INGENICO GROUP

Consolidated financial statements

December 31, 2012

I. Consolidated income statements

For the years ended December 31, 2012, 2011 et 2010

(in thousands of euros)	Notes	2012	2011 Published	2011 Restated*	2010 Published	2010 Restated*
REVENUE	7	**1 206 425**	**1 001 115**	**1 001 115**	**907 020**	**907 020**
Cost of sales		(693 774)	(584 333)	(588 083)	(540 885)	(540 600)
GROSS PROFIT		**512 651**	**416 782**	**413 032**	**366 135**	**366 420**
Distribution and marketing costs		(122 390)	(97 342)	(97 342)	(85 236)	(85 236)
Research and development expenses		(93 385)	(76 598)	(76 598)	(84 247)	(84 247)
Administrative expenses		(133 426)	(114 379)	(114 379)	(99 761)	(99 761)
PROFIT FROM ORDINARY ACTIVITIES		**163 450**	**128 463**	**124 713**	**96 891**	**97 176**
Other operating income	9	10 305	951	951	10 366	10 366
Other operating expenses	9	(9 308)	(18 593)	(18 593)	(33 487)	(33 487)
PROFIT FROM OPERATING ACTIVITIES		**164 447**	**110 821**	**107 071**	**73 770**	**74 055**
Finance income	10	51 033	57 732	57 732	59 738	59 738
Finance costs	10	(64 946)	(84 811)	(81 061)	(69 532)	(69 817)
NET FINANCE COSTS		**(13 913)**	**(27 079)**	**(23 329)**	**(9 794)**	**(10 079)**
Share of profit of equity-accounted investees	14	(462)	(3 198)	(3 198)	(1 671)	(1 671)
PROFIT BEFORE INCOME TAX		**150 072**	**80 544**	**80 544**	**62 305**	**62 305**
Income tax expense	11	(49 805)	(22 551)	(22 551)	(22 716)	(22 716)
PROFIT FOR THE PERIOD		**100 267**	**57 993**	**57 993**	**39 589**	**39 589**
Attributable to:						
• owners of Ingenico S.A.		96 854	56 489	56 489	39 575	39 575
• non-controlling interests		3 413	1 504	1 504	14	14
EARNINGS PER SHARE (in euros)	23					
Net earnings						
• Basic earnings per share		**1,87**	**1,11**	**1,11**	**0,81**	**0,81**
• Diluted earnings per share		**1,80**	**1,09**	**1,09**	**0,80**	**0,80**

* As of 2012, exchange gains or losses arising on translation of operating revenues and expenses denominated in foreign currency (including the effective portion of any related hedging instruments) are recognized in Cost of sales, instead of in Net finance costs as in prior years. To facilitate comparison, the 2011 and 2010 income statements have been restated. Accordingly, exchange gains of €3,545,000 were reclassified from Net finance costs to Cost of sales in 2012, exchange losses of €3,750,000 in 2011 and exchange gains of €285,000 in 2010.

II. Consolidated statements of comprehensive income

For the years ended December 31, 2012, 2011 et 2010

(in thousands of euros)	Notes	2012	2011	2010
PROFIT FOR THE PERIOD ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS		**96 854**	**56 489**	**39 575**
Translation differences		(1 611)	4 279	17 214
Remeasurement of derivative hedging instruments at fair value (1)		(8 375)	2 202	(705)
Remeasurement of available-for-sale financial assets at fair value				
Actuarial gains/(losses) on defined benefit plans (2)	26	(3 753)	(3 804)	1 706
Share of gains/(losses) of associates recognized directly in equity		-	-	-
Income tax on gains/(losses) recognized directly in equity (3)		3 891	907	(354)
TOTAL GAINS/(LOSSES) RECOGNIZED DIRECTLY IN EQUITY AND ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS		**(9 848)**	**3 584**	**17 861**
Total comprehensive income attributable to Ingenico S.A. shareholders		87 005	60 073	57 437
Total comprehensive income attributable to non-controlling interests		3 413	1 504	-
Translation differences attributable to non-controlling interests		118		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**90 536**	**61 577**	**57 437**

2012:

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

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

(3) Breakdown of income tax recognized in equity:

- Taxes on translation differences: €103,000
- Taxes on gains or losses on hedging instruments: €2,883,000
- Taxes on actuarial gains or losses on defined benefits plans: €905,000

2011:

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

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

(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 swap on a bank loan and on foreign exchange forward contracts used to hedge cash flows that is determined to be an effective hedge is recognized directly in equity.

