accounted for as such in the 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, using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts.

Amortized cost is the amount at which the financial liability is initially measured (minus transaction costs), plus the interest expense calculated using the effective interest method, minus cash outflows (coupon payments, principal repayments and any debt premiums). Accrued interest (payable or receivable) is not recognized at the coupon rate, but using the effective interest rate for the instrument.

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; it is determined by the difference between the discounted present value of the obligation and the fair value of any plan assets.

The amount of the Group's obligation is determined by calculating the amount of future benefits due to employees at retirement and performing an actuarial valuation of the projected future salary levels and the number of years of service of active employees estimated to be part of the plan at the time of retirement. The ratio of years of service at the valuation date to years of service at the time of retirement is calculated to determine the Group's obligation at the valuation date.

The discount rate applied is the yield at the reporting date on government bonds with terms consistent with those of the Group's obligations. Calculations are performed by independent actuaries using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is 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 profit or loss.

Ingenico applies the revised version of IAS 19. Consequently, all actuarial gains and losses are recognized in equity, in other comprehensive income.

Long-term benefits

The Group's net obligation in respect of long-term benefits 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 the reporting date on government bonds with terms consistent with those of the Group's obligations. Actuarial gains and losses on long-term benefits are recognized in profit or loss.

Share-based payments

The fair value of the options and free share awards is recognized in payroll costs, with a corresponding increase in equity. Fair value is measured at the grant date and is expensed over the vesting period. The fair value of the options and free shares granted is measured by an independent actuary using standard measurement techniques which are adapted to the specific characteristics of each plan as defined at the grant date (using the Black-Scholes and/or the Monte-Carlo models). The amount recognized as an expense is adjusted to reflect the actual number of options vested.

Provisions

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

Litigation and claims

Provisions for litigation and claims are recognized when the Group has a current obligation in respect of litigation in progress, administrative inquiries, disputed proceedings and other claims arising from past events not yet settled, and that it is probable that an outflow of economic benefits, which can be reliably estimated, will be required to settle the obligation. The Group obtains legal advice to assess the probability of the outcomes and to measure the provisions for litigation and claims.

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.

Provisions are not recognized for future operating costs.

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 reporting 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 when the customer has the right to cancel the purchase, or when the Group has continuing management involvement with the goods.

For certain services, the Group determines whether it is acting as principal or as agent, using the criteria of IAS 18, such as the responsibility for the rendering of the service, inventory risk, price-setting, and credit risk. The analysis is made on the basis of a review of the operating model for the supply and sale of the services, in particular the sale and/or purchase agreements. When it is determined that the Group acts as agent in respect of the provision of services, the revenue recognized is restricted to the net margin on the provision of the services. When it is determined that the Group acts as principal, revenue is recognized on a gross basis.

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 using the effective interest method.

Expenses

Operating lease payments

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

Finance lease payments

Minimum finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant interest rate 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, litigation expenses, transaction costs of business combinations, goodwill and other asset impairment losses, and the remeasurement to fair value of a prior investment in an entity when the Group acquires control i.e. a business combination implemented through a step acquisition.

Net finance costs

Net finance costs include interest payable on borrowings calculated using the effective interest method (see above, Interest-bearing borrowings), 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 consist of foreign exchange gains and losses, but also include remeasurements of financial instruments as well as gains or losses on disposals of financial instruments.

Income tax

Income tax expense (credit) includes current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to a business combination or 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 substantively enacted at the reporting date; (ii) any adjustment to the amount of current tax payable in respect of previous periods and (iii) all other taxes calculated on a net amount of revenue and expenses.

Deferred tax is determined using the 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) initial recognition of goodwill, (ii) temporary differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future and (iii) the initial recognition of an asset or liability in a transaction which is not a business combination, which affects neither the accounting nor the taxable result. 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 substantively enacted at the reporting 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 it can be utilized. This assessment is made principally on the basis of the following criteria:

- Realization of taxable profits before the expiry of tax losses;
- Existence of sufficient temporary differences in the same tax jurisdiction and taxable entity which will result in taxable income against which the tax losses may be utilized;
- Non-recurring nature of the reasons for the existence of the tax losses;
- Tax planning measures permitting the entity to generate taxable income before the expiry of the tax losses.

Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available.

New tax regulations effective from January 1, 2010 in France

The 2010 Finance Act passed by the French Parliament on December 30, 2009 introduced a new tax called the “Contribution Economique Territoriale” (CET) to replace the previous local business tax (“Taxe Professionnelle”). The CET has two components: the “Contribution Foncière des Entreprises” (CFE – Levy on Property Rental Value) and the “Cotisation sur la Valeur Ajoutée des Entreprises” (CVAE – Levy on Value Added by Businesses).

This change has led the Group to reexamine the accounting treatment of taxes in France in respect of IFRS, in particular IAS 12, Income Taxes. The Group has decided to classify the CVAE component as income tax for the following reasons:

- the basis of the calculation of the CVAE complies with the definition of an income tax given by IFRIC, in that it is calculated on a net amount of revenue and expense, which may be different from profit as shown in the income statement;
- in order to ensure consistency with the treatment of similar foreign taxes.

Segment reporting

A segment is a component of the Group that produces revenues and whose results are identified by the Group’s internal reporting system.

As the Group operates principally in the business segment of payment terminal sales, its segment reporting can only be made by the Regions and Central Operations which are the only profit centers with detailed performance measurements.

Revenue earned and costs incurred in the course of operations by the reportable segments are allocated to the relevant segment. These revenue and cost are directly attributed to the relevant segment.

Non-current assets held for sale and discontinued operations

Non-current assets and groups of assets held for sale are recognized at the lower of the carrying amount and fair value less costs to sell.

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 from subsequent remeasurement. 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.

Earnings per share

The Group reports both basic and diluted earnings per share on its ordinary shares. Basic earnings per share are calculated by dividing the net profit or loss attributable to Ingenico S.A. shareholders by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares held as treasury shares. Diluted earnings per share are calculated by adjusting the net profit or loss attributable to Ingenico S.A. shareholders and the weighted average number of ordinary shares outstanding, excluding treasury shares, to take into account the effect of all potentially dilutive ordinary shares, including employee stock options and free share awards, as well as shares that may be issued in connection with the conversion of convertible bonds.

3. Definition of financial asset and liability by categories

	2011							
Asset and liability categories (in thousands of euros)	**Assets & liabilities measured at fair value through profit or loss (FV option)**	**Assets & liabilities measured at fair value recognized in Held-to maturity investments**	**Available for sale assets**	**Loans and receivables**	**Liabilities at amortized cost**	**Derivative instruments designated as hedging future cash flows**	**Total net carrying amount**	**Fair value of the asset or liability category**
Financial assets	-	-	780	3,910	-	-	4,690	4,690
Trade and other current receivables	-	-	-	314,567	-	-	314,567	314,567
Derivative financial instruments	958	-	-	-	-	5,903	6,861	6,861
Other non-current assets	-	-	-	18,079	-	-	18,079	18,079
Cash and cash equivalents	86,701	-	-	260,901	-	-	347,602	347,602
TOTAL FINANCIAL ASSETS	**87,659**	**-**	**780**	**597,457**	**-**	**5,903**	**691,799**	**691,799**
Bond loan (OCEANE)	-	-	-	-	213,637	-	213,637	213,637
Long-term loans	-	-	-	-	213,926	-	213,926	213,926
Other non-current liabilities	-	-	-	-	9,415	-	9,415	9,415
Short-term borrowings	-	-	-	-	29,691	-	29,691	29,691
Trade payables and other current liabilities	-	-	-	-	307,050	-	307,050	307,050
Derivative financial instruments	881	-	-	-	-	2,889	3,770	3,770
TOTAL FINANCIAL LIABILITIES	**881**	**-**	**-**	**-**	**773,719**	**2,889**	**777,489**	**777,489**

2010

Asset and liability categories (in thousands of euros)	Assets & liabilities measured at fair value through profit or loss (FV option)	Assets & liabilities measured at fair value recognized in Held-to maturity investments	Available for sale assets	Loans and receivables	Liabilities at amortized cost	Derivative instruments designated as hedging future cash flows	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	-	776	3,807	-	-	4,583	4,583
Trade and other current receivables	-	-	-	238,092	-	-	238,092	238,092
Derivative financial instruments	763	-	-	-	-	2,698	3,461	3,461
Other non-current assets	-	-	-	17,895	-	-	17,895	17,895
Cash and cash equivalents	22,712	-	-	136,225	-	-	158,937	158,937
TOTAL FINANCIAL ASSETS	**23,474**	**-**	**776**	**396,019**	**-**	**2,698**	**422,968**	**422,968**
Long-term loans	-	-	-	-	228,775	-	228,775	228,775
Other non-current liabilities	-	-	-	-	9,235	-	9,235	9,235
Short-term borrowings	-	-	-	-	39,228	-	39,228	39,228
Trade payables and other current liabilities	-	-	-	-	281,668	-	281,668	281,668
Derivative financial instruments	387	-	-	-	-	1,829	2,216	2,216
TOTAL FINANCIAL LIABILITIES	**387**	**-**	**-**	**-**	**558,906**	**1,829**	**561,122**	**561,122**

2009

Asset and liability categories (in thousands of euros)	Assets & liabilities measured at fair value through profit or loss (FV option)	Assets & liabilities measured at fair value recognized in Held-to maturity investments	Available for sale assets	Loans and receivables	Liabilities at amortized cost	Derivative instruments designated as hedging future cash flows	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	-	306	3,285	-	-	3,591	3,591
Trade and other current receivables	-	-	-	206,525	-	-	206,525	206,525
Derivative financial instruments	926	-	-	-	-	2,507	3,433	3,433
Other non-current assets	-	-	-	13,668	-	-	13,668	13,668
Cash and cash equivalents	24,635	-	-	66,570	-	-	91,205	91,205
TOTAL FINANCIAL ASSETS	**25,561**	**-**	**306**	**290,048**	**-**	**2,507**	**318,421**	**318,421**
Long-term loans	-	-	-	-	215,370	-	215,370	215,370
Other non-current liabilities	-	-	-	-	6,571	-	6,571	6,571
Short-term borrowings	-	-	-	-	20,275	-	20,275	20,275
Trade payables and other current liabilities	-	-	-	-	182,342	-	182,342	182,342
Derivative financial instruments	5	-	-	-	-	801	806	806
TOTAL FINANCIAL LIABILITIES	**5**	**-**	**-**	**-**	**424,557**	**801**	**425,363**	**425,363**

Fair value hierarchy

The objective criteria used for analyzing financial instruments by valuation method are based on the definition of fair value levels under IFRS 7.

Financial instruments carried at fair value subsequent to their recognition are analyzed by level, as follows:

- Assets and liabilities measured at fair value through profit or loss
- Available-for-sale assets
- Qualifying cash flow hedges

The fair value hierarchy is as follows:

- Inputs used are (non-adjusted) quoted market prices in active markets for identical assets or liabilities (Level 1).
- Inputs used are inputs other than quoted market prices, as in Level 1, that are observable either directly, by reference to prices for similar assets and liabilities quoted in active markets, or indirectly, by reference to inputs derived from quoted markets prices (Level 2).
- Valuation techniques based on non-observable inputs are used (Level 3).

Financial instruments of this class of assets and liabilities can correspond to any of the three levels of fair value set out below for 2009, 2010 and 2011.

There were no financial instruments in Level 3. The company did not make any transfers between the levels in 2009, 2010 or 2011.

(in thousands of euros)	2011 Total	Level 1	Level 2
FINANCIAL ASSETS AT FAIR VALUE, INCLUDING:			
Assets classified as held for sale	780	-	780
Derivative financial instruments [1]	6,861	-	6,861
Cash and cash equivalents	86,701	86,701	-
TOTAL ASSETS	**94,342**	**86,701**	**7,641**
Financial liabilities at fair value, including:			
Derivative financial instruments [1]	3,770	-	3,770
TOTAL LIABILITIES	**3,770**	**-**	**3,770**

[1] Derivative financial instruments are assets and liabilities measured at fair value through profit or loss or qualifying cash flow hedges.

(in thousands of euros)	2010 Total	Level 1	Level 2
FINANCIAL ASSETS AT FAIR VALUE, INCLUDING:			
Assets classified as held for sale	776	-	776
Derivative financial instruments [1]	3,461	-	3,461
Cash and cash equivalents	22,712	22,712	-
TOTAL ASSETS	**26,949**	**22,712**	**4,237**
Financial liabilities at fair value, including:			
Derivative financial instruments [1]	2,216	-	2,216

(in thousands of euros)	2009 Total	Level 1	Level 2
FINANCIAL ASSETS AT FAIR VALUE, INCLUDING:			
Assets classified as held for sale	306	-	306
Derivative financial instruments [1]	3,433	-	3,433
Cash and cash equivalents	24,635	24,635	-
TOTAL ASSETS	**28,374**	**24,635**	**3,739**
Financial liabilities at fair value, including:			
Derivative financial instruments [1]	806	-	806
TOTAL LIABILITIES	**806**	**-**	**806**

4. Financial risk management

4.1 Liquidity and counterparty risks

Liquidity risk is managed at Group level by the Treasury Department. This centralized approach makes it possible to use cash surpluses generated in one part of the Group to cover cash needs elsewhere before having to raise funds in the financial market.

Ingenico's financing policy is always to have sufficient liquidity available to meet the Group's investing and working capital requirements, while maintaining a satisfactory relationship between its assets and resources in terms of maturities, currencies and interest rates.

Financial assets at December 31, 2011

At December 31, 2011, the Group's principal financial assets were the following:

- Cash and cash equivalents totaling €347.6 million
- Trade receivables totaling €296.2 million, related to the Group's normal operating cycle.

Counterparty risk is the risk of financial loss for the Group arising from failure by one of its customers or counterparties to a financial instrument to meet its contractual obligations. This risk could arise principally from trade receivables, other investments and bank counterparties.

The carrying amount of the Group's financial assets at the end of the period represents the Group's maximum exposure to credit risk. The Group's maximum exposure at December 31, 2011 was as follows:

(in thousands of euros)	2009	2010	2011
Cash and cash equivalents	91,205	158,937	347,602
Financial assets	3,591	4,583	4,690
Trade receivables	188,928	227,008	296,216
Finance lease receivables	25,654	25,828	29,893
Other operating receivables	5,217	2,823	5,970
Other current assets	218	179	316
Other non-current assets	175	147	251
Hedging derivative financial instruments (assets)	3,433	3,461	6,861
TOTAL	**318,421**	**422,968**	**691,799**

With respect to counterparty risk from trade receivables, a provision for a doubtful debt may be recognized in full or in part reflecting the probability of collection. Credit risk is monitored at Group level by Group Credit Management. The Group tracks customer credit at its subsidiaries on a monthly basis and provides in for any receivables it considers fully or partially uncollectible.

To protect against credit risk and reduce its exposure to non-payment, the Group determines the credit risk for each customer, and fixes specific credit limits and payment terms. Ingenico requires adequate guarantees in sensitive countries, for example in the form of letters of credit, with French banks acting as advising or even confirming banks.

Further information on trade receivables and provisions can be found in Note 18, Trade and related receivables.

Financial liabilities at December 31, 2011

The Group's ability to service its debt depends on its business performance and on its capacity to generate adequate cash from operations.

Cash flows of the parent company come from two principal sources:

1. Operating cash flows:

- The parent company places orders with external manufacturers and then resells the terminals to its subsidiaries at predetermined transfer prices.
- The parent company sells services and terminals directly to its customers.

2. Financial cash flows:
   - the Group has implemented cash pooling operations in the form of loans between the parent and its subsidiaries. This results in an inflow of cash towards Ingenico SA.
   - Ingenico S.A. receives dividends, depending on the ability of its subsidiaries to distribute a portion of their earnings.

If future cash flow proves to be insufficient, the Group might be obliged to:

- Reduce or delay new investments.
- Dispose of assets.
- Issue debt securities or new shares.
- Restructure or refinance all or part of its debt.

The Company has performed a specific review of its liquidity risk, and has concluded that it can repay its debt as it falls due. In particular, it considers that its future cash flows will be adequate to meet its debt repayment commitments and working capital requirements.

It should be noted that the Group:

- is able to generate significant cash flows for its investing requirements (see IV. Consolidated cash flow statements)
- has a revolving credit facility of €150 million and bilateral lines of credit totaling €28.5 million, none of which is currently utilized
- has a net debt at December 31, 2011 amounted to €109.7 million, and its debt ratios are not high, leaving its borrowing capacity intact.

The maturities of the Group's financial liabilities at December 31, 2011 were as follows:

	2011					
(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						
Bond loans	213,637	289,950	5,575	6,875	20,625	256,875
Bank borrowings	207,790	227,751	5,656	57,424	164,671	-
Finance lease obligations	9,584	9,584	3,576	2,281	3,727	-
Bank overdrafts	19,670	19,670	19,670	-	-	-
Other financial liabilities	6,573	6,573	6,455	-	118	-
Total	**457,254**	**458,242**	**35,270**	**57,280**	**365,692**	**-**
Derivative financial liabilities						
Exchange rate instruments	1,698	1,698	1,698	-	-	-
Interest rate instruments	2,072	2,072	2,072	-	-	-
Total	**3,770**	**3,770**	**3,770**	**-**	**-**	**-**

(in thousands of euros)	2010 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						
Bank borrowings	240,296	245,464	22,377	41,828	181,259	-
Finance lease obligations	13,482	13,482	4,558	4,036	4,887	-
Bank overdrafts	13,380	13,380	13,380	-	-	-
Other financial liabilities	845	845	697	21	127	-
Total	**268,003**	**273,170**	**41,012**	**45,885**	**186,273**	**-**
Derivative financial liabilities						
Exchange rate instruments	2,216	2,216	2,216	-	-	-
Interest rate instruments	-	-	-	-	-	-
Total	**2,216**	**2,216**	**2,216**	**-**	**-**	**-**

(in thousands of euros)	2009 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						
Bank borrowings	206,396	210,044	18,044	36,000	156,000	-
Finance lease obligations	13,922	13,922	4,905	3,747	5,261	9
Bank overdrafts	14,775	14,775	14,775	-	-	-
Other financial liabilities	552	552	552	-	-	-
Total	**235,645**	**239,293**	**38,276**	**39,747**	**161,261**	**9**
Derivative financial liabilities						
Exchange rate instruments	728	728	728	-	-	-
Interest rate instruments	78	78	78	-	-	-
Total	**806**	**806**	**806**	**-**	**-**	**-**

The Group considers that its exposure to banking counterparty risk is limited, as its banks are of premium standing and have the highest credit ratings.

At December 31, 2011, the Group’s financial liabilities comprised the following:

- A €360 million variable-rate syndicated loan facility put in place on August 5, 2011 to replace the former facility contracted in 2009 to finance the easycash acquisition. The facility is now structured as follows:
  - a first tranche of €210 million maturing on August 5, 2016, which was fully drawn down on August 10, 2011. This loan is repayable in installments beginning March 31, 2013: €26.3 million every six months until September 30, 2013, then €52.5 million per year until August 5, 2016.
  - a second tranche represented by a €150 million revolving credit facility redeemable at maturity, which had not been drawn down at December 31, 2011.
- €19.7 million in short-term bank overdrafts. The Group has also unutilized overdraft facilities totaling €28.5 million at the year-end.

- €16.2 million in finance lease obligations and other liabilities principally related to the Group’s sales contracts and the financing of terminals leased to customers.

- An issue of bonds with an option of conversion and/or exchange in new or existing Ingenico shares (OCEANES), with the dividend date of March 11, 2011 and due date of January 1, 2017. The nominal amount of the loan amounts to €250 million and it is represented by 6,677,350 bonds at a nominal unit value of €37.44. The bonds have an annual nominal interest value of 2.75%. The interest rate, after deduction of debt issuance costs and re-classification of the share capital component of the loan is 6.22%.

The syndicated loan contracted in 2011 includes covenants relating to the respect of certain financial ratios which are subject to review every six months on the basis of pro forma consolidated financial statements:

- The net debt to equity ratio must be less than 80 %.
- Net debt must be less than 2.5 times EBITDA.

There are also a number of standard legal covenants.

The ratios were respected at December 31, 2011.

Early redemption is possible at the initiative of Ingenico, or of the lenders in certain usual circumstances.

4.2 Market risk

Foreign exchange risk

A large share of Ingenico's revenue and expenses is denominated in foreign currencies. The Group is therefore exposed to foreign exchange risk arising from purchases from payment terminal suppliers and on transactions between subsidiaries and the parent company. The main currencies in which that exposure is significant are the US dollar (USD), the British pound (GBP), the Canadian dollar (CAD) and the Australian dollar (AUD).

Foreign-currency denominated purchases and sales which do not form an economic hedge may be covered by a hedge instrument.

The Group has implemented a centralized policy for managing its foreign exchange exposure that involves using financial instruments such as swaps, forward purchase or sale contracts and currency options. Monitoring foreign exchange risk is the responsibility of the Treasury Department, which reports to the Chief Financial Officer. In addition, the Group uses specialized software that allows it to track its mark-to-market positions on a daily basis.

	2011				
(in thousands of foreign currencies)	**US Dollar**	**British pound**	**Yen**	**Canadian dollar**	**Australian dollar**
Trade receivables	98,957	21,457	-	29,000	19,607
Trade payables	(111,047)	(12,928)	(1,045)	(17,298)	(10,019)
GROSS BALANCE SHEET EXPOSURE	**(12,090)**	**8,529**	**(1,045)**	**11,702**	**9,588**
Estimated forecast sales	132,882	39,922	-	13,508	32,818
Estimated forecast purchases	(252,074)	-	-	-	-
GROSS EXPOSURE	**(131,282)**	**48,451**	**(1,045)**	**25,210**	**42,406**
Foreign exchange derivative instruments					
Forward purchases	89,131	-	-	500	1,000
Forward sales	(14,700)	(20,585)	-	(18,500)	(19,550)
Options	-	-	-	-	-
NET EXPOSURE	**(56,851)**	**27,866**	**(1,045)**	**7,210**	**23,856**

(in thousands of foreign currencies)	US Dollar	British pound	Yen	Canadian dollar	Australian dollar
			2010		
Trade receivables	68,018	16,523	-	14,982	15,388
Trade payables	(100,452)	(9,847)	-	(10,283)	(15,004)
GROSS BALANCE SHEET EXPOSURE	**(32,434)**	**6,676**	**-**	**4,699**	**384**
Estimated forecast sales	93,345	28,165	-	22,404	29,731
Estimated forecast purchases	(211,330)	-	-	-	-
GROSS EXPOSURE	**(150,418)**	**34,841**	**-**	**27,103**	**30,115**
Foreign exchange derivative instruments					
Forward purchases	95,500	-	-	-	-
Forward sales	-	(8,800)	-	(3,900)	(17,100)
Options	23,500	(9,000)	-	(6,500)	-
NET EXPOSURE	**(31,418)**	**17,041**	**-**	**16,703**	**13,015**

(in thousands of foreign currencies)	US Dollar	British pound	Yen	Canadian dollar	Australian dollar
			2009		
Trade receivables	72,952	17,256	8,655	13,539	9,685
Trade payables	(98,280)	(10,407)	-	(13,818)	(6,478)
GROSS BALANCE SHEET EXPOSURE	**(25,327)**	**6,849**	**8,655**	**(279)**	**3,207**
Estimated forecast sales	77,964	25,635	-	22,844	26,600
Estimated forecast purchases	(213,000)	-	-	-	-
GROSS EXPOSURE	**(160,363)**	**32,484**	**8,655**	**22,565**	**29,807**
Foreign exchange derivative instruments					
Forward purchases	90,000	-	-	-	-
Forward sales	-	(14,250)	-	(12,750)	(20,600)
Options	30,000	(5,850)	-	(5,150)	-
NET EXPOSURE	**(40,363)**	**12,384**	**8,655**	**4,665**	**9,207**

Sensitivity to foreign exchange risk

	2011			
	Impact on income statement	Impact on equity	Impact on income statement	Impact on equity
(in thousands of euros)	10% appreciation of the euro		10% appreciation of foreign currency	
Trade receivables	(12,684)	-	15,502	-
Trade payables	11,116	-	(13,586)	-
Derivative financial instruments	(383)	2,020	(695)	(879)
Total	**(1,951)**	**2,020**	**1,221**	**(879)**

The above table shows the impact of a 10 % appreciation or depreciation of the euro against the other currencies on the Group’s trade receivables, trade payables and derivative financial instruments that represent hedging instruments. It also shows how those changes would impact the balance sheet and income statement.

The table below sets out the sensitivity of each currency to a change in the euro:

(in thousands of euros)		2011 Trade receivables	Trade payables	Derivative financial instruments	Total
Impact on income statement reserves 10% appreciation of the euro	**USD**	(6,953)	7,802	1,154	2,003
	GBP	(2,335)	1,407	(703)	(1,631)
	JPY	-	1	-	1
	CAD	(1,995)	1,190	(500)	(1,305)
	AUD	(1,401)	716	(334)	(1,019)
	Subtotal	**(12,684)**	**11,116**	**(383)**	**(1,951)**
Impact on income statement reserves 10% depreciation of the euro	**USD**	8,498	(9,536)	(2,232)	(3,270)
	GBP	2,854	(1,720)	703	1,837
	JPY	-	(1)	-	(1)
	CAD	2,438	(1,454)	500	1,484
	AUD	1,712	(875)	334	1,171
	Subtotal	**15,502**	**(13,586)**	**(695)**	**1,221**

Interest rate risk

Interest rate risk is managed at Group level by the Treasury Department. The Group's hedging policy reflects a double concern, for security and for optimal resource cost management. Based on the trends expected in the Group's consolidated debt (new borrowings and repayments) and in interest rates, the Group sets targets for the mix between fixed-rate and variable-rate debt.

Interest rate swaps and cap agreements are the main instruments used.

In 2009, the Group put in place an interest rate cap covering 100 % of the €210 million syndicated loan tranche. In 2011, the Group entered into an interest rate swap to hedge the attendant risk. As a result, the interest rate cap became ineffective and no longer qualified for hedge accounting.

	Carrying amount		
(in thousands of euros)	**2009**	**2010**	**2011**
Fixed-rate instruments			
FIXED-RATE FINANCIAL ASSETS	**-**	**-**	**-**
Bond loans	-	-	213,637
Bank borrowings	-	-	207,781
Others	27,172	14,615	12,146
FIXED-RATE FINANCIAL LIABILITIES	**27,172**	**14,615**	**433,564**
Variable-rate instruments			
Cash and cash equivalents	91,205	158,937	347,602
Financial assets	3,591	4,583	4,690
Trade receivables	188,928	227,008	296,216
Finance lease receivables	25,654	25,828	29,893
Other operating receivables	5,217	2,823	5,970
Other current assets	218	179	316
Other non-current assets	175	147	251
Derivative hedging instruments (assets)	3,433	3,461	6,861
VARIABLE-RATE FINANCIAL ASSETS	**318,421**	**422,968**	**691,799**
Bank borrowings, finance leases, short-term borrowings	208,473	253,389	18,060
VARIABLE-RATE FINANCIAL LIABILITIES	**208,473**	**253,389**	**18,060**
Accrued interest on bank borrowings	**-**	**-**	**5,630**

Sensitivity to interest rate risk

An increase of 100 points in 3 month Euribor would have increased profit for the period by €0.2 million, and increased equity by €5.7 million at December 31, 2011.

A decrease of 100 points in 3 month Euribor would have decreased profit for the period by €0.02 million, and reduced equity by €5.8 million at December 31, 2011.

5. Consolidation scope

The entities that make up the Group are accounted for under the full consolidation method and the equity method.

Entities in which the Group has exclusive control are fully consolidated. The Group has elected to use the equity method for entities under joint control (Roam Data and Korvac).

Corporate name	Adress	Country	% interest Ingenico SA	Consolidation method
PARENT COMPANY				
INGENICO SA	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France		
CONSOLIDATED SUBSIDIARIES				
Ingenico Ventures SAS	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex *Ainsi que ses filiales Fixed & Mobile Pte Ltd, société singapourienne, détenue à 38,38% et Roam Data, société américaine, détenue à 43,92% et mise en équivalence*	France	100%	FC
Ingenico Prepaid Services France SAS	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France	100%	FC
Ingenico 1	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France	100%	FC
Ingenico 2	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France	100%	FC
Xiring	"River Seine" - 25 Quai Galliéni 92158 Suresnes Cedex *Ainsi que sa filiale Baracoda détenue à 100%*	France	92%	FC
Ingenico GmbH	Pfalzburger Straße 43-44 10717 Berlin	Germany	100%	FC
Ingenico Healthcare GmbH	Konrad-Zuse-Ring 1 - 24220 Flintbek	Germany	100%	FC
DI Deutsche Ingenico Holding GmbH	c/o Debevoise & Plimpton LLP - Taubenstrasse 7-9 - 60313 Frankfurt am Main *Ainsi que ses filiales easycash Loyalty Solutions GmbH, easycash GmbH, détenues à 100%*	Germany	100%	FC
Ingenico International (Pacific) PTY Ltd	6 Prosperity Parade - Warriewood NSW 2102	AustraliA	100%	FC
Ingenico International (Singapore) Pte Ltd	600 North Bridge Road, #05-01 Parkview Square Singapore 188778	Singapour	100%	FC
Ingenico UK Ltd	Rudheath Way - Gadbrook Park - CW9 LT - Northwich, Cheshire *Ainsi que ses filiales Ingenico Ireland Ltd et Sagem Matsu détenues à 100%*	U.K.	100%	FC
Ingenico Iberia SL	Avenida del Partenon 16-18 - Campo de las Naciones 28042 Madrid *Ainsi que ses filiales Ingenico Services Iberia détenue à 100% et Ingenico Barcelona S.A. détenue à 99,99%*	Spain	100%	FC
Ingenico Corp	9 East Loockerman Street - City of Dover 19901 Delaware *Ainsi que ses filiales américaines et canadiennes toutes détenues à 100%*	U.S.	100%	FC
Ingenico IVI Inc	9155 South Date Land Blvd - Suite 1408 Miami Florida 33156 *Ainsi que sa filiale au Mexique détenue à 100%*	U.S.	100%	FC
Ingenico do Brasil Ltda	Avendida Tamboré, 418 Bairro Tamborré, Barueri - CEP 06460-000 - Sao Paulo *Ainsi que ses filiales et succursales en Colombie, Venezuela, Argentine et Chili détenues à 100%*	Brazil	100%	FC
Ingenico Italia SpA	Via Stephenson 43/a - 20157 Milano *Ainsi que sa filiale TNET détenue à 100%*	Italy	100%	FC
Ingenico Holdings Asia Ltd	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong *Ainsi que ses filiales Landi et Ingeserve Ltd, détenues respectivement à 78% et à 100% (directement et indirectement), et consolidées à 100%, et sa filiale Korvac Holdings Pte, détenue à 49% et mise en équivalence et sa participation de 61,62% dans Fixed & Mobile Pte Ltd*	Hong Kong	100%	FC
Ingenico Software Services Philippines Inc.	15 & 17 Floors pearl Bank Center - 146 Valero Street 1227 Metro Manila, Salce do Village Mkt Philippines	Philippines	100%	FC
Ingenico International Private India Ltd	Ground Floor, 25 DSIDC Scheme II, Okhla Phase II - New Delhi - 110020, New Delhi	india	100%	FC
Ingenico Switzerland SA	Impasse des Ecureuils 2 Case postale 56 CH-1763 Granges-Paccot	Switzerland	100%	FC
Ingenico Hungary	1022 Budapest,Bég u. 3-5.	Hungary	100%	FC
Ingenico Eastern Europe I SARL	23, avenue de la Porte Neuve - L-2227 Luxembourg *Ainsi que sa filiale Ingenico Polska détenue à 100%*	Luxembourg	100%	FC
Ingenico Investment Luxembourg SA	10 bd royal L2449 Luxembourg	Luxembourg	100%	FC
Ingenico CIS	Godovikova street,9 - 119085, Moscow - Russia	Russia	100%	FC
Ingenico CZ S.r.o.	Myslíkova 173/25 - 110 00, Praha 1 - Czech Republic	Czech Republic	100%	FC
Ingenico Ödeme	ITU Ayazaga Kampuzu Ari 2 Binasi B blok N° 6/1 Koruyolu 34469 Maslak Istambul *Ainsi que sa filiale Ingenico Elektronik Sanayi, détenue à 100%*	Turkey	100%	FC

6. Acquisitions and divestitures

Acquisitions

6.1 Acquisition of Paycom

Description of the transaction

On July 1, 2011, Ingenico announced the acquisition of 100 % of Paycom Gesellschaft für Elektronische Zahlungssysteme GmbH, Kiel (Paycom), and its subsidiary Paycom Speyer. Paycom sells, installs and maintains electronic payment and customer loyalty systems and related services and is mainly active in Germany. Paycom also leases and sells terminals to its customers and guarantees a network connection for these terminals, acting as a contractual partner for all types of merchants.

Scope

Paycom absorbed its wholly-owned subsidiary Paycom Speyer on December 30, 2011, with retroactive effect from July 1, 2011.

Transaction price

The acquisition of Paycom was made by its subsidiary easycash GmbH for a total consideration of €12.4 million.

Cash acquired amounted to €1.4 million. The net cash outflow was therefore €11 million.

Contribution to Group results (from July 2011)

The contribution of Ingenico Paycom to the consolidated results of the Group was:

- €1.43 million to revenue;
- €0.04 million to profit from ordinary activities;
- €0.08 million to profit for the period.

If the acquisition had occurred on January 1, 2011, the impact on Group revenue and profit for the period would have been €3.1 million and €0.2 million, respectively.

6.2 Acquisition of TNET

Description of the transaction

On July 13, 2011, Ingenico acquired 100 % of TNET Centro Servizi Monetici S.R.L. (TNET), an Italian company specialized in technical services for payment terminals. Through this transaction, the Group has reinforced its positioning in the Italian market, notably in banking, loyalty programs, service stations and retail.

Transaction price

Ingenico Italie acquired TNET for consideration of €0.9 million. The transaction cost included a €0.2 million price adjustment under the terms of an earn-out clause, with June 30, 2012 as the effective date.

Cash acquired amounted to €-0.8 million. The net cash outflow was therefore €1.4 million.

Contribution to Group results (from August 2011)

The contribution of TNET to the consolidated results of the Group was:

- €1.44 million to revenue;
- €0.42 million to profit from ordinary activities;
- €0.42 million to profit for the period.

If the acquisition had occurred on January 1, 2011, the impact on Group revenue and profit for the period would have been €3.0 million and €-0.08 million, respectively.

6.3 Acquisition of Xiring

Description of the transaction

On November 14, 2011, Ingenico launched a contractual voluntary tender offer to acquire all the shares of the company Xiring (listed on the Alternext market). Xiring is a security solutions provider for electronic transactions in the healthcare sector. On December 5, 2011, following completion of the offer, Ingenico held 91.81 % of Xiring shares, meeting the success criterion defined in the terms of the offer.

The Xiring acquisition enables Ingenico to step up its presence in solutions for healthcare professionals and become a leading global provider capable of deploying large-scale programs in all countries with policies aimed at controlling their healthcare costs.

Scope

The Xiring group includes the following companies:

- Xiring,
- Baracoda France,
- Baracoda Inc. (USA).

Transaction price

The offer price was €17 per share, representing a total cost of €62.2 million to acquire 91.81 % of existing shares.

Cash acquired amounted to €8.4 million. The net cash outflow was therefore €53.8 million.

Contribution to Group results (from December 2011)

The contribution of Xiring to the consolidated results of the Group was:

- €2.7 million to revenue;
- No effet to profit from ordinary activities;
- €0.1 million to profit for the period.

If the acquisition had occurred on January 1, 2011, the impact on Group revenue and profit for the period would have been €19.8 million and €3.2 million, respectively.

6.4 Acquisition of an additional shareholding in Fujian Landi

On September 22, 2011, Ingenico Holding Asia (formerly Autogain Hong Kong) signed an amendment to the acquisition agreement, under which:

- Ingenico Holding Asia has acquired an additional 10 % stake in Landi for consideration of $20 million.
- The deadline for exercising the put option, which now applies to the remaining 22 % stake held by Landi's minority shareholders, was extended by one year starting from May 2012.

These transactions are described in Note 12, Goodwill and other intangible assets.

7. Segment reporting

The criteria for the determination of reportable segments is set out in Note 2, Accounting principles and methods, of the consolidated financial statements for the year ended December 31, 2011. The information presented below is based on the management reporting used by the the Executive Committee, the chief operating decision-maker as defined by IFRS 8, to evaluate the performance of the different segments.

The Group implemented a new organization structure from April 1, 2010, when the SEPA single euro payment zone was set up. A new SEPA region has been created, regrouping the former Northern Europe and Southern Europe segments, in addition to the four other regions.

In 2011, the Group continued its reorganization and modified its management reporting to implement a model based on Central Operations. Central Operations is an operating segment in its own right whose role is to carry out a number of cross-functional activities on behalf of the Regions, which are responsible for distributing the Group's products and services. This segment also includes recently acquired companies (such as Xiring) during the integration phase, as well as businesses that are not geographically based and whose development is coordinated by the head office (such as Fixed & Mobile Pte Ltd). Accordingly, the Executive Committee decided to modify the way in which segment performance is monitored.

The reportable segments at December 31, 2011 were therefore as follows:

- Central Operations, a division that brings together cross-functional and support services, particularly the distribution of products and services to the Regions identified below:
- Europe - SEPA
- Asia-Pacific (including Australia and China)
- North America (including the U.S.A. and Canada)
- Latin America (including Brazil and Mexico)
- EEMEA (Central Europe, Africa and the Middle East)

The segment information for 2011 therefore follows the new organization. The consolidated income statement data has been restated for 2010 and 2009. Given the extensive resources that would be necessary to restate balance sheet data, the latter is provided as is.

The impact of the new organizational structure on cash-generating units and related goodwill is described in Note 12, Goodwill and other intangible assets.

Review of segment results

Revenue and profit from operations generated by Group entities that contribute to more than one segment have been allocated as follows:

(in thousands of euros) 2011	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Central operations	Consolidated
External revenue	471,597	167,770	77,492	173,397	77,372	33,487	1,001,115
Profit from ordinary activities	65,629	32,858	8,562	14,881	2,645	3,888	128,463
Profit from operations							110,821
Net finance costs							(27,079)
Share of profits of associates							(3,198)
Income tax							(22,551)
PROFIT FOR THE PERIOD							57,993
ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS							56,489

(in thousands of euros) 2010	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Central operations	Consolidated
External revenue	431,688	128,941	102,985	162,179	71,378	9,849	907,020
Profit from ordinary activities	38,326	20,161	13,472	10,425	1,848	12,659	96,891
Profit from operations							73,769
Net finance costs							(9,794)
Share of profits of associates							(1,671)
Income tax							(22,716)
PROFIT FOR THE PERIOD							39,589
ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS							39,575

(in thousands of euros) 2009	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Central operations	Consolidated
External revenue	303,570	80,849	102,234	130,275	80,482	3,274	700,684
Profit from ordinary activities	39,101	9,410	3,115	2,935	6,591	(315)	60,835
Profit from operations							47,448
Net finance costs							(2,204)
Share of profits of associates							(283)
Income tax							(18,121)
PROFIT FOR THE PERIOD							26,840
ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS							26,840

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:

(in thousands of euros) 2011	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Central operations	Consolidated
Depreciation and amortization expense	19,478	2,254	930	1,871	656	27,109	52,298
Additions to provisions, net of reversals and IFRS 2 expenses	(1,295)	1,176	(2,334)	(3,734)	169	8,143	2,125

(in thousands of euros) 2010	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Consolidated
Depreciation and amortization expense	46,637	2,608	22,884	3,099	1,135	76,363
Additions to provisions, net of reversals and IFRS 2 expenses	9,453	922	3,829	89	(276)	14,017

(in thousands of euros)	2009 SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Consolidated
Depreciation and amortization expense	31,865	2,340	1,534	2,197	1,125	39,061
Additions to provisions, net of reversals and IFRS 2 expenses	5,298	610	455	1,835	508	8,706

Breakdown of segment assets and liabilities

Segment information is presented according to the new organizational structure for 2011 (see above). Given the extensive resources that would be necessary to restate information on segment assets and liabilities, the latter is provided as is for 2009 and 2010.