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

(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

III. Consolidated balance sheets

For the years ended December 31, 2012, 2011 et 2010

ASSETS (in thousands of euros)	Notes	2012	2011	2010
NON-CURRENT ASSETS				
Goodwill	12	551 176	529 022	466 260
Other intangible assets	12	148 429	151 952	156 810
Property, plant and equipment	13	37 600	34 224	31 275
Investments in equity-accounted investees	14	9 000	18 265	21 116
Financial assets	15	4 270	4 667	4 561
Deferred tax assets	11	26 766	23 502	22 883
Other non-current assets	16	21 157	20 353	20 460
TOTAL NON-CURRENT ASSETS		**798 398**	**781 985**	**723 365**
CURRENT ASSETS				
Inventories	17	105 229	94 899	105 497
Trade and related receivables	18	332 224	335 329	254 123
Other current assets	20	20 111	11 209	7 440
Current tax assets	20	3 820	9 359	10 582
Derivative financial instruments	25	1 506	6 861	3 461
Cash and cash equivalents	24	384 152	347 602	158 937
Assets classified as held for sale	21	-	-	-
TOTAL CURRENT ASSETS		**847 042**	**805 259**	**540 040**
TOTAL ASSETS		**1 645 440**	**1 587 244**	**1 263 405**

EQUITY AND LIABILITIES (in thousands of euros)	Notes	2012	2011	2010
Share capital		52 488	51 980	51 512
Share premium account		402 431	394 796	382 517
Retained earnings and other reserves		217 479	158 160	97 250
Translation reserve		16 956	18 551	14 288
EQUITY ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS	22	**689 354**	**623 487**	**545 567**
NON-CONTROLLING INTERESTS		**(706)**	**7 096**	**-**
TOTAL EQUITY		**688 648**	**630 583**	**545 567**
NON-CURRENT LIABILITIES				
Long-term loans and borrowings	24	381 383	427 563	228 775
Provisions for retirement benefit obligations	26	11 674	12 785	8 650
Other provisions	27	17 566	22 276	20 109
Deferred tax liabilities	11	38 666	43 696	39 123
Other non-current liabilities	28	20 622	11 869	15 531
TOTAL NON-CURRENT LIABILITIES		**469 911**	**518 189**	**312 188**
CURRENT LIABILITIES				
Short-term loans and borrowings	24	77 645	29 691	39 228
Other provisions	27	13 738	11 184	14 030
Trade and related payables	29	280 559	297 332	267 730
Other current liabilities	31	85 808	79 855	73 813
Current tax liabilities	30	21 265	16 640	8 633
Derivative financial instruments	25	7 866	3 770	2 216
Liabilities classified as held for sale	21	-	-	-
TOTAL CURRENT LIABILITIES		**486 881**	**438 472**	**405 650**
TOTAL LIABILITIES		**956 792**	**956 661**	**717 838**
TOTAL EQUITY AND LIABILITIES		**1 645 440**	**1 587 244**	**1 263 405**

IV. Consolidated cash flow statements

For the years ended December 31, 2012, 2011 et 2010

(in thousands of euros)	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year	100 267	57 993	39 589
Adjustments for:			
• Share of profits of equity-accounted investees	462	3 198	1 671
• Income tax expense / (income)	49 805	22 551	22 715
• Depreciation, amortization and provisions	54 299	51 318	84 769
• Change in fair value	964	152	2 787
• Gains / (losses) on disposal of assets	(8 528)	980	(8 490)
• Net interest costs	13 212	21 545	9 241
• Share-based payment expense	5 060	4 291	5 611
• Interest paid	(14 060)	(12 248)	(12 106)
• Income tax paid	(42 346)	(25 665)	(38 763)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL	**159 135**	**124 115**	**107 024**
Change in working capital			
• Inventories	(11 727)	15 795	(22 902)
• Trade and other receivables	(1 507)	(72 249)	(13 338)
• Trade and other payables	16 086	26 485	52 410
CHANGE IN NET WORKING CAPITAL	2 852	(29 969)	16 170
NET CASH FROM OPERATING ACTIVITIES	**161 987**	**94 146**	**123 194**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-current assets	(49 783)	(34 745)	(24 085)
Proceeds from sale of non-current assets	5 204	373	879
Acquisition of subsidiaries, net of cash acquired	(25 457)	(80 509)	(57 993)
Disposal of subsidiaries, net of cash disposed of	7 564	-	2 653
Short-term investments	-	534	(524)
Loans and advances granted	(2 888)	(742)	(665)
Loan repayments received	2 856	739	650
Interest received	9 311	7 069	3 245
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(53 193)**	**(107 281)**	**(75 840)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital issues	276	400	4 895
Purchase/(sale) of own shares	3 247	(6 857)	(5 859)
Proceeds from loans and borrowings	15 035	462 508	34 257
Repayment of loans and borrowings	(18 704)	(258 719)	(5 934)
Changes in the Group's ownership interests in controlled entities (1)	(51 455)		
Changes in other financial liabilities	105	-	-
Changes in the fair value of hedging instruments	193	(273)	-
Dividends paid	(13 861)	(5 259)	(9 404)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**(65 164)**	**191 800**	**17 955**
Effect of exchange rates fluctuations	(731)	3 709	3 819
Financial asset reclassified to cash equivalents	-	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	**42 899**	**182 374**	**69 128**
Cash and cash equivalents at beginning of the year	327 931	145 557	76 430
Cash and cash equivalents at year end (2)	370 830	327 931	145 557

Comments:

(1) Pursuant to the revised IAS 27, cash flows arising on changes in ownership interests in controlled entities are classified as cash flows from financing activities in the consolidated cash flow statements.