Segment assets and liabilities are broken down as follows:

(in thousands of euros)	2011 SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Central operations	Consolidated
Goodwill	202,794	54,472	18,381	6,384	15,741	231,250	529,022
Other non-group sector assets	323,747	155,922	78,169	80,767	19,059	356,169	1,013,833
Deferred tax assets							23,502
Current tax receivables							9,359
Financial assets							4,667
Derivative financial instruments							6,861
TOTAL ASSETS	**526,540**	**210,394**	**96,550**	**87,151**	**34,800**	**587,419**	**1,587,244**
Other non-group sector liabilities	111,890	100,077	25,164	56,532	8,941	132,697	435,301
Total equity							630,583
Deferred tax liabilities							43,696
Current tax liabilities							16,640
Financial liabilities							457,254
Derivative financial instruments							3,770
TOTAL LIABILITIES	**111,890**	**100,077**	**25,164**	**56,532**	**8,941**	**132,697**	**1,587,244**

(in thousands of euros)	2010 SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Consolidated
Goodwill	314,263	61,967	46,002	8,339	35,691	466,260
Other non-group sector assets	470,689	122,939	75,532	72,209	14,288	755,658
Deferred tax assets						22,883
Current tax receivables						10,582
Financial assets						4,561
Derivative financial instruments						3,461
TOTAL ASSETS	**784,952**	**184,905**	**121,534**	**80,548**	**49,979**	**1,263,405**
Other non-group sector liabilities	231,419	83,748	24,963	52,149	7,584	399,863
Total equity						545,567
Deferred tax liabilities						39,123
Current tax liabilities						8,633
Financial liabilities						268,003
Derivative financial instruments						2,216
TOTAL LIABILITIES	**231,419**	**83,748**	**24,963**	**52,149**	**7,584**	**1,263,405**

(in thousands of euros)	2009					
	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Consolidated
Goodwill	281,719	23,747	66,527	7,364	34,872	414,228
Other non-group sector assets	427,159	60,550	51,692	64,540	13,787	617,728
Deferred tax assets						23,341
Current tax receivables						9,456
Financial assets						3,567
Derivative financial instruments						3,433
TOTAL ASSETS	**708,877**	**84,296**	**118,219**	**71,904**	**48,658**	**1,071,752**
Other non-group sector liabilities	170,838	42,635	15,481	44,194	8,654	281,801
Total equity						493,088
Deferred tax liabilities						43,289
Current tax liabilities						17,124
Financial liabilities						235,645
Derivative financial instruments						806
TOTAL LIABILITIES	**170,838**	**42,635**	**15,481**	**44,194**	**8,654**	**1,071,752**

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

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

(in thousands of euros)	2011						
	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Central operations	Consolidated
Intangible assets and property, plant and equipment - at cost	(9,468)	(1,238)	(939)	(1,357)	(188)	(21,555)	(34,745)

(in thousands of euros)	2010					
	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Consolidated
Intangible assets and property, plant and equipment - at cost	(18,858)	(1,134)	(825)	(2,557)	(712)	(24,085)

(in thousands of euros)	2009					
	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Consolidated
Intangible assets and property, plant and equipment - at cost	(19,005)	(427)	(397)	(3,325)	(7)	(23,161)

8. Costs and other expense analyses by nature

Because Ingenico presents its results by function, this note shows the main operating costs and expenses by nature.

Personnel costs are broken down as follows:

(in thousands of euros)	2009	2010	2011
Wages and salaries	101,133	133,834	150,381
Social security contributions	33,511	39,498	44,617
Retirement and other defined-benefit plan expenses	(915)	36	27
Provisions for retirement indemnities	456	311	494
Stock options and free shares	6,663	5,612	4,291
Total	**140,848**	**179,292**	**199,810**

Depreciation and amortization expense and impairment breaks down as follows:

(in thousands of euros)	2009	2010	2011
Additions/(reversals)			
Amortization and impairment for intangible assets	25,707	39,992	36,343
Depreciation and impairment for property, plant and equipment	11,484	14,670	14,986
Goodwill impairment	1,829	21,845	750
Impairment of inventories	1,542	1,508	3,628
Impairment of trade receivables	2,371	1,395	4,312
Impairment of financial assets	40	54	(6)
Total	**42,974**	**79,465**	**60,013**

Direct costs break down as follows:

(in thousands of euros)	2009	2010	2011
Cost of terminals	(279,460)	(302,886)	(319,554)
Cost of services and software	(95,524)	(156,879)	(183,699)
TOTAL DIRECT COSTS	**(374,984)**	**(459,765)**	**(503,253)**
Indirect costs	(54,796)	(81,120)	(81,080)
TOTAL COST OF SALES	**(429,780)**	**(540,885)**	**(584,333)**

The capitalized portion of research and development expenses is as follows:

(in thousands of euros)	2009	2010	2011
Amount of research and development capitalized	7,961	5,496	6,065
Total R&D expenditure (costs and investment) [1]	83,600	89,743	82,663
SHARE OF CAPITALIZED R&D EXPENDITURE AS %	**10%**	**6%**	**7%**

[1] Net of 2010 research tax credit of €2,284,000 (€2,165,000 in 2010).

9. Other operating income and expenses

Other operating income and expenses include:

(in thousands of euros)	2009	2010	2011
Restructuring costs	(9,787)	(9,934)	(13,012)
Litigation expenses	(276)	(168)	(3,277)
Gains/(losses) on disposal of assets	(2,725)	1,161	(923)
Disposal or retirement of property, plant and equipment or intangible assets	(408)	(883)	-
Impairment losses	-	(22,086)	-
Gains and losses on remeasurement of shareholdings	-	8,303	-
Other	(191)	486	(430)
Total	**(13,387)**	**(23,121)**	**(17,642)**

In 2011, other operating income and expenses are comprised mainly of the following:

- Restructuring costs for the Group reorganization in a total amount of €13.0 million, in particular for:
  - Additional costs of €3.4 million for the migration of applications to the Telium platform (essentially in the region North America)
  - Costs incurred on the disposal, abandon or reorganization of operations of €2.0 million;
  - Costs incurred in connection with a project to acquire assets in the U.S. payment market and costs arising from other acquisitions during the year, for a total of €3.4 million;
  - A cost of €4.2 million incurred during the year to transfer the head office to Paris in early 2012, of which €0.7 result from the accelerated depreciation of certain assets.

- Expenses, additions to and reversals of provisions for litigation with third parties in a total amount of €3.3 million, including the payment of €3.4 million in service tax (ISS) to the Sao Paulo tax authorities in Brazil under a tax amnesty program that led to the final extinguishment of the Group's liability and a substantial reduction in the penalties and late payment interest originally assessed. In respect of the ICMS tax dispute in Brazil, the Group has not recognized a provision, based on an analysis of the risks involved and on the criteria set out in IAS 37.

In 2010, other operating income and expenses are comprised mainly of the following:

- Restructuring costs for the Group reorganization in a total amount of €9.9 million, in particular for:
  - Additional costs of €2.5 million for the migration of applications to the Telium platform;
  - Costs incurred on the disposal, abandon or reorganization of operations of €1.7 million;
  - Costs incurred at the time of the project of a take-over bid for the Group in the last quarter of 2010, amounting to €3,8 million;
- The profit on disposal of the subsidiary Mynt Betal Norway in December 2010 of €1.3 million;
- Impairment loss on the goodwill of the North America cash-generating unit amounting to €21.4 million;
- The gain on remeasurement to fair value at the time of a business combination achieved in stages amounting to €8.3 million, in conformity with IFRS 3R adopted by the Group in 2010. The gain represents the excess of the initial fair value of the proportionate share of equity determined in function of the acquisition price paid to obtain control, and its carrying amount.

In 2009, other operating income and expenses primarily included the following:

- A total of €9.8 million in restructuring charges incurred in connection with the reorganization of Group activities, chiefly research & development. That amount breaks down as follows:
    - €3.9 million to cover the cost of measures for the benefit of Ingenico Barcelona employees.
    - €2.3 million in additional costs related to the migration of applications to the Telium platform.
    - Costs of €3.6 million on the disposal, abandon or reorganization of operations.
- Losses on the disposal of Group subsidiaries: a €1.2 million loss on the disposal of Sagem Denmark and Manison Finland in June 2009, and a €1.5 million loss on the disposal of Moneyline Banking Systems in December 2009.

10. Net finance costs

Net finance costs are broken down as follows:

(in thousands of euros)	2009	2010	2011
Other interest expense	(3,331)	(10,626)	(25,859)
Interest expense on finance lease contracts	-	(1,024)	(700)
TOTAL INTEREST EXPENSE	**(3,331)**	**(11,650)**	**(26,559)**
Income from cash and cash equivalents	1,840	501	3,876
Interest income on finance lease contracts	-	2,864	3,277
NET INTEREST EXPENSE	**(1,492)**	**(8,285)**	**(19,406)**
Foreign exchange gains	32,359	56,351	50,024
Foreign exchange losses	(34,601)	(55,482)	(54,126)
FOREIGN EXCHANGE GAINS AND LOSSES, NET	**(2,243)**	**869**	**(4,102)**
Gains/(losses) on other investments (remeasurement, disposal)	(356)	7	534
Other financial income	3,026	12	20
Other financial expenses	(1,139)	(2,397)	(4,125)
OTHER FINANCIAL INCOME AND EXPENSES, NET	**1,531**	**(2,378)**	**(3,571)**
NET FINANCE COSTS	**(2,204)**	**(9,794)**	**(27,079)**

In 2011, net finance costs are as follows:

Interest expense was related to short- and medium-term loans and finance lease contracts. Interest on medium-term loans included €12.3 million on the €360 million syndicated loan facility put in place on August 5, 2011 to replace the facility contracted in 2009 to finance the easycash acquisition, and €10.5 million in interest payments on OCEANE convertible bonds. The change in the fair value of the interest rate cap created an additional expense of €1.6 million. Interest on short-term borrowings was €1.2 million, mainly in connection with a loan contracted by the Brazilian subsidiary, which was repaid on December 31, 2011. Interest expense and interest income on finance lease contracts mainly involved easycash GmbH and Ingenico S.A.

Foreign exchange gains and losses show a net loss of €4.1 million. It is the result of realized and unrealized gains and losses from the Group’s business activities (see Note 4.2 Foreign exchange risk).

Other financial income and expenses comprise:

- changes in the fair value of financial instruments which do not qualify as hedges;
- dividends paid to the minority shareholders of the Chinese subsidiary, Fujian Landi (see Note 12, Goodwill);
- the unwinding of the discounted present value of share purchase commitments with minority shareholders and of post-employment benefit obligations (see Note 26, Provisions for retirement benefit obligations).

In 2010, interest expense was related to the short- and long- term loans, and the lease contracts. The interest on the medium-term loans concerned two loans obtained by Ingenico SA: a syndicated loan of €210 million at the end of 2009 for the easycash acquisition, and a facility of €100 million in July 2010 of which €34 million was drawn down in August 2010. The interest expense on these two loans amounted to €8.6 million, with an additional negative impact of €1 million from the change in the fair value of the interest cap. Interest on short-term borrowings amounted to €0.9 million, mostly for the loan of the Brazilian subsidiary which was repaid on December 31, 2010. Interest income and expense on finance lease contracts concerned mainly easycash GmbH.

Foreign exchange gains and losses show a net gain of €1.4 million. It was the result of realized and unrealized gains and losses from the Group's business activities.

Other financial income and expenses comprised:

- changes in the fair value of financial instruments which do not qualify as hedges;
- dividends paid to the minority shareholders of the Chinese subsidiary, Fujian Landi (see Note 12, Goodwill);
- the unwinding of the discounted present value of share purchase commitments with minority shareholders and of post-employment benefit obligations (see Note 26, Provisions for retirement benefit obligations).

In 2009, short- and medium-term loans contracted by the parent company and Ingenico Brazil accounted for the bulk of interest expense. The interest expense recorded by the parent company was related to amounts drawn down on a €60 million line of credit starting in December 2008, which was fully repaid by the end of April 2009, and to a new €210 million syndicated loan arranged in September 2009 to finance the acquisition of easycash.

Income from cash and cash equivalents consisted mainly of gains on the disposal of securities by the parent company.

Foreign exchange risk is primarily assumed and therefore hedged by the parent company. In 2009, net foreign exchange losses totaled €2.2 million.

The main components of the €1.5 million positive balance in other financial income and expenses were a gain on the disposal of available-for-sale financial assets and expenses related to the unwinding of the discounted present value of put options on minority interests and the change in the fair value of plan assets related to of post-employment defined benefit obligations of a number of subsidiaries.

On the basis of IAS 39, financial income and expenses are as follows:

Items recognized in profit or loss (in thousands of euros)	2009	2010	2011
Interest income on bank deposits	811	367	3,775
Interest income on finance lease contracts	4	2,864	3,277
Income from sale of financial assets held for trading	3,578	74	602
Change in fair value of financial assets held for trading	3	-	332
Ineffective portion of the change in fair value of exchange rate cash flow hedging instruments	918	-	565
Foreign exchange gains	31,794	56,353	49,127
Others	116	80	54
FINANCIAL INCOME	**37,224**	**59,738**	**57,732**
Interest expense on borrowings stated at amortized cost	(4,125)	(10,661)	(27,195)
Interest expense on finance lease contracts	-	(1,024)	(700)
Unwinding of discounting	(193)	(1,269)	(1,138)
Change in fair value of financial assets held for trading	(83)	(546)	-
Foreign exchange losses	(34,956)	(53,776)	(54,126)
Ineffective portion of the change in fair value of exchange rate cash flow hedging instruments	-	(1,160)	-
Loss on change in fair value of interest rate hedges	-	(1,035)	(1,582)
Others	(71)	(61)	(70)
FINANCIAL EXPENSE	**(39,428)**	**(69,532)**	**(84,811)**
FINANCE COSTS	**(2,204)**	**(9,794)**	**(27,079)**

Items directly recognized in other comprehensive income (in thousands of euros)	2009	2010	2011
Effective portion of the change in fair value of exchange rate cash flow hedging instruments	2,381	(46)	3,131
Effective portion of the change in fair value of interest rate cash flow hedging instruments	147	(659)	(929)
RECOGNIZED IN FAIR VALUE RESERVES	**2,528**	**(705)**	**2,202**

11. Income Tax

Income tax expense on the earnings of consolidated companies

(in thousands of euros)	2009	2010	2011
Current tax	(23,047)	(28,096)	(31,102)
Deferred tax	4,926	5,381	8,551
Total	**(18,121)**	**(22,715)**	**(22,551)**

In 2011, income tax expense for the period mainly reflects:

- Current tax payable in Germany, Brazil, the United Kingdom, China, Italy, Australia and France.
- A credit to deferred tax expense from the recognition of deferred tax assets – mainly in France and Germany – to account for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Deferred tax assets are recognized by the Group based on the particular situation of the entity, or group of entities in the case of a tax group, in each country, and on the expiry dates of tax losses and tax credits.

Tax losses and tax credits are therefore recognized as assets only if it is highly probable that taxable income of the relevant tax entities will be available to permit their recovery.

In 2010, income tax expense concerned in particular current tax in France, Germany, Brazil, China, the United States and Canada. The deferred tax credit from the recognition of deferred tax assets mainly in France, China and Germany, on temporary differences between the book and tax bases of assets and liabilities.

In 2009, income tax expense concerned in particular current tax in France, Brazil and Italy and the deferred tax credit from the recognition of deferred tax assets mainly in Brazil, Australia and France, on temporary differences between the book and tax bases of assets and liabilities.

Following the reform of the French local business tax, the Group has decided to classify one of the components of new tax ('CVAE') as income tax (see Note 2, Accounting principles and methods). In 2010, the amount of CVAE so classified was €2.0 million. The net deferred tax liability of €0.9 million, which had been recognized at the end of 2009 as the relevant legislation had been enacted in that year, is credited to profit or loss in the same periods as the related amortization and depreciation expense of French companies

Group tax reconciliation

In accordance with the provisions of the 2012 Finance Act, the current tax rate for French companies in the Group is now 36.1 % in respect of 2011 and 2012. At December 31, 2011, the deferred tax rate in France was 34.43 % for all temporary differences. The reasoning behind this is that a change in the applicable tax rate for temporary differences that are reversed within two years would not have a significant effect on annual financial statements.

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

Reconciliation between income tax expense and profit before income tax

(in thousands of euros)	2009	2010	2011
PROFIT FOR THE PERIOD (EXCL. SHARE OF ASSOCIATES' PROFIT)	27,123	41,260	61,191
INCOME TAX EXPENSE	(18,121)	(22,715)	(22,551)
PROFIT BEFORE INCOME TAX	45,244	63,975	83,742
Tax rate in France	34.43%	34.43%	36.10%
Theoretical tax expense	(15,578)	(22,027)	(30,231)
Difference between the French tax rate and that of foreign subsidiaries	2,242	5,550	10,560
Tax losses and temporary differences of the year not recognized	(3,103)	(5,033)	(1,569)
Prior period temporary differences and tax losses recognized as deferred tax assets in the period	2,702	3,085	1,507
Use of prior period tax losses not recognized as deferred tax assets	2,891	1,049	2,227
Tax credits	1,562	(1,017)	18
Effect of permanent differences and other	(8,837)	(4,322)	(5,063)
Total	(18,121)	(22,715)	(22,551)
Effective tax rate	40.1%	35.5%	26.9%

Change in deferred tax assets and liabilities

(in thousands of euros)	Deferred tax assets from tax losses	Deferred tax assets from temporary differences	Total deferred tax assets	Total deferred tax liabilities	Total deferred tax, net
AT DECEMBER 31, 2008	**9,184**	**11,445**	**20,631**	**(24,216)**	**(3,586)**
Deferred tax recognized in profit or loss	(2,173)	2,742	569	4,357	4,926
Deferred tax recognized in equity and on business combinations	-	883	883	(23,546) [a]	(22,663)
Translation differences	469	1,032	1,501	13	1,514
Other movements	(535)	294	(243)	103	(140)
AT DECEMBER 31, 2009	**6,945**	**16,394**	**23,341**	**(43,289)**	**(19,948)**
Deferred tax recognized in profit or loss	(3,884)	4,792	908	4,473	5,381
Deferred tax recognized in equity and on business combinations		(726)	(726)	(2,733) [b]	(3,459)
Translation differences	360	1,421	1,781	5	1,786
Other movements	383	(2,804)	(2,421)	2,421	-
AT DECEMBER 31, 2010	**3,804**	**19,079**	**22,883**	**(39,123)**	**(16,240)**
Deferred tax recognized in profit or loss	(620)	258	(362)	8,913	8,551
Deferred tax recognized in equity and on business combinations	-	1,365	1,365	(13,605) [c]	(12,240)
Translation differences	98	(363)	(265)	-	(265)
Other movements	-	(119)	(119)	119	-
AT DECEMBER 31, 2011	**3,282**	**20,220**	**23,502**	**(43,696)**	**(20,194)**

[a] Includes deferred tax liabilities resulting from the allocation of the acquisition price of the easycash group to its identifiable assets and liabilities.
[b] Includes deferred tax liabilities resulting from the allocation of the acquisition price of Fixed and Mobile Pte, Ingenico Services Iberia and Ingenico Prepaid Services France to these entities' identifiable assets and liabilities.
[c] Includes deferred tax liabilities (€12.7 million) recognized on the equity component of Oceane bonds

Breakdown by type of temporary difference

(in thousands of euros)	2009	2010	2011
DEFERRED TAX ASSETS BY TYPE OF TEMPORARY DIFFERENCE			
Property, plant and equipment and other intangible assets	4,138	2,496	5,512
Employee benefits	3,242	4,423	6,646
Inventories, receivables, payables and provisions	21,098	23,660	23,995
Unutilized tax losses and credits	7,029	3,804	5,487
Other (including financial instruments)	1,857	1,826	1,431
DEFERRED TAX ASSETS	**37,365**	**36,208**	**43,072**
Netting effect	(14,024)	(13,325)	(19,570)
TOTAL DEFERRED TAX ASSETS	**23,341**	**22,883**	**23,502**
DEFERRED TAX LIABILITIES BY TYPE OF TEMPORARY DIFFERENCE			
Property, plant and equipment and other intangible assets	(44,933)	(39,736)	(37,263)
Employee benefits	(36)	(119)	(56)
Inventories, receivables, payables and provisions	(9,564)	(10,372)	(23,912) [a]
Unutilized tax losses and credits	-	-	-
Other (including financial instruments)	(2,780)	(2,220)	(2,032)
DEFERRED TAX LIABILITIES	**(57,313)**	**(52,448)**	**(63,263)**
Netting effect	14,024	13,325	19,570
TOTAL DEFERRED TAX LIABILITIES	**(43,289)**	**(39,123)**	**(43,694)**
Total net	**(19,948)**	**(16,240)**	**(20,192)**

[a] Includes deferred tax liabilities (€12.7 million) recognized on the equity component of Oceane bonds

Breakdown of unrecognized deferred tax assets

(in thousands of euros)	2009	2010	2011
Deferred tax from tax losses and tax credits	6,583	13,468	9,792
Deferred tax from temporary differences	4,991	6,668	6,785
Total	**11,574**	**20,137**	**16,577**

12. Goodwill and other intangible assets

Goodwill

(in thousands of euros)	2009	2010	2011
AT JANUARY 1	**221,437**	**414,227**	**466,260**
Investments	217,381	48,866	52,243
Disposals (Denmark & Manison - Moneyline Banking Systems)	(25,882)	-	-
Impairment losses	-	(22,086)	-
Translation differences	1,416	4,017	1,387
Modifications	-	21,236	9,132
Others	(125)	-	-
AT DECEMBER 31	**414,227**	**466,260**	**529,022**

After deploying new activities across SEPA and adopting a common operational and investment strategy for the region in 2010, the Group went further with reorganization in 2011, creating a separate operating segment called Central Operations. Its role is to carry out a number of cross-functional activities on behalf of the Regions, which are responsible for distributing the Group's products and services, and provide for the overall expansion of the Group (see Note 7, Segment reporting).

As a result of the reorganization and the changes in how revenue reporting is monitored by the Executive Committee, the Group's chief operating decision-maker, the operating segments at December 31, 2011 are as follows:

- Central Operations, a division that brings together cross-functional and support services, particularly the distribution of products and services to the Regions identified below
- SEPA
- Asia-Pacific (Australia, China, etc.), a region encompassing two separate cash-generating units (CGUs), i.e., the Asia CGU (primarily China) and the Pacific CGU (comprising entities operating in Southeast Asia and Australia)
- North America (the U.S. and Canada)
- Latin America (Brazil, Mexico, etc.)
- Central Europe, Africa and the Middle East.

With the exception of Asia-Pacific, a region encompassing two CGUs, the Group's operating segments are the level at which Group management monitors goodwill, particularly with respect to resource allocation and performance tracking.
The scope of the CGUs has also been changed to take proper account of the new organizational structure.

Goodwill has accordingly been reallocated among CGUs, based on the functions fulfilled by each CGU within the Group. The goodwill now allocated to the Central Operations CGU encompasses (i) a portion of the goodwill formerly allocated to geographically-based CGUs, following a functional analysis of the Group that suggested a new breakdown of fair value among CGUs to reflect the organizational change; and (ii) the goodwill arising on recent acquisitions (such as Xiring), which will be allocated to this segment for as long as it takes the head office to integrate them. This breakdown mirrors the Group's current organizational structure.

Impairment tests are performed for each CGU or for groups of CGUs as defined above.

Breakdown of goodwill

The following tables reflect the new breakdown of goodwill among CGUs (see above):

	2011		
Cash-generating units (in thousands of euros)	**Gross carrying amount**	**Total impairment losses**	**Net carrying amount**
SEPA	205,056	(2,262)	202,794
ASIA / PACIFIC	54,472	-	54,472
NORTH AMERICA	39,773	(21,392)	18,381
LATIN AMERICA	6,384	-	6,384
CENTRAL EUROPE / MIDDLE EAST / AFRICA	15,740	-	15,740
CENTRAL OPERATIONS	231,251	-	231,251
Total	**552,676**	**(23,654)**	**529,022**

	2010		
Cash-generating units (in thousands of euros)	**Gross carrying amount**	**Total impairment losses**	**Net carrying amount**
SEPA	316,107	(1,844)	314,263
ASIA / PACIFIC	61,966	-	61,967
NORTH AMERICA	67,394	(21,392)	46,002
LATIN AMERICA	8,339	-	8,339
CENTRAL EUROPE / MIDDLE EAST / AFRICA	35,691	-	35,691
Total	**489,496**	**(23,235)**	**466,260**

	2009		
Cash-generating units (in thousands of euros)	**Gross carrying amount**	**Total impairment losses**	**Net carrying amount**
SEPA	282,860	(1,142)	281,718
ASIA / PACIFIC	28,746	(4,999)	23,747
NORTH AMERICA	66,527	-	66,527
LATIN AMERICA	7,364	-	7,364
CENTRAL EUROPE / MIDDLE EAST / AFRICA	34,871	-	34,871
Total	**420,368**	**(6,142)**	**414,227**

In 2011

The increase in goodwill was due primarily to acquisitions carried out in 2011. The Group acquired Xiring for €40.2 million, Paycom for €9.5 million and TNET for €2.6 million.

Other changes reflected the remeasurement of the Group's liabilities under specific clauses in the agreement to acquire the Chinese entity Fujian Landi, which led to a €11.7 million increase in goodwill (see below, Remeasurement of goodwill).

Acquisitions and control

The fair values of identifiable assets acquired and liabilities of the above-mentioned acquired entities has been measured on a provisional basis, and will be finalized subsequently.

Transaction costs of 2011 acquisitions amounted to €1.9 million, and were recognized in other operating expenses.

Ingenico Xiring

The consideration paid for Xiring was €62.2 million.

The preliminary purchase price allocation performed at the time of the acquisition will be finalized no later than twelve months from the date on which the Group obtains control of Xiring.

The intangible assets acquired were measured at fair value.

This led to the identification of intangible assets with a total value of €9.5 million that had not been recognized in the financial statements of Ingenico Xiring:

- The customer portfolio, valued at €6.3 million, to be amortized over 5 years
- Technology, valued at €6.0 million, to be amortized over 5 years
- Inventory, valued at €0.8 million, to be amortized over 3 months
- A brand, valued at €0.3 million, to be amortized over 5 years
- A brand, valued at €1.1 million, non-amortizable
- Deferred tax liabilities of €5.0 million.

The Xiring acquisition has been accounted for using the full goodwill method.

Goodwill has been measured as the difference between the following:

(i) – the consideration paid for Xiring, which was €62.2 million and
– the fair value of the non-controlling (i.e. minority) interests, estimated at €5.5 million, less

(ii) the fair value of the identifiable assets acquired and liabilities assumed, which was €27.5 million.

Goodwill therefore amounts to €40.2 million.

Remeasurement of goodwill

The Group also remeasured the goodwill on Fujian Landi, an entity acquired in July 2008 (see Note 2, Accounting principles and methods).

On September 22, 2011, Ingenico Holding Asia (formerly Autogain Hong Kong) signed an amendment to the acquisition agreement which was finalized at the end of November and which resulted in the following:

- Ingenico Holding Asia has acquired an additional 10 % stake in Landi.
- The deadline for exercising the put option, which now applies to the remaining 22 % held by Landi's minority shareholders, has been extended by one year from May 2012.

This extension, which introduces a substantial change to the terms of the option agreement, has been accounted for as the extinguishment of the liability originally recognized in respect of the Landi put option, which applied to a 32 % non-controlling interest prior to acquisition of an additional stake, and the recognition of a new liability in respect of the put option covering the remaining 22 % held by Landi's minority shareholders. At the same time, the Group had Landi valued by an independent appraiser, and adopted a different approach to accounting for the put option in accordance with the relevant legal provisions, as set forth in Note 2, Accounting principles and methods.

The outcome was as follows:

- An €11.7 million increase in goodwill was recognized.
- Equity attributable to Ingenico S.A. shareholders was increased by a net amount of €1.8 million.
- The share of the subsidiary's profit or loss attributable to non-controlling interests was recognized since September 22, 2011.

At December 31, 2011, the goodwill recognized for Fujian Landi amounted to €45.8 million.

Impairment losses

Impairment tests conducted in the fourth quarter of 2011 did not lead the Group to recognize any goodwill impairment.

In 2010

The increase in goodwill was due primarily to acquisitions carried out in 2010. The Group acquired Ingenico Prepaid Services France for €6.6 million, Ingenico Services Iberia for €19.1 million, and obtained a controlling interest in Fixed & Mobile Pte Ltd for €23.2 million.

Other changes reflected remeasurement of the Group's liabilities under specific clauses in the agreement to acquire the Chinese entity Fujian Landi, which led to a €14 million increase in goodwill, and a €7.2 million downward adjustment to the fair value of easycash assets and liabilities on the opening balance sheet, with a corresponding increase in goodwill.

Impairment tests performed during the fourth quarter of 2010 resulted in an impairment loss on the goodwill of the North America CGU of approximately €21. 4 million (see Goodwill impairment tests).

In 2009

The change in goodwill mainly reflects the acquisition of the easycash group on November 30, 2009, for €214.5 million, and the sale of the companies Sagem Denmark and Manison Finland on June 11, 2009.

Impairment tests conducted in the fourth quarter of 2009 did not lead the Group to recognize any goodwill impairment.

Goodwill impairment tests

Ingenico tested the carrying amounts 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 (CGU) that generates independent cash flows. These CGUs reflect the Group's current organizational structure as described in Note 7, Segment reporting. Impairment tests are performed every year on November 30 and whenever there is any indication that an asset may be impaired. In accordance with IAS 36, the recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Only in those rare cases in which a recent transaction involving the assets under consideration provides relevant and reliable information does the Group opt for calculating fair value less costs to sell. In most other cases, the Group calculates value in use by estimating cash flow projections based on existing business forecasts for a five-year period, including growth and profitability rates based on reasonable assumptions. Discount rates (based on the weighted average cost of capital) are determined for each CGU based on an analysis of the business segment in which the Group operates. 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:

2011

Segments	SEPA	ASIA / PACIFIC			NORTH AMERICA	LATIN AMERICA	CENTRAL EUROPE / MIDDLE EAST / AFRICA	CENTRAL OPERATIONS	Total
Cash-generating units	SEPA	Asia	Pacific	Total Asia / Pacific	North America	Latin America	Central Europe / Middle East / Africa	Central operations	Total
Net carrying amount of goodwill (in thousands of euros)	202,794	51,858	2,614	54,472	18,381	6,384	15,740	231,251	529,022
Valuation method for the cash generating unit	Value in use	Fair value less costs to sell (1)	Value in use		Value in use	Value in use	Value in use	Value in use	
Number of years over which cash flows are estimated	5 years		5 years		5 years	5 years	5 years	5 years	
Long-term growth rate	1.00%		1.00%		1.00%	1.00%	1.00%	1.00%	
Weighted average cost of capital used at Dec. 31, 2011	9.79%		12.60%		9.20%	13.18%	13.10%	11.38%	

(1) Based on the acquisition of 10 % in Landi in 2011.

2010

Segments	SEPA								ASIA / PACIFIC			NORTH AMERICA	LATIN AMERICA	CENTRAL EUROPE / MIDDLE EAST / AFRICA	Total
Cash-generating units	Northern Europe	Germany	France	Spain	Italy	Poland	Moneyline Banking System	SEPA	Asia	Pacific	Total Asia / Pacific	North America	Latin America	Central Europe / Middle East / Africa	Total
Net carrying amount of goodwill (in thousands of euros)	8,493	227,265	41,830	24,806	11,017	851	--	314,263	57,596	4,371	61,967	46,002	8,339	35,691	466,260
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%	1.00%		2.00%	2.00%		1.00%	2.00%	1.94%	
Weighted average cost of capital used at Dec. 31, 2010	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%		12.15%	12.15%		11.44%	14.10%	12.72%	

2009

Segments	SEPA								ASIA / PACIFIC			NORTH AMERICA	LATIN AMERICA	CENTRAL EUROPE / MIDDLE EAST / AFRICA	Total
Cash-generating units	Northern Europe	Germany	France	Spain	Italy	Poland	Moneyline Banking System	SEPA	Asia	Pacific	Total Asia / Pacific	North America	Latin America	Central Europe / Middle East / Africa	Total
Net carrying amount of goodwill (in thousands of euros)	8,903	220,004	35,235	5,708	11,017	851	-	281,718	20,160	3,586	23,747	66,527	7,364	34,871	414,227
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%	1.94%	1.00%		2.00%	1.00%		1.00%	2.00%	1.94%	
Weighted average cost of capital used at Dec. 31, 2009	11.36%	10.86%	11.16%	11.45%	11.86%	12.72%	11.16%		11.45%	13.18%		11.44%	14.10%	12.72%	

The assumptions concerning growth rates and weighted average cost of capital (WACC) used in the determination of the recoverable amounts of all CGUs have been reassessed in the light of changes in global market information. The Group has used medium-term WACCs.

The changes in discount rate come from changes in the underlying components: the risk-free rate, the risk premium, and the Beta (the volatility of Ingenico's share price compared with that of the stock exchange as a whole). The long-term growth rate used by the Group does not exceed that of its business sector.

The Group uses discount rates based on market data for impairment testing. Sensitivity tests show that a 100 basis-point increase in the discount rate would not result in impairment.

Finally, a sensitivity analysis regrouping key parameters, namely the discount rate and the long-term growth rate, has shown that, under all reasonable changes in assumptions, there is no probable scenario in which the recoverable amount of a CGU would be less than its carrying amount.

Other intangible assets

	2011			
(in thousands of euros)	**Licenses, trademarks, technology**	**Development expenses (incurred internally)**	**Other intagible assets**	**Total**
GROSS AMOUNT				
At January 1	**30,386**	**69,605**	**192,580**	**292,570**
Investments	4,034	6,065	6,405	16,504
Disposals	(2,200)	-	(4,788)	(6,988)
Changes in consolidation scope [(1)]	7,840	0	7,064	14,904
Translation differences	33	132	792	957
Others	1,224	(1,251)	(921)	(948)
At December 31	**41,318**	**74,551**	**201,131**	**317,000**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES				
At January 1	**(21,774)**	**(44,622)**	**(69,363)**	**(135,759)**
Investments	(5,071)	(8,679)	(22,595)	(36,345)
Disposals	1,927	-	4,758	6,685
Changes in consolidation scope	(0)	(0)	0	(0)
Translation differences	(62)	(131)	(421)	(614)
Others	(66)	1,118	(66)	985
At December 31	**(25,047)**	**(52,314)**	**(87,687)**	**(165,048)**
CARRYING AMOUNT				
At January 1	**8,612**	**24,983**	**123,216**	**156,810**
At December 31	**16,271**	**22,236**	**113,444**	**151,951**

[(1)] The change in consolidation scope in 2011 reflects the acquisition of Xiring on December 5, 2011.

Amortization expense on intangible assets identified during the allocation of the acquisition price for the 2011 business combinations represented a total of €492 million for the period from December 1, 2011 to December 31, 2011 and concerned Xiring.

The 2011 amortization expense on intangible assets identified during acquisitions was as follows:

	SAGEM			EASYCASH			Others (Moneyline, Turkey, Landi, Ingenico Prepaid Services, Fixed & Mobile, Ingenico Services Iberia, Xiring)					Total amortization for the period
(in thousands of euros)	Carrying amount at December 31, 2010	Amortization in 2011	Carrying amount at Décember 31, 2011	Carrying amount at December 31, 2010	Amortization in 2011	Carrying amount at Décember 31, 2011	Carrying amount at December 31, 2010	Acquisitions	Amortization in 2011	Translation differences	Carrying amount at Décember 31, 2011	
Intangible assets												
Concessions, patents & similar rights												
Hardware and software technology under development	10,290	(3,430)	6,860	-	-	-	-	-	-	-	-	(3,430)
Existing hardware and software technology	1,447	(1,447)	-	3,263	(1,287)	1,976	3,652	6,000	(1,205)	96	8,543	(3,939)
Software applications	5,105	(2,269)	2,836	-	-	-	-	-	-	-	-	(2,269)
Brand name	-	-	-	-	-	-	747	1,400	(600)	(109)	1,438	(600)
Other intangible assets												
Long term customer contracts	26,566	(3,664)	22,902	61,737	(7,751)	53,986	20,061	6,300	(4,221)	372	22,512	(15,636)
Total Intangible assets	**43,408**	**(10,810)**	**32,598**	**65,000**	**(9,038)**	**55,962**	**24,460**	**13,700**	**(6,026)**	**359**	**32,493**	**(25,874)**
Inventories	-	-	-	-	-	-	-	846	(282)	-	564	(282)
Total identified and allocated assets	**43,408**	**(10,810)**	**32,598**	**65,000**	**(9,038)**	**55,962**	**24,460**	**14,546**	**(6,308)**	**359**	**33,057**	**(26,156)**

At December 31, 2011, there was no indication of impairment of other intangible assets.

	2010			
(in thousands of euros)	**Licenses, trademarks, technology**	**Development expenses (incurred internally)**	**Other intagible assets**	**Total**
GROSS AMOUNT				
At January 1	**27,350**	**65,369**	**170,736**	**263,456**
Investments	1,403	5,337	4,223	10,963
Disposals	(283)	-	(30)	(313)
Changes in consolidation scope (1)	3,710	-	13,331	17,041
Translation differences	1,038	477	1,347	2,863
Others	(2,833)	(1,579)	2,972	(1,440)
At December 31	**30,386**	**69,605**	**192,580**	**292,570**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES				
At January 1	**(17,022)**	**(36,298)**	**(43,587)**	**(96,907)**
Investments	(4,937)	(9,725)	(25,330)	(39,992)
Disposals	152	-	18	170
Changes in consolidation scope	-	-	-	(1)
Translation differences	(706)	(471)	(618)	(1,795)
Others	739	1,872	153	2,765
At December 31	**(21,774)**	**(44,622)**	**(69,363)**	**(135,759)**
CARRYING AMOUNT				
At January 1	**10,329**	**29,071**	**127,149**	**166,549**
At December 31	**8,612**	**24,983**	**123,216**	**156,810**

(1) The change in consolidation scope in 2010 primarily reflects the acquisition of a controlling interest in Fixed & Mobile Pte Ltd. in July 2010, the acquisition of Ingenico Services Iberia on July 19, 2010 and Ingenico Prepaid Services France on May 5, 2010.

Amortization expense on intangible assets identified during the allocation of the acquisition price for the 2010 business combinations is as follows:

- an amount of €320,000 for Ingenico Prepaid Services France from June 1, 2010 to December 31, 2010.
- an amount of €315,000 for Fixed & Mobile Pte Ltd from July 1, 2010 to December 31, 2010.
- an amount of €529,000 for Ingenico Services Iberia from October 1, 2010 to December 31, 2010.

The 2010 amortization expense on intangible assets identified during acquisitions was as follows:

	SAGEM			EASYCASH			AUTRES (Moneyline, Turkey, Landi, Ingenico Prepaid Services, Fixed & Mobile, Ingenico Services Iberia, Xiring)					Total amortization for the period
(in thousands of euros)	**Carrying amount at December 31, 2009**	**Amortization in 2010**	**Carrying amount at Décember 31, 2010**	**Carrying amount at December 31, 2009**	**Amortization in 2010**	**Carrying amount at Décember 31, 2010**	**Carrying amount at December 31, 2009**	**Acquisitions**	**Amortization in 2010**	**Translation differences**	**Carrying amount at Décember 31, 2010**	
Intangible assets												
Concessions,patents & similar rights												
Hardware and software technology under development	13,720	(3,430)	10,290	-	-	-	-	-	-	-	-	(3,430)
Existing hardware and software technology	7,233	(5,786)	1,447	4,550	(1,287)	3,263	1,900	2,843	(1,136)	46	3,652	(8,210)
Software applications	7,374	(2,269)	5,105	-	-	-	-	-	-	-	-	(2,269)
Brand name	-	-	-	-	-	-	1,725	58	(1,182)	146	747	(1,182)
Other intangible assets												
Long term customer contracts	30,230	(3,664)	26,566	69,488	(7,751)	61,737	7,396	14,239	(2,289)	715	20,061	(13,704)
Total Intangible assets	**58,557**	**(15,149)**	**43,408**	**74,038**	**(9,038)**	**65,000**	**11,020**	**17,140**	**(4,607)**	**907**	**24,460**	**(28,795)**
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Total identified and allocated assets	**58,557**	**(15,149)**	**43,408**	**74,038**	**(9,038)**	**65,000**	**11,020**	**17,140**	**(4,607)**	**907**	**24,460**	**(28,795)**

	2009			
(in thousands of euros)	**Licenses, trademarks, technology**	**Development expenses (incurred internally)**	**Other intagible assets**	**Total**
GROSS AMOUNT				
At January 1	**24,357**	**58,102**	**84,101**	**166,561**
Investments	1,768	7,961	605	10,334
Disposals	(1,243)	-	(133)	(1,376)
Changes in consolidation scope [(1)]	1,852	-	86,505	88,356
Translation differences	(14)	(218)	(362)	(594)
Others	631	(476)	20	175
At December 31	**27,350**	**65,369**	**170,736**	**263,456**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES				
At January 1	**(15,056)**	**(29,170)**	**(19,078)**	**(63,304)**
Investments	(3,943)	(7,818)	(13,946)	(25,708)
Disposals	1,243	-	730	1,973
Changes in consolidation scope	758	-	(11,260)	(10,501)
Translation differences	(30)	215	131	315
Others	6	476	(164)	318
At December 31	**(17,022)**	**(36,298)**	**(43,587)**	**(96,907)**
CARRYING AMOUNT				
At January 1	**9,302**	**28,932**	**65,023**	**103,255**
At December 31	**10,329**	**29,071**	**127,149**	**166,549**

(1) Changes in consolidation scope in 2009 concern principally those arising from the acquisition of easycash on November 30, 2009 and the sale of Sagem Denmark and Manison on June 11, 2009.

The amortization of the intangible assets identified in the purchase price allocation for easycash represented a total of €723,000 for the period from November 30, 2009, to December 31, 2009.

The 2009 amortization expense on intangible assets identified during acquisitions was as follows:

(in thousands of euros)	SAGEM			EASYCASH			AUTRES (Moneyline, Turkey, Landi)					Total amortization for the period
	Carrying amount at December 31, 2008	Amortization in 2009	Carrying amount at Décember 31, 2009	Carrying amount at December 31, 2008	Amortization in 2009	Carrying amount at Décember 31, 2009	Carrying amount at December 31, 2008	Acquisitions	Amortization in 2009	Translation differences	Carrying amount at Décember 31, 2009	
Intangible assets												
Concessions,patents & similar rights												
Hardware and software technology under development	17,150	(3,430)	13,720	-	-	-	-	-	-	-	-	(3,430)
Existing hardware and software technology	13,019	(5,786)	7,233	4,653	(103)	4,550	2,929	(926)	(5)	(99)	1,900	(6,815)
Software applications	9,643	(2,269)	7,374	-	-	-	-	-	-	-	-	(2,269)
Brand name	-	-	-	-	-	-	3,016	(1,238)	(53)	-	1,725	(1,238)
Other intangible assets												
Long term customer contracts	33,895	(3,663)	30,230	70,108	(620)	69,488	8,853	(1,235)	(222)	-	7,396	(5,518)
Total Intangible assets	**73,707**	**(15,148)**	**58,557**	**74,761**	**(723)**	**74,038**	**14,797**	**(3,399)**	**(279)**	**(99)**	**11,020**	**(19,270)**
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Total identified and allocated assets	**73,707**	**(15,148)**	**58,557**	**74,761**	**(723)**	**74,038**	**14,797**	**(3,399)**	**(279)**	**(99)**	**11,020**	**(19,270)**

13. Property, plant and equipment

	2011				
(in thousands of euros)	Land and buildings	Plant and equipment	Other assets	Assets in progress	Total
GROSS AMOUNT					
At January 1	**2,559**	**51,403**	**32,165**	**295**	**86,422**
Investments	379	6,355	6,912	4,633	18,279
Disposals	(60)	(4,267)	(8,134)	(283)	(12,744)
Changes in consolidation scope	-	875	916	-	1,791
Translation differences	26	82	(486)	(12)	(390)
Others	(3)	(351)	(495)	(2)	(851)
At December 31	**2,901**	**54,097**	**30,878**	**4,631**	**92,507**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	**(1,410)**	**(34,685)**	**(19,052)**	**-**	**(55,147)**
Amortization	314	(9,192)	(6,332)	-	(15,210)
Disposals and impairment losses	(702)	3,985	7,662	-	10,945
Changes in consolidation scope	-	-	-	-	-
Translation differences	(19)	28	304	-	313
Others	-	270	546	-	816
At December 31	**(1,817)**	**(39,594)**	**(16,872)**	**-**	**(58,283)**
CARRYING AMOUNT					
At January 1	**1,149**	**16,718**	**13,113**	**295**	**31,275**
At December 31	**1,084**	**14,503**	**14,006**	**4,631**	**34,224**

(in thousands of euros)	2010 Land and buildings	Plant and equipment	Other assets	Assets in progress	Total
GROSS AMOUNT					
At January 1	**2,319**	**44,835**	**33,596**	**22**	**80,772**
Investments	178	6,445	6,271	293	13,187
Disposals	(58)	(950)	(10,238)	(15)	(11,261)
Changes in consolidation scope	24	1,278	1,184	7	2,494
Translation differences	96	598	2,433	2	3,129
Others	-	(803)	(1,081)	(14)	(1,898)
At December 31	**2,559**	**51,403**	**32,165**	**295**	**86,422**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	**(1,006)**	**(28,508)**	**(18,182)**	**-**	**(47,695)**
Amortization	(405)	(7,375)	(6,869)	-	(14,649)
Disposals and impairment losses	56	721	6,533	-	7,309
Changes in consolidation scope	1	-	-	-	1
Translation differences	(55)	(598)	(1,470)	-	(2,123)
Others	-	1,074	935	-	2,009
At December 31	**(1,410)**	**(34,685)**	**(19,052)**	**-**	**(55,147)**
CARRYING AMOUNT					
At January 1	**1,313**	**16,327**	**15,414**	**22**	**33,076**
At December 31	**1,149**	**16,718**	**13,113**	**295**	**31,275**

(in thousands of euros)	2009 Land and buildings	Plant and equipment	Other assets	Assets in progress	Total
GROSS AMOUNT					
At January 1	**1,402**	**35,878**	**23,361**	**840**	**61,480**
Investments	496	6,644	5,632	15	12,787
Disposals	-	(1,814)	(1,028)	(61)	(2,903)
Changes in consolidation scope	141	6,130	748	(15)	7,005
Translation differences	4	864	2,691	-	3,559
Others	276	(2,868)	2,192	(757)	(1,156)
At December 31	**2,319**	**44,835**	**33,596**	**22**	**80,772**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	**(611)**	**(22,515)**	**(12,993)**	**-**	**(36,118)**
Amortization	(191)	(6,650)	(4,641)	-	(11,481)
Disposals and impairment losses	-	1,618	707	-	2,325
Changes in consolidation scope	(62)	(1,999)	1,118	-	(943)
Translation differences	(2)	(691)	(1,450)	-	(2,144)
Others	(140)	1,729	(923)	-	667
At December 31	**(1,006)**	**(28,508)**	**(18,182)**	**-**	**(47,695)**
CARRYING AMOUNT					
At January 1	**791**	**13,363**	**10,367**	**840**	**25,361**
At December 31	**1,313**	**16,327**	**15,414**	**22**	**33,076**

14. Investments in equity-accounted investees

(in thousands of euros)	Fixed and Mobile Pte Ltd	Roam Data	Korvac	Total
Investments in equity-accounted investees (%) 2009	38.38%	43.92%		
Investments in equity-accounted investees (%) 2010	100.00%	43.92%	49.00%	
Investments in equity-accounted investees (%) 2011	100.00%	43.92%	49.00%	
At January 1, 2010	**2,023**	**4,764**		**6,787**
Goodwill	38	22	8,938	8,998
Share of net assets	-	-	7,589	7,589
Investment	**38**	**22**	**16,527**	**16,587**
Share of profit or loss	(110)	(1,081)	(480)	(1,671)
Translation differences	157	401	963	1,521
Change in consolidation method (*)	(2,108)	-	-	(2,108)
At December 31, 2010	**-**	**4,106**	**17,010**	**21,116**
Investment	**-**	**-**	**-**	**-**
Share of profit or loss	-	(164)	(3,033)	(3,197)
Translation differences	-	138	208	346
At December 31, 2011	**-**	**4,080**	**14,185**	**18,265**

(1) Change in consolidation method following the transfer of control in 2010, now fully consolidated

2011

Call options to acquire outstanding shares

The call option on Roam Data shares is not exercisable immediately, and it was not taken into account in determining the percentage of Ingenico’s ownership interest, which therefore equals the percentage of rights acquired.

The fair value of call options to acquire outstanding shares was negligible at the December 31, 2011 reporting date, given that those options have a transaction price at market value.

Subsequent to the balance-sheet date, the Group obtained a controlling interest in Roam Data and signed an agreement to sell its entire 49 % stake in Korvac Holdings Pte Ltd (see Note 34, Subsequent events).

Impairment losses

At December 31, 2011, no impairment loss on these investments was recognized in the Group’s consolidated financial statements.

2010

During the second half of 2010, the Group acquired stakes in a company through its subsidiary Ingenico Holding Asia, Korvac Holdings Pte Ltd in Singapore.

Accounting method

Since the governance structure established at the time of the investments provides for control to be exercised jointly by Ingenico and the legacy shareholders, the equity method of accounting is applied.

Goodwill

The goodwill before allocation of the acquisition price of the Korvac group amounts to 16.2 Singapore dollars (€8.9 million), based on the Group share of equity of €7.6 million. The fair value of identifiable assets and liabilities acquired has been determined on a provisional basis, before obtaining the final measurements.

Call options to acquire outstanding shares

The call option on Roam Data shares is not exercisable immediately, and it was not taken into account in determining the percentage of Ingenico's ownership interest, which therefore equals the percentage of rights acquired. The fair value of the call options to acquire the outstanding shares has not varied significantly since the acquisition. This value was negligible at the December 31, 2010 reporting date.

Impairment losses

At December 31, 2010, no impairment loss on these investments was recognized in the Group's consolidated financial statements.

2009

During the second half of 2009, through its subsidiary Ingenico Ventures SAS, the Group acquired stakes in two companies:

- Fixed & Mobile Pte Ltd in Singapore.
- Roam Data in the United States.

Accounting method

Since the governance structure established at the time of the investments provides for control to be exercised jointly by Ingenico and the legacy shareholders, the equity method of accounting is applied.

Call options to acquire outstanding shares

Because these call options were not exercisable immediately, they were not taken into account in determining the percentage of Ingenico's ownership interest, which therefore equals the percentage of rights acquired. The fair value of the call options to acquire the outstanding shares has not varied significantly since the acquisition. This value was negligible at the December 31, 2009 reporting date.

Impairment losses

At December 31, 2009, no impairment loss on these investments was recognized in the Group's consolidated financial statements.

15. Financial assets

At December 31, 2009, 2010 and 2011, financial assets included security deposits and guarantees, equity interests in non-consolidated companies and related receivables.

(in thousands of euros)	2009	2010	2011
Non-current financial assets	3,567	4,561	4,667
Total	**3,567**	**4,561**	**4,667**

16. Other non-current assets

At December 31, 2009, 2010 and 2011, other non-current assets included:

(in thousands of euros)	2009	2010	2011
Receivables	182	314	379
Finance lease receivables	13,493	17,747	17,828
Tax receivables other than current income tax	-	23	2
Income tax receivables (carry-backs)	985	1,110	1,748
Prepayments	71	1,265	396
Total	**14,730**	**20,460**	**20,353**

Other non-current assets are all due in over 12 months. The sharp rise in this line item in 2009 reflects the inclusion of easycash and its finance leasing business in the Group's consolidated accounts.

17. Inventories

(in thousands of euros)	2009	2010	2011
Raw materials and consumables	17,398	26,780	32,276
Finished products	73,439	97,676	86,037
Write-downs on raw materials and consumables	(3,291)	(4,923)	(7,272)
Write-downs on finished products	(13,316)	(14,036)	(16,142)
Net	**74,230**	**105,497**	**94,899**

The decrease in finished product inventories was due primarily to the high level of sales towards the end of the year. The changes in consolidation scope resulting from the acquisition of Xiring increased inventories by €6.5 million, while currency effects reduced inventories by €1.4 million.

The increase in write-downs mainly involved products that were supplanted by the new ICT range, along with the related accessories and spare parts.

18. Trade and related receivables

Trade and related receivables break down as follows:

(in thousands of euros)	2009	2010	2011
Advances and down-payments to suppliers	2,170	1,220	2,958
Trade receivables on the sales of goods and services	206,796	251,134	323,805
Finance lease receivables	12,162	8,088	12,690
Employee-related receivables	537	384	(450)
Tax receivables other than current income tax	15,975	15,827	21,529
Current accounts receivables	-	386	839
Other receivables	5,571	1,231	2,188
Write-downs for bad debt	(17,868)	(24,125)	(27,590)
Write-downs for finance lease receivables	-	(8)	(625)
Write-downs for other receivables	(16)	(15)	(15)
Total	**225,327**	**254,123**	**335,329**

The increase in trade receivables is principally due to the high level of sales in the fourth quarter of 2011 and to changes in consolidation scope resulting from entities acquired in 2011 (€8,5 million including 6,4 million for Xiring). Translation differences amount to €0.6 million.

The finance lease receivables concern principally easycash, in an amount of €9.8 million and Ingenico SA in an amount of 2.0 million.

The aging schedule of trade receivables is as follows :

(in thousands of euros)	2011				
	Total	Not due	Overdue		
			< 120 days	120 - 180 days	> 180 days
Trade receivables	323,805	243,104	45,576	3,303	31,821
Write-downs for bad debt	(27,590)	(314)	(1,938)	(579)	(24,757)
Net	**296,215**	**242,790**	**43,638**	**2,725**	**7,063**

Receivables overdue in excess of 180 days without write-downs (€7.1 million) are the result of the traditional terminal sales activities in the EEMEA region, where the credit terms taken can be longer than for the Group on average. None of these receivables represents a litigious situation, and the Group does not expect any difficulty in recovering the amounts due.

(in thousands of euros)	2010				
	Total	Not due	Overdue		
			< 120 days	120 - 180 days	> 180 days
Trade receivables	251,134	170,723	42,895	7,330	30,186
Write-downs for bad debt	(24,125)	(220)	(2,848)	(499)	(20,558)
Net	**227,008**	**170,503**	**40,048**	**6,831**	**9,625**

Receivables overdue in excess of 180 days without write-downs (€9.6 million) are the result of the traditional terminal sales activities in the EEMEA region, where the credit terms taken can be longer than for the Group on average, and also from the business model of certain entities acquired in the year

(Ingenico Prepaid Services and Ingenico Services Iberia). None of these receivables represents a litigious situation, and the Group does not expect any difficulty in recovering the amounts due.

(in thousands of euros)	Total	Not due	2009 Overdue		
			< 120 days	120 - 180 days	> 180 days
Trade receivables	206,796	144,768	34,730	6,487	20,811
Write-downs for bad debt	(17,868)	(281)	(1,636)	(487)	(15,464)
Net	**188,928**	**144,487**	**33,094**	**6,000**	**5,347**

The increase in write-downs for doubtful debts in 2009 reflects the inclusion of easycash in the consolidation scope. At December 31, 2009, the easycash Group's share of write-downs for doubtful debts were 68.3 % of the total.

19. Reconciliation of working capital items presented in the balance sheet and the cash flow statement

Postes du bilan		31/12/2010	2011 Changes in consolidation scope	Net Change in working capital	Translation differences and other movements	31/12/2011
Inventories		105,497				94,899
Working capital items		105,497	6,579	(15,795)	(1,382)	94,899
Changes in inventories in the cash-flow statement	(1)	105,497	6,579	(15,795)	(1,382)	94,899
Other non-current assets		20,460				20,353
Working capital items	Other non-current assets	19,350	1,237	(1,946)	(37)	18,604
Non-WC items	*Other non-operating receivables*	*1,110*				*1,749*
Trade and related receivables		254,123				335,329
Working capital items	Trade receivables	236,311	8,843	65,576	507	311,239
Working capital items	Other operating receivables	17,812	1,149	5,345	(216)	24,090
Non-WC items	*Other non-operating receivables*	-				-
Other current assets		7,440				11,209
Working capital items	Other operating receivables	7,146	398	3,274	74	10,892
Non-WC items	***Other non-operating receivables***	***294***				***317***
Change in receivables in the cash-flow statement	(2)	280,619	11,627	72,249	330	364,825
Other non-current liabilities		15,531				11,869
Working capital items	Trade payables	10,498	746	(11)	134	11,367
Non-WC items	*Other non-operating liabilities*	*5,033*				*502*
Trade and related payables		267,730				297,332
Working capital items	Trade payables	207,692	6,823	14,245	(1,716)	227,044
Working capital items	Other current liabilities	60,025	1,042	8,650	521	70,238
Non-WC items	*Other non-operating liabilities (*)*	*13*				*51*
Other liabilities		73,816				79,855
Working capital items	Other liabilities	36,106	4,093	3,601	216	44,016
Non-WC items	*Other non-operating liabilities (*)*	*37,710*				*35,839*
Change in liabilities in the cash-flow statement	(3)	314,321	12,704	26,485	(845)	352,665
Change in net working capital	-(1)-(2)+(3)	(71,796)	(5,502)	(29,969)	207	(107,060)

[1] Puts option of Fujian Landi and Fixed & Mobile Pte Ltd. (see Note 31, Other liabilities).

Postes du bilan		31/12/2009	2010 Changes in consolidation scope	Net Change in working capital	Translation differences and other movements	31/12/2010
Inventories		74,230				105,497
Working capital items		74,230	364	22,902	8,001	105,497
Changes in inventories in the cash-flow statement	(1)	74,230	364	22,902	8,001	105,497
Other non-current assets		14,730				20,460
Working capital items	Other non-current assets	13,746	1,066	4,415	124	19,350
Non-WC items	*Other non-operating receivables*	*985*				*1,110*
Trade and related receivables		225,327				254,123
Working capital items	Trade receivables	203,260	15,151	16,818	1,083	236,311
Working capital items	Other operating receivables	19,559	4,463	(7,211)	1,001	17,812
Non-WC items	*Other non-operating receivables*	*2,508*				-
Other current assets		5,825				7,440
Working capital items	Other operating receivables	5,085	2,558	(683)	186	7,146
Non-WC items	***Other non-operating receivables***	***739***				***294***
Change in receivables in the cash-flow statement	(2)	241,650	23,239	13,337	2,394	280,619
Other non-current liabilities		10,385				15,531
Working capital items	Trade payables	6,571	333	2,127	1,468	10,498
Non-WC items	*Other non-operating liabilities*	*3,814*				*5,033*
Trade and related payables		188,162				267,730
Working capital items	Trade payables	133,622	25,074	46,399	2,770	207,692
Working capital items	Other current liabilities	53,562	3,416	595	2,452	60,025
Non-WC items	*Other non-operating liabilities (*)*	*978*				*13*
Other liabilities		47,758				73,816
Working capital items	Other liabilities	28,625	151	3,288	4,041	36,106
Non-WC items	*Other non-operating liabilities (*)*	*19,133*				*37,710*
Change in liabilities in the cash-flow statement	(3)	222,380	28,974	52,410	10,730	314,321
Change in net working capital	-(1)-(2)+(3)	(93,500)	5,372	16,171	335	(71,796)

			2009			
Postes du bilan		31/12/2008	Changes in consolidation scope	Net Change in working capital	Translation differences and other movements	31/12/2009
Inventories		77,211				74,230
Working capital items		77,211	(4,695)	(2,578)	4,292	74,230
Changes in inventories in the cash-flow statement	(1)	77,211	(4,695)	(2,578)	4,292	74,230
Other non-current assets		1,030				14,730
Working capital items	Other non-current assets	705	13,547	(510)	4	13,746
Non-WC items	*Other non-operating receivables*	*324*				*985*
Trade and related receivables		177,390				225,327
Working capital items	Trade receivables	165,041	24,282	9,519	4,419	203,260
Working capital items	Other operating receivables	12,350	1,220	5,932	56	19,559
Non-WC items	*Other non-operating receivables*	-				*2,508*
Other current assets		3,577				5,825
Working capital items	Other operating receivables	3,536	552	866	131	5,085
Non-WC items	***Other non-operating receivables***	***41***				***739***
Change in receivables in the cash-flow statement	(2)	181,631	39,601	15,808	4,610	241,650
Other non-current liabilities		4,827				10,385
Working capital items	Trade payables	4,535	4	774	1,258	6,571
Non-WC items	*Other non-operating liabilities*	*291*				*3,814*
Trade and related payables		153,960				188,162
Working capital items	Trade payables	103,184	11,671	12,245	6,522	133,622
Working capital items	Other current liabilities	31,878	2,976	18,128	580	53,562
Non-WC items	*Other non-operating liabilities (*)*	*18,898*				*978*
Other liabilities		47,880				47,758
Working capital items	Other liabilities	47,800	(971)	(19,711)	1,507	28,625
Non-WC items	*Other non-operating liabilities (*)*	*80*				*19,133*
Change in liabilities in the cash-flow statement	(3)	187,397	13,681	11,437	9,866	222,380
Change in net working capital	-(1)-(2)+(3)	(71,446)	(21,225)	(1,794)	965	(93,500)

(*) In 2009, the put option on the remaining 45 % of Fujian Landi shares was reclassified from "Other current liabilities" to "Other liabilities" and remeasured at €19,133,000 (versus €16,371,000 in 2008).

20. Current tax receivables and other current assets

(in thousands of euros)	2009	2010	2011
Prepayments	5,085	7,146	10,893
Loans, securities and other receivables	739	294	316
Total	**5,825**	**7,440**	**11,209**
Current tax receivables	**9,456**	**10,582**	**9,359**

21. Assets held for sale and liabilities in disposal groups

At the December 31, 2011 reporting date, the Group was engaged in negotiations to dispose of its holding in Korvac. But because of the accounting method adopted, no separate disclosures as prescribed by IFRS 5 have been made. The relevant information can be found in Note 14, Investments in equity-accounted investees. The transaction was carried out on February 5, 2012 (see Note 34, Subsequent events).

22. Total equity

Number of outstanding shares

	2009	2010	2011
Shares issued at January 1	**47,791,674**	**48,637,135**	**51,511,971**
Shares issued in connection with options exercised and dividend distributions	845,461	507,349	468,332
Shares issued in connection with the capital increase reserved to employees	-	172,417	-
Shares issued in connection with the capital increase by incorporation of reserves	-	2,445,070	-
Shares canceled in connection with the capital reduction scheme	-	(250,000)	-
Shares issued at December 31	**48,637,135**	**51,511,971**	**51,980,303**
Treasury shares at December 31	**1,361,958**	**875,443**	**868,484**

2011

At December 31, 2011, Ingenico's authorized share capital consisted of 51,980,303 shares with a par value of €1 each.

2010

On March 17, 2010, the Board of Directors decided in principle to issue shares in an amount of 1 % of the share capital reserved to employees of Group companies located in France and Germany, members of Group savings plans. The subscriptions were opened by the managing director in June 2010, and the subscription period closed on June 21, 2010. On July 21, 2010, 172,417 new shares were issued in this connection.

On May 11, 2010, the Board of Directors decided to make a bonus issue to shareholders, one new share for every twenty held, by way of a share capital increase by incorporation of retained earnings. The share allocation was carried out on July 30, 2010, the share price was adjusted accordingly, and 2,445,070 shares were issued.

Treasury shares

(in euros)	2010	Acquisitions	Disposals	Other	2011
Number of shares	875,443	2,117,238	(1,856,447)	(267,750)	868,484
Average purchase price	16.73	28.28	28.40	15.39	20.36
Total	**14,645,220**	**59,875,178**	**(52,717,417)**	**(4,119,519)**	**17,683,462**

	2009	Acquisitions	Disposals	Other	2010
Number of shares	1,361,958	2,112,993	(1,753,481)	(846,027)	875,443
Average purchase price	18.47	19.22	19.21	20.63	16.73
Total	**25,156,558**	**40,620,436**	**(33,680,380)**	**(17,451,394)**	**14,645,220**

	2008	Acquisitions	Disposals	Other	2009
Number of shares	1,624,290	2,135,945	(2,263,181)	(135,096)	1,361,958
Average purchase price	16.81	14.33	13.46	16.94	18.47
Total	**27,297,123**	**30,602,664**	**(30,454,859)**	**(2,288,370)**	**25,156,558**

Shares repurchased to be awarded or retired

In 2011, two delegations were used by the Board:

• the first given by the Shareholders' Meeting of May 15, 2009 (implemented by a decision of the Board on the same day);

• the second given by the Shareholders' Meeting of May 11, 2010, replacing that of May 15, 2009 (implemented by a decision of the Board on the same day);

The portfolio of treasury shares held to be awarded under free share plans or to reduce the share capital totaled 823,699 shares at December 31, 2010. At December 31, 2011, there were 768,989 treasury shares at an average purchase price of €19.46, reflecting the buyback of 213,040 shares in 2011 and the use of 267,750 shares to meet obligations to beneficiaries of free share plans vested during the year.

The portfolio amounted to 823,699 shares at December 31, 2010, after the transfer of 636,000 shares to holders of free share awards at the end of the vesting period, the allocation of 39,973 shares on July 30, 2010 (following a capital increase by way of incorporation of share premium), the purchase of 582,000 shares, the cancelation of 250,000 shares by reduction of capital, and 79.054 shares invested in the joint investment plan.

In 2009, no Ingenico shares were purchased to be awarded or retired. Of the existing portfolio of treasury shares, 135,096 shares were used to meet obligations to beneficiaries of free share programs at the expiration of the vesting period.

At December 31, 2009, the treasury share portfolio (excluding shares held under the liquidity contract) totaled 1,166,780 shares at an average purchase price of €18.69, of which 250,000 shares were purchased in 2008 at an average price of €17.23 to reduce the share capital. The capital was reduced in January 2010, in accordance with the decision made by the Board of Directors on January 20, 2010.

Shares repurchased under the liquidity contract entered into in 2004

In 2011, 1.904.198 shares were repurchased at an average price of €28,41 and 1.856.447 shares were sold at an average price of €28,40.

The treasury share portfolio allocated to the liquidity contract represented 99.495 shares at December 31, 2011.

In 2010, 1,610,047 shares were repurchased at an average price of €19.67 and 1,753,481 shares were sold at an average price of €19.21.

The treasury share portfolio allocated to the liquidity contract represented 51,744 shares at December 31, 2010.

In 2009, 2,135,945 shares were repurchased at an average price of €14.33 and 2,263,181 shares were sold at an average price of €13.46.

At December 31, 2009, the portfolio held under the liquidity contract totaled 195,178 shares.

Stock subscription option plans and free share awards

Plans in force at December 31, 2011

The main features of the plans in force at December 31, 2011 are as follows:

a) Stock subscription option plans

On May 4, 2000 and October 18, 2004, the shareholders authorized the Board of Directors to grant a certain number of employees share subscription options to during periods of five years and 24 months, respectively. Six tranches of stock subscription options were allocated from April 15, 2003 to September 20, 2005.

In 2007, following an adjustment made to reflect the payment of a dividend out of the share premium account, 3,904 additional options were awarded to the grantees who had not yet exercised their option by June 27, 2007 (date of the Board meeting during which the adjustment calculation was approved).

In 2010, following the adjustment to take into account of the share capital increase by incorporation of retained earnings, 11,457 additional options were granted to those beneficiaries who had not yet exercised their options as of May 11, 2010 (date of the Board decision for the share capital increase). No new stock option plan was set up during 2010.

Subscription period of Tranche A closed on April, 2011
Tranches B, E and D were subscribed and closed in 2005, 2007 et 2008.

No new stock option plan was set up during 2011.

Following the adjustments in 2007 and 2010, and subscriptions in 2010, the number of outstanding options totaled 35,073 at December 31, 2011 and are relating to Tranche C, F and H.

Tranche A

In accordance with the delegation of power granted by the Board of Directors on March 18, 2003, the Chairman of the Board allocated a first tranche of options on April 15, 2003, called Tranche A. The Chairman listed the beneficiaries of Tranche A, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche A was set at €5.67, the equivalent of 95 % of the share's average opening price over the twenty trading days preceding the grant date (April 15, 2003). Following the payment of a dividend with free shares, this price was adjusted to €5.64 in 2007. It was again modified in 2010, to €5.37, after the share capital increase by incorporation of retained earnings. This stock subscription option plan terminated in 2011.

Tranche C

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

The subscription price for Tranche C was set at €10.93, the equivalent of 95 % of the share's average opening price over the twenty trading days preceding the grant date (April 20, 2004). In 2007, this price was adjusted to €10.88. It was again modified in 2010, to €10.36, after the share capital increase by incorporation of retained earnings.

This stock subscription option plan will terminate in 2012.

Tranche F

On December 14, 2004, the Board of Directors allocated a new tranche of options, called Tranche F. The Board listed the beneficiaries of Tranche F, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche F was set at €11.68, the equivalent of 95 % of the share's average opening price over the twenty trading days preceding the grant date. In 2007, this price was adjusted to €11.62. It was again modified in 2010, to €11.07, after the share capital increase by incorporation of retained earnings.

This stock subscription option plan will terminate in 2012.

Tranche H

On September 20, 2005, the Board of Directors allocated a new tranche of options, called Tranche H. The Board listed the beneficiaries of Tranche H, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche H was set at €11.62, the equivalent of the share's average opening price over the twenty trading days preceding the grant date, with no discount. In 2007, the subscription price was adjusted to €11.56. It was again modified in 2010, to €11.01, after the share capital increase by incorporation of retained earnings.

This stock subscription option plan will terminate in 2013.

b) Free share awards

The Annual Shareholders' Meeting of April 19, 2005 authorized he Board of Directors to make a free award of 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). The maximum number of shares was increased to 599,046 at the Annual Shareholders' Meeting of May 5, 2006, i.e. 2 percent of the Company's share capital.

The Annual Shareholders' Meeting of May 5, 2006 authorized the Board of Directors to make a free award of existing or new shares to Group employees, and executive officers, up to a maximum of 3 percent of the Company's share capital (898,569 shares on the date of the Board's decision).

On December 14, 2005, 100,000 free shares awards were made to the Chief Executive Officer, Mr. Amedeo d'Angelo, in quarterly allotments, i.e. one fourth at the end of each quarter in 2006.

On March 15, 2006, the Board of Directors decided to set up a free share award program for key Company executives. On this basis, 635,000 free shares were awarded in several subgroups to 41 beneficiaries. Out of this total, 150,000 share awards were allocated to members of the Executive Board.

The shares vest after a two-year period, provided that on that date, the beneficiaries are still employed by the Ingenico Group. The shares must be held by the beneficiaries for an additional two-year period following vesting.

No new free share award program was set up during 2007. Following an adjustment made to reflect the payment of a dividend out of the share premium account, 3,522 additional free shares were awarded to the grantees who had not yet exercised their entitlement by June 27, 2007 (date of the Board Meeting which ratified the calculation).

At the Board meeting of July 17, 2007, 100,000 free shares were awarded to the Chief Executive Officer, Mr. Philippe Lazare, in quarterly allotments, i.e. one-fourth at the end of each quarter. Mr. Jacques Stern was awarded 15,000 free shares from that date of his appointment as Chairman of the Board.

60,290 treasury shares were allocated in June 2007 to meet the Company's obligations under a free share program to beneficiaries Mr. David Znaty and Mr. Amedeo d'Angelo at the expiration of the vesting period.

100,000 shares were created in 2007 by incorporation of the share premium account to meet the Company's obligations to Mr. Amedeo d'Angelo under a free share program for which the vesting period expired on December 14, 2009 (see above).

At its meeting on January 23, 2008, the Board resolved to implement a free share program by virtue of the authorization granted at the Shareholders' Meeting of May 5, 2006, and the forthcoming authorization to be granted at the Shareholders' Meeting on March 14, 2008.

At the Board meeting of March 11, 2009, 75,000 free share awards were given to the Chief Executive Officer, Mr. Philippe Lazare.

At its meeting on June 24, 2009, the Board resolved to award 75,000 free shares to the Chief Executive Officer, Mr. Philippe Lazare, and 10,000 free shares to Mr. Jacques Stern, Chairman of the Board of Directors. An additional 115,000 free shares were awarded to the Group's operational managers.

On March 2010, the Board of directors decided to grant a further 37,555 free share awards.

At December 31, 2010, a total of 364,486 free share awards had been outstanding.

No new free share award program was set up during 2011.

Following the cancelation of 28,427 free share awards and the vesting during the period of 267,750 free shares awarded to plan beneficiaries, a total of 68,309 free shares were outstanding at December 31, 2011.

c) Joint investment plan

The Board Meeting held on March 30, 2010 also decided to set up a joint investment plan, in three annual tranches (2010, 2011, 2012), intended for the 37 key managers in the Group.

This plan takes the form of an agreement with the beneficiaries, under which a variable number of free shares will be granted, subject to a number of conditions; namely, the decision to subscribe, continued presence within the Group, and level of performance (internal and external).

The subscription period for tranche 1 ended on April 15, 2010. The Board Meeting held on May 11, 2010 fixed the number of shares subscribed at 79,054, and the maximum number of shares which could be awarded at a subsequent date at 553,378.

At December 31, 2011, the maximum was 474,640 awards, following the share capital increase by incorporation of retained earnings (27,650 additional free shares) decided by the board held on May 11, 2010 and the cancelation of 32,728 awards in 2010 and 73,660 in 2011.

Tranches 2 and 3 will be implemented subsequent to December 31, 2011.

Change in option and share award plans in the period

	2011						
	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 €)**
Tranche A (closed)	16,121	-	13,902	2,219	-	8	
Tranche B (closed)	-	-	-	-	-	8	
Tranche C	2,271	-	159	1,056	1,056	8	10.36 €
Tranche D (closed)	-	-	-	-	-	8	
Tranche E (closed)	-	-	-	-	-	8	
Tranche F	23,305	-	6,788	2,111	14,406	8	11.07 €
Tranche H	33,167	-	8,278	5,278	19,611	8	11.01 €
Free shares	364,486	-	267,750	28,427	68,309		0 €
Joint investment plan	548,300	-	-	73,660	474,640		0 €
Total	987,650	-	296,877	112,751	578,022		

(1) including 35.073 exercisable at December 31, 2011

	2010						
	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 €)**
Tranche A	73,249	2,134	59,262	-	16,121	8	5.37 €
Tranche B (closed)	-	-	-	-	-	8	-
Tranche C	6,180	110	2,512	1,507	2,271	8	10.36 €
Tranche D (closed)	-	-	-	-	-	8	-
Tranche E (closed)	-	-	-	-	-	8	-
Tranche F	46,756	1,575	25,026	-	23,305	8	11.07 €
Tranche H	155,806	7,638	130,277	-	33,167	8	11.01 €
Free shares	931,000	75,705	636,000	6,219	364,486		
Joint investment plan	-	581,028		32,728	548,300		
Total	**1,212,991**	**668,190**	**853,077**	**40,454**	**987,650**		

(1) including 74.864 exercisable at Décembre 31, 2010

	2009						
	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 €)**
Tranche A	109,842	-	35,085	1,508	73,249	8	5.64 €
Tranche B (closed)	-	-	-	-	-	8	-
Tranche C	25,958	-	11,051	8,727	6,180	8	10.88 €
Tranche D (closed)	-	-	-	-	-	8	-
Tranche E (closed)	-	-	-	-	-	8	-
Tranche F	93,507	-	36,194	10,557	46,756	8	11.62 €
Tranche H	327,695	-	165,857	6,032	155,806	8	11.56 €
Free shares	880,096	275,000	135,096	89,000	931,000		
Total	**1,437,098**	**275,000**	**383,283**	**115,824**	**1,212,991**		

(1) including 281.991 exercisable at Décembre 31, 2009

Fair value of options granted

Ingenico has 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:

No expense has been recognized since 2009 in connection with the award of stock options, since the vesting periods for all plans expired in 2008.

For free share awards:

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

Impact on the financial statements

2011

On the basis of the parameters used to calculate the fair value of free shares awarded under free share and joint investment plans, and after the internal valuation criteria (fulfillment of service conditions and possibly performance conditions) were re-estimated, an expense of €4,291,000 was recognized in respect of 2011 in Profit from operations.

2010

Expense of €5,282,000 and €329,000 was recognized in Profit from operations and Other operating expenses, respectively in connection with the award of free shares, the joint investment plan, and the employee benefit represented by the 20 % discount granted to those who subscribed to the ISOP plan during 2010.

2009

Expense of €6,663,000 was recognized in Profit from operations in connection with the award of free shares.

23. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Ingenico S.A. shareholders by the average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Group and held as treasury shares. The average number of ordinary shares is a weighted annual average calculated by adjusting the shares in issue at the beginning of the period for the number of shares bought back or issued during the period, prorated on the basis of the transaction dates.

	2009	2010	2011
Net profit or loss attributable to Ingenico S.A. shareholders (in thousands of euros)	26,840	39,575	56,489
Weighted average number of ordinary shares	46,670,139	48,905,699	50,973,455
Basic earnings per share (in euros)	**0.58**	**0.81**	**1.11**

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, 2011, dilutive instruments comprised stock subscription options, free share awards and OCEANE-type bonds (convertible into or exchangeable for new or existing shares).

(in thousands of euros)	2009	2010	2011
Net profit or loss attributable to Ingenico S.A. shareholders	**26,840**	**39,575**	**56,489**
Diluted net profit or loss attributable to Ingenico S.A. shareholders	**26,840**	**39,575**	**63,396**
Weighted average number of ordinary shares	**46,670,139**	**48,905,699**	**50,973,455**
Impact of dilutive instruments:			
Exercise of stock options and free share awards	854,736	765,780	536,968
Conversion of convertible bonds	-	-	6,677,350
Diluted weighted average number of ordinary shares	**47,524,875**	**49,671,479**	**58,187,772**
Diluted earnings per share (in euros)	**0.56**	**0.80**	**1.09**

24. Net debt

Net debt of the Group consists of current and non-current financial borrowings and debt, less other current investments and cash and cash equivalents.

(in thousands of euros)	2009	2010	2011
Cash and cash equivalents	91,205	158,937	347,602
Financial borrowings and debt	(235,645)	(268,004)	(457,254)
Net debt	**(144,440)**	**(109,067)**	**(109,652)**

Breakdown of cash and cash equivalents and other investments

(in thousands of euros)	2009	2010	2011
Cash and cash equivalents	66,570	136,225	260,878
UCITS classified as cash	24,635	22,712	86,724
Cash and cash equivalents	**91,205**	**158,937**	**347,602**
UCITS and other short-term investments classified as investments	-	-	-
Cash and cash equivalents and other investments	**91,205**	**158,937**	**347,602**

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

(in thousands of euros)	2009	2010	2011
Balance at January 1	**101,133**	**24,636**	**22,713**
Increase/Purchases	2,953	-	60,394
Decrease/Sales	(79,415)	(2,123)	(2,500)
Translation differences	33	-	-
Other movements	(68)	200	6,118
Balance at December 31	**24,636**	**22,713**	**86,724**

UCITS are classified as cash equivalents when they meet the criteria of IAS 7. Otherwise, they are classified as other investments.

Breakdown of financial borrowings and debt

Financial liabilities may be 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)	2009	2010	2011
Bond loans	-	-	213,637
Bank borrowings	206,352	219,704	207,790
Finance lease obligations	9,018	8,924	6,011
Other financial liabilities		147	125
Non-current borrowings and long-term debt	**215,370**	**228,775**	**427,563**
Bank and similar borrowings	596	20,832	5,630
Finance lease obligations	4,904	4,558	3,572
Bank overdrafts and other financial liabilities	14,775	13,838	20,489
Short-term borrowings	**20,275**	**39,228**	**29,691**
Total Financial borrowings and debt	**235,645**	**268,004**	**457,254**

1) Bank borrowings

2011

At December 31, 2011, long- and short-term bank borrowings amounted to €427.1 million, including €421.4 million in respect of the syndicated loan facility renegotiated on August 5, 2011 and a convertible bond issued on March 11, 2011.

Syndicated loan

A €360 million variable-rate syndicated loan facility put in place on August 5, 2011 to replace the former facility contracted in 2009 to finance the easycash acquisition. The facility is now structured as follows:

- a first tranche of €210 million with a final maturity at September 5, 2016, fully drawn down on August 10, 2011. This loan is repayable in installments beginning March 31, 2013: €26.3 million every six months until September 30, 2013, then €52.5 million each twelve months until August 5, 2016.
- a second tranche represented by a €150 million revolving credit facility redeemable at maturity, which had not been drawn down at December 31, 2011.

The syndicated loan contracted in 2011 includes covenants relating to the respect of certain financial ratios which are subject to review every six months on the basis of pro forma consolidated financial statements:

- The net debt to equity ratio must be less than 80 %.
- Net debt must be less than 2.5 times EBITDA.

There are also a number of standard legal covenants.

The ratios were respected at December 31, 2011.

Outstanding amount due under this loan was €207.8 million at Decemebr 31, 2011.

The principal contractual terms of the syndicated loan are set out in Note 4.1 Liquidity and counterparty risks.

Bond loan

The Group has proceeded with the issue of bonds with an option of conversion and/or exchange in new or existing Ingenico shares (OCEANES), with the dividend date of March 11, 2011 and due date of January 1, 2017. The nominal amount of the loan amounts to €250 million and it is represented by 6,677,350 bonds at a nominal unit value of €37.44. The bonds have an annual nominal interest value of 2.75%. The interest rate, after deduction of debt issuance costs and re-classification of the share capital component of the loan is 6.22%.

This operation results in an information notice which has obtained the approval no. 11-062 from the Financial Markets Authority on March 3, 2011.

Conversion and/or exchange of bonds into shares

Bondholders may request that the bonds be converted into and/or exchanged for ordinary shares of the company at any time as of the issuance date (March 11, 2011) and until the 7th business day preceding the maturity or early redemption date, at a ration of one share per bond, subject to the adjustments set forth in the prospectus.

The issuer may at its option deliver new shares or existing shares or a combination of both.

Redemption at maturity

Bonds will be redeemed in full on January 1, 2017, at a pair value.

Early redemption at the option of the Company

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

- For all or a portion of the bonds, at any time and without any limit on price or quantity, by means of repurchases on the stock exchange or not, or by offer of repurchase or exchange;
- at any time, starting from January 15, 2015 until the maturity date of the bonds, for all outstanding bonds subject to a notice of at least 30 calendar days, by pair reimbursement increased by accrued interest, if the arithmetic average, calculated over 20 consecutive trading days among the 30 that precede the publication of the anticipated notice of reimbursement, of revenues of 1st quoted share prices of the Company noted on Euronext Paris and of shares allocation ratio in force at each date, exceeds 130% of the nominal value of bonds;
- at any time, for all outstanding bonds subject to a notice of at least 30 calendar days, by reimbursement, to the pair increased by accrued interest, if their outstanding number is lower than 10% of the number of issued bonds.

Early redemption at the option of the bondholders

In case of change of control of the Company, all bondholders may request the full or partial reimbursement of their bonds, at pair plus interest accrued since the last date of payment of interest until the date set for anticipated reimbursement.

Early repayment

The OCEANE prospectus contains the usual provisions for early repayment at the option of the representative of all bondholders, especially in case of default of payment by the Company of any amount due, by way of any bond at the due date, in case of default for non-payment beyond a minimum threshold of breaching any loans or debt guarantees of the Company or an important subsidiary, in case of non-execution by the Company of any other stipulation relating to bonds, in case of liquidation, dissolution or total transfer of assets from the Company, as well as in case of ordinary shares of the Company shall no longer be admitted to trading on Euronext Paris or on another market regulated by the European Union.

Allocation of the OCEANE between equity and financial liabilities

In application of the accounting principle described in the paragraph “Compound Financial Instruments” of accounting principles and methods page 45 of the 2010 registration document, the fair value of the debt corresponding to the liability on the balance sheet, as well as the part allocated to equity are calculated based on the issue date of the OCEANE, which is March 11, 2011.

The fair value of the recognized liability classified as long-term debt, is calculated using the average market rate for a straight bond. The difference between the face value of the bond and its fair value is allocated in equity under “retained earnings and other reserves”, net of deferred taxes.

Given that OCEANE is issued at a nominal interest rate of 2.75% lower than the market price (for a period, the comparable financial rate is 5.887% on the basis of an interpolated mid swap of 3.137%), the fair value of the debt component is equal to €208.83 million and to €37.02 million for the optional component, after taking in account the cost of the “investors” put and the assignment of issuance costs (€4.14 million prorated between the debt and equity).

On December 31, 2011, the value of the debt component on the balance sheet amounts to €213. 6 million.

2010

At December 31, 2010, long- and short-term bank borrowings amounted to €240.5 million, including €238.8 million in respect of the syndicated loan obtained in September 2009 to finance the acquisition of the easycash group and the additional loan obtained by the parent company to finance other acquisitions. Outstanding amounts due under these two loans were €206 million and €32.9 million, respectively, net of costs incurred of €5.8 million.

2009

In the first half of 2009, Ingenico repaid the Tranche A of the financing facility that had been set up in 2007, from which €60 million was drawn down in December 2008.

At December 31, 2009, bank borrowings totaled €206.4 million net of €3.6 million of debt issuance costs. This amount corresponds to the loan contracted by the parent company in September 2009 to finance the easycash acquisition.

2) Bank overdrafts

At December 31, 2011, bank overdrafts totaled €19.7 million, mainly for easycash GmbH (€16.7 million).

At December 31, 2010, bank overdrafts totaled €13.4 million, mainly for easycash GmbH.

At December 31, 2009, bank overdrafts totaled €14.8 million and included bank overdrafts of €2.7 million for Ingenico do Brasil and €11.4 million for easycash GmbH.

3) Finance lease obligations

At December 31, 2011, finance lease obligations concern easycash GmbH for €8.3 million and Ingenico Italia, for €1.3 million.

Principal terms of financial borrowings and debt

Interest rates and maturities

(in thousands of euros)		Carrying amount	Average annual rate	2011 Less than 1 year	1-2 years	2-5 years	More than 5 years
Bond loans	Ingenico SA	213,637	2.75%	-	-	213,637	-
	Total	**213,637**		**-**	**-**	**213,637**	**-**
Bank borrowings	Ingenico SA	207,781	3 months Euribor + 110 pts	5,560	54,999	147,222	-
	Baracoda	9	3.75%	9	-	-	-
	Total	**207,790**		**5,569**	**54,999**	**147,222**	**-**
Finance lease obligations	Ingeserve CO	13	7.47%	13	-	-	-
	Italia SpA	1,288	Euribor + rate ranging from 0.7% to 1.7%	714	321	253	-
	easycash GmbH	8,273	4.772%	2,841	1,958	3,474	-
	easycash Loyalties	10	1.808%	8	2		-
	Total	**9,584**		**3,576**	**2,281**	**3,727**	**-**
Bank overdrafts	Ingenico SA	35	Eonia + rate ranging from 0.35% to 0.6%	35	-	-	-
	Ingenico Do Brazil Ltda	2,897	13.25%	2,897	-	-	-
	easycash GmbH	16,737	Eonia + 2.5%	16,737	-	-	-
	Total	**19,670**		**19,670**	**-**	**-**	**-**
Other financial liabilities	Ingenico Prepaid Services France	119		-	-	119	-
	Xiring	7		7	-	-	-
	Ingenico Services Iberia	270		-	-	-	270
	Fixed & Mobile Pte Ltd	458		458	-	-	-
	Transfer to Inc.	89		89	-	-	-
	Total	**943**		**554**	**-**	**119**	**270**
Accrued interest on borrowings	Ingenico SA	5,568	3 months Euribor + 110 pts	5,568	-	-	-
	Xiring	2		2	-	-	-
	Ingenico Do Brazil Ltda	46		46	-	-	-
	Ingenico Services Iberia	14		14	-	-	-
	Total	**5,630**		**5,630**	**-**	**-**	**-**
Total Financial borrowings and debt		**457,254**		**34,999**	**57,280**	**364,705**	**270**

(in thousands of euros)		Carrying amount	Average annual rate	2010 Less than 1 year	1-2 years	2-5 years	More than 5 years
Bank borrowings	Ingenico SA	238,833	3 months Euribor + 200 pts	19,129	40,249	179,455	-
	Ingenico Services Iberia	56	5.25%	56	-	-	-
	Landi	888	4.02%	888	-	-	-
	Fixed & Mobile Pte	519	2.50%	519	-	-	-
	Total	**240,296**		**20,592**	**40,249**	**179,455**	
Finance lease obligations	Iberia	209	State subsidized loan at 0%	53	-	156	-
	Ingenico Services Iberia	17	Euribor + 1.15%	-	8	8	-
	Italia SpA	932	Euribor + 0.627%	433	228	271	-
	easycash GmbH	12,214	5.46%	3,972	3,792	4,450	-
	easycash Loyalties	110	6.83%	100	8	2	-
	Total	**13,482**		**4,558**	**4,036**	**4,887**	
Bank overdrafts	Ingenico SA	36	Eonia +0.35%	36	-	-	-
	Ingenico Ventures	3	Eonia +0.35%	3	-	-	-
	Ingenico Data Systems SA	1	Eonia +0.35%	1	-	-	-
	easycash GmbH	13,340	Eonia + 2.5%	13,340	-	-	-
	Total	**13,380**		**13,380**			
Other financial liabilities	Ingenico Prepaid Services France	148		-	21	127	-
	Ingenico Services Iberia	265		265	-	-	-
	Fixed & Mobile Pte Ltd	167		167	-	-	-
	Transfer To inc.	25		25	-	-	-
	Total	**605**		**457**	**21**	**127**	
Accrued interest on borrowings	Ingenico SA	227	3 months Euribor + 200 pts	227	-	-	-
	Ingenico Services Iberia	13	5.25%	13	-	-	-
	Total	**240**		**240**			
Total Financial borrowings and debt		**268,004**		**39,227**	**44,307**	**184,469**	

(in thousands of euros)		Carrying amount	Average annual rate	2009 Less than 1 year	1-2 years	2-5 years	More than 5 years
Bank borrowings	Ingenico SA	206,352	3 months Euribor + 200 pts	23,579	38,579	144,194	-
	Landi	44	5.103% fixed rate	44	-	-	-
	Total	**206,396**		**23,623**	**38,579**	**144,194**	
Finance lease obligations	Ingenico SA	1		-	-	1	-
	Ingenico Iberia	541	7% for the part < 1 year State subsidized loan at 0% for the part > 1 an	288	97	147	9
	Italia SpA	1,175	3 months Euribor + 250 pts	504	480	191	-
	easycash GmbH	12,204	6.50%	4,112	3,170	4,922	-
	Total	**13,921**		**4,904**	**3,747**	**5,261**	**9**
Bank overdrafts	Ingenico SA	393	Eonia + rate ranging from 0.30% to 0.60%	393	-	-	-
	Ingenico Do Brasil Ltda	2,714	Brazil Central Bank rate (CDI) + 20.64%	2,714	-	-	-
	Ingenico UK	271		271	-	-	-
	Ingenico Data Systems SA	1		1	-	-	-
	easycash GmbH	11,397		11,397	-	-	-
	Total	**14,776**		**14,776**			
Accrued interest on borrowings	Ingenico SA	552	3 months Euribor + 200 pts	552	-	-	-
	Total	**552**		**552**			
Total Financial borrowings and debt		**235,645**		**43,855**	**42,326**	**149,455**	**9**

Breakdown by currency

The following table shows the breakdown of financial borrowings and debt by currency:

	2009	2010	2011
Euro	232,616	266,404	453,859
British pound	271	1,599	12
US Dollar	-	-	248
Other currencies	2,758	-	3,136
Total Debt	**235,645**	**268,004**	**457,254**

All amounts shown at their euro equivalent.

Change in financial borrowings and debt

Change in financial borrowings is broken down as follows:

Balance at January 1, 2009	**68,167**
New borrowings	210,741
Repayments	(190,995)
Net change in drawdowns on lines of credit	(4,375)
Translation differences	1,942
Other movements	(4,439)
Changes in consolidation scope	154,605
Balance at December 31, 2009	**235,645**
New borrowings	34,257
Repayments	(5,934)
Net change in drawdowns on lines of credit	(1,610)
Translation differences	278
Other movements	644
Changes in consolidation scope	4,723
Balance at December 31, 2010	**268,004**
New borrowings	478,277
Repayments	(258,719)
Net change in drawdowns on lines of credit	5,634
Translation differences	(122)
Other movements	(36,993)
Changes in consolidation scope	1,173
Balance at December 31, 2011	**457,254**

New borrowings mainly involve the issue of convertible bonds and the syndicated loan facility renegotiated on August 5, 2011 to replace the former syndicated loan facility put in place in 2009 to finance the acquisition of easycash.

Repayments mainly involve the repayment of the syndicated loan facility put in place in 2009 and the repayment of the additional €34 million loan contracted by the parent company to finance further acquisitions.

Other movements reflect the reclassification of the equity component of the OCEANE bonds.

25. Derivative financial instruments

Fair value of derivative instruments at the reporting date

	Interest rate hedging instruments			Foreign exchange hedging instruments		
(in thousands of euros)	**2009**	**2010**	**2011**	**2009**	**2010**	**2011**
Current assets	147	439	-	3,286	3,022	6,861
Current liabilities	(78)	-	(2,072)	(728)	(2,216)	(1,698)
Total	**69**	**439**	**(2,072)**	**2,558**	**807**	**5,163**

Breakdown of instruments by hedging policy

(in thousands of euros)	2009	2010	2011
Instruments designated as cash flow hedges			
Foreign exchange forward contracts	1,010	(57)	2,555
Foreign exchange options	627	488	498
Foreign exchange swaps	-	-	1,402
Interest rate swaps	-	-	(1,441)
Interest rate options (cap)	69	439	-
Instruments not designated as cash flow hedges			
Foreign exchange forward contracts	458	-	-
Foreign exchange swaps	-	-	708
Interest rate swaps	463	376	-
Interest rate options (cap)	-	-	(631)
Total	**2,627**	**1,246**	**3,091**

Changes in the fair value of non qualifying hedged instruments or the ineffective portions of hedging instruments are recognized directly in profit or loss under “Net finance costs”. They mainly reflect the effect of interest rate differentials between the currency of the hedged items and the euro.

Interest rate caps are recognized at fair value when the contract is entered into, being the total of their intrinsic value and their time value. The initial intrinsic fair value of interest rate caps is subsequently amortized as the strike premiums fall due, or on a straight-line basis when the premiums are payable immediately. At each reporting date, the difference between the fair value of the intrinsic value and the carrying amount of its initial fair value is recognized in equity, while the remeasurement of the time value to fair value is recognized in profit or loss.

The Group entered into an interest rate swap, with the result that the interest rate cap became ineffective and no longer qualified for hedge accounting.

26. Provisions for retirement benefit obligations

The Group has defined benefit plans in the following countries:

- France – Retirement indemnities
- United Kingdom – Pension plan
- Germany – Pension plan
- Italy – Retirement indemnities (‘TFR’)
- Turkey – Retirement indemnities

The defined benefit obligations have been measured by independent actuaries. This note, in particular the information presented in tabular format, has been drawn up on behalf of the Group by external advisors.

There are no long term healthcare commitments within the Group.

Actuarial gains and losses on defined benefit plans are recognized directly in equity, under the revised IAS 19.

There are two categories of retirement benefit plan:

1) Defined contribution plans

These plans exist in most European countries in which the Group operates (France, Benelux, Germany, Italy and Spain), and in the United States and Asia-Pacific countries. Under these plans, Group entities make payments, expensed as incurred, on a regular basis to organizations authorized to manage the retirement plans.

2) Defined benefit plans

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

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

Significant changes to plans in 2011 were as follows:

- Acquisition of Xiring on November 30, 2011 (France)
- Absorption of Epos Italia SpA by Ingenico Italia SpA (Italy) on July 1, 2011 (effective on January 1, 2011)
- Acquisition of Paycom on July 1, 2011 (Germany).

Movements in the provisions for funded and unfunded defined benefit obligations were as follows:

	2011		
(in thousands of euros)	**Funded**	**Unfunded**	**Total**
At January 1	**1,205**	**7,445**	**8,650**
Acquisitions	-	231	231
Translation differences	159	1	160
Increases	136	872	1,008
Reversals	-	(149)	(149)
Changes in consolidation scope	-	-	-
Contributions	(922)	-	(922)
Actuarial (gains)/losses	3,919	(111)	3,808
At December 31	**4,497**	**8,288**	**12,785**

	2010		
(in thousands of euros)	**Funded**	**Unfunded**	**Total**
At January 1	**3,860**	**6,555**	**10,415**
Acquisitions	-	33	33
Translation differences	131	2	132
Increases	188	753	940
Reversals	-	(229)	(229)
Changes in consolidation scope	-	-	-
Contributions	(932)	-	(932)
Actuarial (gains)/losses	(2,041)	331	(1,711)
At December 31	**1,205**	**7,445**	**8,650**

(in thousands of euros)	2009 Funded	Unfunded	Total
At January 1	**1,735**	**3,041**	**4,776**
Acquisitions	-	2,633	2,633
Translation differences	132	-	132
Increases	-	766	766
Reversals	(914)	(347)	(1,261)
Changes in consolidation scope	-	(57)	(57)
Contributions	-	-	-
Actuarial (gains)/losses	2,907	519	3,426
At December 31	**3,860**	**6,555**	**10,415**

Movements in the present value of funded and unfunded defined benefit obligations

(in thousands of euros)	2011 Total	Funded plans	Unfunded plans
At January 1	**21,747**	**14,301**	**7,446**
Current service costs	520	-	520
Interest on obligation	1,163	811	352
Actuarial gains/(losses) recognized in other comprehensive income	3,937	4,048	(111)
Translation differences	610	610	0
Benefits paid from unfunded plans	(149)	-	(149)
Benefits paid from funded plans	(399)	(399)	-
Changes in consolidation scope	231	-	231
At December 31	**27,660**	**19,372**	**8,288**

Historical information on the present value of defined benefit obligations is as follows:

(in thousands of euros)	2009	2010	2011
At January 1	**9,643**	**14,887**	**14,301**
Current service costs	185	-	-
Interest on obligation	686	870	811
Participants' contributions	155	-	-
Actuarial gains/(losses) recognized in other comprehensive income	3,688	(1,377)	4,048
Translation differences	714	474	610
Benefits paid from funded plans	(184)	(553)	(399)
At December 31	**14,887**	**14,301**	**19,372**

Analysis of the present value of defined benefit obligations: funded/unfunded

Only the U.K. pension plan is funded.

(in thousands of euros)	2009	2010	2011
Unfunded plans	6,555	7,446	8,288
Funded plans	14,887	14,301	19,372
Total	**21,442**	**21,747**	**27,660**

Movements in the fair value of plan assets

(in thousands of euros)	2009	2010	2011
At January 1	**7,907**	**11,026**	**13,096**
Expected return on plan assets	492	683	675
Actuarial gains/(losses) recognized in other comprehensive income	781	664	129
Translation differences	582	344	452
Employer contributions	1,294	932	922
Participants' contributions	155	-	-
Benefits paid from funded plans	(184)	(553)	(399)
At December 31	**11,026**	**13,096**	**14,875**

Analysis of recognized assets and liabilities

(in thousands of euros)	2009	2010	2011
Assets and liabilities recognized			
Present value of obligations	21,442	21,747	27,660
Fair value of plan assets	11,026	13,096	14,875
Surplus/(deficit)	**(10,416)**	**(8,651)**	**(12,785)**
Unrecognized past service cost	-	-	-
Assets not recognized (limitation effect)	-	-	-
Net liability	**(10,416)**	**(8,651)**	**(12,785)**

Expense recognized in profit or loss

		Forecast
in thousand of euros	**Exercice 2011**	**Exercice 2012**
Current service costs	520	518
Interest on obligation	1,163	1,302
Expected return on plan assets	(675)	(612)
At December 31	**1,008**	**1,209**

Impact on statement of comprehensive income

Historical information on amounts recognized directly in the statement of comprehensive income is as follows:

(in thousands of euros)	2009	2010	2011
At January 1	**(2,460)**	**976**	**(602)**
Actuarial (gains)/losses recognized in	3,436	(1,710)	3,804
Translation differences	-	132	148
At December 31	**976**	**(602)**	**3,350**

Actuarial gain/loss recognized in 2010 arose as follows:

	In thousands of euros	% change
Obligations		
Experience	573	2.07%
Changes in assumptions	3,364	12.17%
Plan assets		
Experience	(133)	-0.87%
	3,804	

Analysis of plan assets

Plan investments	in thousands of euros	% change
Equities	5,707	38.37%
Bonds	7,296	49.05%
Real estate	-	N/A
Other	1,872	12.59%
Total	**14,875**	**100.00%**

Plan assets do not include any land or buildings occupied by Group entities, or any other assets used by the Group. There are no separately identifiable assets.

Fair values of plan assets relate only to the U.K. plan.

The breakdown of investments at December 31, 2011 is 38% in equities or other assets subject to change in value and 40 % in risk-free investments. The expected rate of return on the latter category is 3.0 % (equivalent to that of government bonds), whereas that of the former is expected to be 2.5% higher i.e. 5.5%.
This would result in a weighted average revised rate of 4.0 % per annum at December 31, 2011.

Actuarial assumptions

	France	Germany	Italy	Turkey	United-Kingdom	Average rate, weighted by the DBO amount
Discount rate	4.50%	4.50%	4.50%	10.00%	4.85%	4.77%
Expected rate of return on plan assets	N/A	N/A	N/A	N/A	4.00%	4.00%
Expected future salary increases	2.52%	1.50%	2.50%	7.00%	N/A	2.18%
Medical cost trend rate	N/A	N/A	N/A	N/A	N/A	N/A

Sensitivity to changes in medical care trend rates

No plan benefits.

Best estimate of plan contributions payable in 2011

Expected contributions in 2011:

	In thousands of euros
Employer contributions	958
Plan participants' contributions	-

Sensitivity of assets and liabilities to changes in the discount rates at December 31, 2011

A 1 percentage point change in the discount rate for all plans would have resulted in the following net liabilities at December 31, 2011:

(in thousands of euros)	Discount rate +1%			Discount rate -1%		
Assets and liabilities	**TOTAL**	**Funded plan**	**Unfunded plan**	**TOTAL**	**Funded plan**	**Unfunded plan**
Present value of obligations	23,095	15,679	7,415	33,615	24,362	9,252
Fair value of plan assets	14,875	14,875	-	14,875	14,875	-
Surplus/(deficit)	**(8,220)**	**(804)**	**(7,415)**	**(18,740)**	**(9,488)**	**(9,252)**
Unrecognized past service cost	-	-	-	-	-	-
Assets not recognized (limitation effect)	-	-	-	-	-	-
Net liability	**(8,220)**	**(804)**	**(7,415)**	**(18,740)**	**(9,488)**	**(9,252)**

According to the U.K. actuary, IFRIC 14 has no impact on the consolidated financial statements at December 31, 2011.

The above hypothetical changes to the discount rates would result in the following movements recognized directly in other comprehensive income:

in thousands of euros	Discount rate +1% 2011	Discount rate -1% 2010
At January 1	**(598)**	**(598)**
Actuarial (gains)/losses recognized in other comprehensive income, net of any limitation	(742)	9,778
Translation differences	144	144
At December 31	**(1,196)**	**9,324**

27. Other provisions

(in thousands of euros)	Balance at January 1, 2011	Translation differences	Changes in consolidation scope	Additions	Reversals of amounts used	Reversal of unused amounts	Others movements	Balance at December 31, 2011
Provisions for warranties	13,195	(183)	175	15,948	(18,011)	-	-	11,124
Provisions for litigations and claims	5,885	62	-	5,777	(3,406)	(1,802)	2,097	8,613
Provisions for restructuring	1,125	(8)	-	168	(1,117)	-	-	168
Other provisions	13,933	(106)	262	11,116	(7,308)	(2,298)	(2,044)	13,555
Total other provisions	**34,138**	**(235)**	**437**	**33,009**	**(29,842)**	**(4,100)**	**53**	**33,460**

(in thousands of euros)	Balance at January 1, 2010	Translation differences	Changes in consolidation scope	Additions	Reversals of amounts used	Reversal of unused amounts	Others movements	Balance at December 31, 2010
Provisions for warranties	11,226	961	-	4,618	(3,609)	-	-	13,195
Provisions for litigations and claims	5,720	145	187	3,521	(1,100)	(2,729)	140	5,885
Provisions for restructuring	1,596	4	-	1,196	(1,562)	(90)	(18)	1,125
Other provisions	6,537	141	-	12,496	(3,708)	(399)	(1,134)	13,933
Total other provisions	**25,079**	**1,251**	**187**	**21,830**	**(9,979)**	**(3,218)**	**(1,012)**	**34,138**

(in thousands of euros)	Balance at January 1, 2009	Translation differences	Changes in consolidation scope	Additions	Reversals of amounts used	Reversal of unused amounts	Others movements	Balance at December 31, 2009
Provisions for warranties	9,305	815	(345)	6,640	(5,264)	-	75	11,226
Provisions for litigations and claims	7,669	210	113	2,805	(1,506)	(3,717)	144	5,720
Provisions for restructuring	1,120	31	(771)	1,771	(151)	(629)	225	1,596
Other provisions	2,861	(11)	997	3,924	(1,271)	(105)	143	6,537
Total other provisions	**20,955**	**1,046**	**(6)**	**15,140**	**(8,192)**	**(4,451)**	**587**	**25,079**

(i) Warranties

The provision for warranties reflects the estimated foreseeable costs related to the 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 its business. Reversals of unused amounts chiefly reflect the resolution of commercial disputes that were settled in the Group's favor, or in which the amount of the damages awarded proved to be lower than originally estimated.

The tax assessment procedures in respect of a Brazilian subsidiary of Ingenico are still in progress. They relate to the ICMS tax, where the amount in question was approximately €78.2 million at December 31, 2011 (covering principal from 2004 to 2009, interest and penalties). The "Tax War" currently pitting Brazilian States against each other may potentially affect Ingenico as well as a large number of foreign and domestic companies. Against this background, the tax authorities of the State of Sao Paulo have contested the deduction by Ingenico Do Brasil of a portion of the ICMS tax on the sales invoices of a supplier, on the grounds that the State of Minas Gerais, in which the supplier operates, had granted the supplier a tax concession that violates federal law. Advised by tax experts, the Company believes it has serious grounds for contesting the claims of the authorities. Based on an analysis of the risks involved and on the criteria set out in IAS 37, no provision has been recognized in the consolidated financial statements at December 31, 2011.
The Company has contested all the assessments related to the ICMS of which it has been notified. Some of them have been canceled by administration decision. In respect of the assessments still in progress, no demand for payment had been received at December 31, 2011.
The Company's tax liability under the service tax (ISS) is now extinguished since Ingenico Do Brasil entered the amnesty program proposed by the tax authorities of the city of Sao Paulo. Companies that paid the taxes they owed by September 15, 2011 were offered a substantial reduction in penalties (i.e.,

75 %), full cancelation of late payment interest and above all the final extinguishment of the claim. Under this program, Ingenico Do Brasil paid approximately €3 million.

(iii) Other provisions

Other provisions include provisions for expenses incurred in the course of business (commitments made to suppliers to purchase inventories, customer quality risks, customers' sales indemnities and other).

28. Other non-current liabilities

At December 31, 2009, 2010 and 2011, other non-current liabilities included:

(in thousands of euros)	2009	2010	2011
Trade payables	232	322	140
Current tax liabilities (over one year)	3,814	5,033	449
Tax, personnel and social security liabilities	-	1,263	2,005
Deferred income	6,334	8,769	8,811
Other liabilities	5	143	465
Total	**10,385**	**15,531**	**11,869**

All non-current liabilities are due to be settled in over one year.

29. Trade payables and related accounts

(in thousands of euros)	2009	2010	2011
Trade payables	126,183	194,167	204,005
Other operating liabilities	61,979	73,563	93,327
Customer advances	7,026	13,667	22,189
Other tax liabilities	24,132	17,963	23,155
Employee-related liabilities	29,430	42,062	47,083
Other	1,392	(129)	900
Total	**188,162**	**267,730**	**297,332**

30. Current tax payable

At December 31, 2010, current tax payable under one year was composed chiefly of income tax payable on taxable profit at Group subsidiaries.

(in thousands of euros)	2009	2010	2011
Germany	870	519	3,245
Argentina	-	55	79
Australia	-	1,250	2,803
Brazil	-	-	2,245
Canada	836	1,381	166
Chile	-	86	-
China	718	1,580	2,036
Spain	70	428	356
France	13,108	41	91
Hungary	-	3	134
India	37	-	-
Ireland	-	16	-
Italy	458	-	1,653
Poland	-	-	61
Czech Republic	226	207	121
United Kingdom	441	274	1,980
Russia	5	19	3
Switzerland	-	-	16
Thailand	-	17	-
Turkey	168	365	1,326
USA	187	2,365	68
Venezuela	-	28	255
Total	**17,124**	**8,633**	**16,640**

31. Other liabilities

(in thousands of euros)	2009	2010	2011
Other liabilities	21,388	40,084	40,509
Deferred income	26,371	33,729	39,346
Total	**47,758**	**73,813**	**79,855**

Other liabilities include those arising from put options written at the time of the acquisitions of Fujian Landi and Fixed & Mobile Pte, amounting to €32.8 million and €2.8 million, respectively, at December 31, 2011. The options (over 22 % of Fujian Landi shares and 10 % of those of Fixed & Mobile Pte) are measured on the basis of discounted future cash flows, which are the best estimate of the put exercise price. The cash flows used are those of each company’s business plan.

32. Commitments

(in thousands of euros)	2009	2010	2011
COMMITMENTS RECEIVED			
Bank guarantees	-	3,259	-
Net asset warranty as part of Sagem Monetel merger, expiring on March 14, 2010 (no escrow account).	50,000	-	-
Net asset warranty as part of acquisition of 55% stake in Fujian Landi: expiring on May 23, 2011 USD 17,050,000.	11,835	12,760	-
Net asset warranty as part of acquisition of Payment Terminals business from Sagem Comunicaciones Iberica: expiring January 1, 2010.	500	-	-
Net asset warranty as part of acquisition of easycash, expiring on February 28, 2011.	8,150	8,150	-
Net asset warranty as part of acquisition of 38,27% stake in TransferTo (Fixed & Mobile Pte), expiring on July 30, 2010 (USD 3,000,000).	2,082	-	-
Net asset warranty as part of acquisition of 44% stake in Roam Data Inc.: no expiry (USD 500,000).	347	374	374
Net asset warranty as part of acquisition of Payzone, expiring on November 5, 2011.	-	1,050	-
Net asset warranty as part of acquisition of 49% stake in Korvac Holding Pte Ltd (SGD 30,000,000): • Tax warranty valid until expiry of time limit for tax claims • Other warranties expiring on May 1, 2012	-	17,507	17,837
Net asset warranty as part of acquisition of First Data Iberica SA: expiring on September 08, 2012 (€ 15,000,000) including: • €1,500,000 deposited in an escrow account to cover all warranties	-	15,000	15,000
Net asset warranty as part of acquisition of Ingeserve Co. Ltd, expiring on May 21, 2015.	-	unlimited	unlimited
Net asset warranty as part of acquisition of TNET. No expiry.	-	-	unlimited
OTHER COMMITMENTS RECEIVED			
Call option in favor of Ingenico SA over the remaining "Roam Data" shares held by minority shareholders. The option may be exercised in 2014 . The exercise pr price will be determined by reference to the financial performance of the company. The transaction price may be paid in cash or shares of Ingenico. The exercise price cannot be less than 0.1 MUSD.	-	-	-
Put option on outstanding Moneyline Banking System (MBS) shares: option exercisable in 2013. Purchase price to depend on MBS EBIT in 2012.	-	-	-
Net asset warranty as part of acquisition of Paycom. Corporate warranties expiring on July 1, 2012, Tax warranties expiring on December 31 2015, other warranties expiring July 01 2013	-	-	12,381
COMMITMENTS GIVEN			
Bank and lease guarantees.	11,011	25,569	22,129
Net asset warranty as part of Sagem Denmark disposal in 2009: • Standard seller's warranty expiring on June 30, 2010 • Corporate and litigation warranties expiring on June 30, 2011 • Tax warranty valid until expiry of time limit for tax claims These three warranties are not cumulative	 10,127 10,127 20,254	 - 10,127 20,254	 20,254
Net asset warranty as part of disposal of 85% of MoneyLine Banking Systems shares in 2009: warranty covering 4 legal disputes, unlimited amount until expiry of time limit for claims (maximum estimated risk). This amount is provided (not in full) in the consolidated financial statement.	3,050	3,050	-
OTHER COMMITMENTS GIVEN			
Shares of DI Deutsche Ingenico Holding GmbH pledged as security for the first tranche of € 210 million.The additional BNP loan of € 34 million is secured by a second ranking charge.	-	-	for the record

At December 31, 2011, the Group had the following commitments in connection with its business activities:

- The Group placed firm orders with manufacturers totaling approximately €281.2 million at December 31, 2011.
- Future payments under non-cancelable operating leases.

The following table shows future minimum lease payments due at year-end under non-cancelable operating leases. The 2009 and 2010 amounts have been restated to reflect the new Group organization, set out in Note 7, Segment Reporting:

(in thousands of euros)	2009	2010	2011
Commitments given on non-cancelable leases	38,134	39,611	82,571
Total	**38,134**	**39,611**	**82,571**

The substantial increase recorded in 2011 was due to the lease for Ingenico's new head office at 28 Boulevard de Grenelle in Paris

The breakdown by maturity and segment of commitments given by the Group under non-cancelable operating leases follows:

2011							
(in thousands of euros)	Central Operations	SEPA	Asia-Pacific	North America	Latin America	Central Europe, Africa, Middle East	Total
Y+1	2,062	5,226	1,481	614	929	-	10,312
Y+2	6,031	3,839	1,377	589	794	-	12,631
Y+3	7,087	2,988	1,023	364	760	-	12,222
Y+4	6,217	1,694	660	125	736	-	9,432
Y+5 and following	36,436	751	79	125	584	-	37,974
Total	**57,832**	**14,498**	**4,620**	**1,817**	**3,803**	**-**	**82,571**

2010							
(in thousands of euros)	Central Operations	SEPA	Asia-Pacific	North America	Latin America	Central Europe, Africa, Middle East	Total
Y+1	5,218	4,786	958	588	544	-	12,094
Y+2	4,506	3,731	752	601	500	-	10,090
Y+3	4,231	2,700	577	577	236	-	8,321
Y+4	3,750	2,053	529	359	160	-	6,851
Y+5 and following	74	1,362	534	124	160	-	2,254
Total	**17,779**	**14,632**	**3,350**	**2,249**	**1,600**	**-**	**39,611**

2009							
(in thousands of euros)	Central Operations	SEPA	Asia-Pacific	North America	Latin America	Central Europe, Africa, Middle East	Total
Y+1	4,299	3,930	1,034	519	652	75	10,508
Y+2	4,275	3,177	343	532	400	6	8,734
Y+3	4,212	2,503	91	543	258	-	7,607
Y+4	4,000	1,668	-	523	62	-	6,252
Y+5 and following	3,508	1,204	-	321	-	-	5,033
Total	**20,294**	**12,482**	**1,468**	**2,438**	**1,372**	**81**	**38,134**

Ingenico is entitled to receive future minimum rental income in respect of non-cancelable operating leases in the context of its activity amounting to €3.0 million.

33. Related party transactions

During 2011

Purchases of terminals by Group companies from Korvac, an equity-accounted entity, amounted to €0.2 million.

On the other hand, no transactions have been made between Roam Data and the other Group companies.

Transactions between Ingenico and the Safran Group, a member of the Board of Directors, concern only contracts of small amounts in relation to the size of the Group:

- A production contract between Morpho and Ingenico for payment terminals (type EFT, principally ended at the end of June 2011), representing €3.4 million for the first half of 2011,
- A Telium license contract giving Morpho the right to develop non-payment terminals from Ingenico's Telium platform, representing €0.1 million of revenue.
- A purchasing contract of Ingenico for a biometric model representing €1.1 million on 2011.

Total compensation and benefits paid to the Chairman of the Board of Directors and current members of the Executive Committee at December 31, 2011, breaks down as follows:

(in thousands of euros)	2009	2010	2011
Fixed compensation	3,731	4,862	5,993
Variable compensation	2,472	2,453	3,074
Other benefits	697	636	1,528
Stock options and free share awards (service cost recognized)	4,615	3,616	3,042
Total	**11,516**	**11,566**	**13,637**

New corporate functions were created in 2011, with the result that the Executive Committee has been expanded from 25 to 40 members. This explains the increase in compensation for the year.

34. Subsequent events

As part of the Xiring acquisition process, a simplified public tender offer that closed on January 23, 2012 raised the stake held by Ingenico S.A. in Xiring to 95.7 %.

Crossing the threshold of 95 % of Xiring's share capital allowed Ingenico to launch a mandatory withdrawal offer for the remaining Xiring shares on February 6, which will close on February 24, 2012.

On February 10, 2012, Ingenico Ventures S.A.S., a wholly owned subsidiary of S.A., signed all the documentation required for it to increase its 43 % stake in Roam Data Inc. As a result of this agreement, Ingenico Ventures S.A.S. is in a position to attain an 86 % stake that will give it a controlling interest in Roam Data (see Note 14, Investments in equity-accounted investees).

On February 5, 2012, Ingenico Holdings Asia Limited, a wholly owned subsidiary, signed an agreement to sell its entire 49 % interest in Korvac Holdings Pte. Ltd, an equity-accounted investee (see Note 14, Investments in equity-accounted investees), for 24.6 million Singapore dollars. This transaction had no effect on the 2011 consolidated financial statements.

The head office of the parent company has been transferred to 28-32 Boulevard de Grenelle in Paris. All of Ingenico's former business locations in the Paris area have been brought together at this new address.