	2012	2011	2010
(1) CASH AND CASH EQUIVALENTS			
UCITS (only portion classified as cash)	147 156	86 724	22 712
Cash on hand	236 996	260 878	136 225
Bank overdrafts (included in short-term borrowings)	(13 322)	(19 671)	(13 380)
TOTAL CASH AND CASH EQUIVALENTS	**370 830**	**327 931**	**145 557**

V. Consolidated statements of changes in equity

For the years ended December 31, 2012, 2011 et 2010

(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, 2010	**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**
Dividends paid to shareholders (1)						(11 543)	(11 543)	(2 397)	(13 940)
Stock dividends paid to shareholders (2)	423	13 613				(14 036)	-		-
Treasury shares (3)					11 782	(5 381)	6 401		6 401
Share-based payments and exercise of stock options (4)	85	770				1 886	2 741	60	2 801
Acquisition Xiring (5)							-	(5 600)	(5 600)
Acquisition Roam Data (6)						(3 637)	(3 637)		(3 637)
Acquisition Landi (7)						(11 772)	(11 772)	(3 396)	(15 168)
Remeasurement effect of put options (8)						(1 762)	(1 762)		(1 762)
Discounting effect of put options (9)						(1 566)	(1 566)		(1 566)
Total gains/(losses) recognized for the period			(1 613)	(5 492)		94 110	87 005	3 531	90 536
Ajustment for dividends paid out of the share premium account (10)		(6 746)				6 746	-		-
BALANCE AT DECEMBER 31, 2012	**52 488**	**402 431**	**16 956**	**(3 829)**	**(5 900)**	**227 206**	**689 354**	**(706)**	**688 648**

2012

(1) Cash dividend paid on May 31, 2012 and dividends distributed to non-controlling shareholders in Landi.

(2) Stock dividend through capitalization of reserves and issuance of 423.144 new shares.

(3) At January 1, 2012, the Company held 868.484 treasury shares. At December 31, 2012, the Company held 252.637 treasury shares bought back by virtue of authorizations granted at shareholders' meetings.

(4) Share-based payment:

- 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.
- The increase in share capital and issue and contribution premiums reflects the exercise of stock options and a capital increase. As part of the merger with Xiring, Ingenico S.A. also increased its share capital by issuing new shares for the benefit of 1) holders of Xiring free shares, at a conversion ratio of two Xiring shares for one Ingenico share; and 2) holders of stock options exercised between the date of the merger proposal and the date on which the merger was completed, at a ratio of two Xiring shares for one Ingenico share.

(5) During the first half of 2012, Ingenico finalized the buyout of the remaining non-controlling interests in Xiring, thus assuming full ownership of the company. Upon completion of the process, Xiring was absorbed into Ingenico S.A.

(6) On February 6, 2012, Ingenico Ventures gained a controlling interest in ROAM Data. The net effect of the ROAM Data put option put in place was to reduce equity by €3.6 million.

(7) On October 31, 2012, Ingenico Holding Asia Ltd gained exclusive control of Landi. The net effect of the exercise of the Landi put option was to reduce equity attributable to Ingenico S.A. shareholders by €11.8 million.

(8) Remeasurement of put options on Roam Data and Transfer To. N.B.: The put option on ROAM Data shares was for the remaining 16.37 percent non-controlling interests in the company.

(9) The discounts unwound pertain to put options on Landi, Transfer To and Roam Data shares.

(10) This refers to an appropriation from the share premium account to pay cash dividends.

2011

(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.

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 Paris.

The consolidated financial statements were authorized for by the Board of Directors on February 27, 2013. They will be submitted for approval by the shareholders at their Annual Shareholders' Meeting of April 29, 2013.

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, 2012 were drawn up in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union at December 31, 2012. These standards are available on the European Commission's website:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The new standards in effect as of January 1, 2012 and which concern the Group are the amendments to IFRS 7, Disclosures – Transfers of Financial Assets.
The adoption of these amendments 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 following standards, amendments and interpretations issued by the IASB or the IFRIC (International Financial Reporting Interpretations Committee) and adopted by the European Union at December 31, 2012, but which are not yet mandatory:

- IFRS 13: Fair Value Measurement
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosures of Interests in Other Entities
- The amendments to IAS 27 and IAS 28 further to the issue of IFRS 10, 11 and 12
- The amendment to IAS 1, Presentation of Items of Other Comprehensive Income
- Amendments to IAS 19: Post-Employment Benefits
- Amendments to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
- Amendments to IAS 12: Deferred Tax – Recovery of Underlying Assets
- Amendments to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities
- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine

Nor did the Group apply in advance the following standards, amendments and interpretations issued by the IASB or the IFRIC but not yet adopted by the European Union at December 31, 2012:

- Amendments to IFRS 10, 11 and 12: Transition Guidance
- Annual Improvements 2009–2011

The subsequent application of these standards, amendments and interpretations is not expected to have a significant impact on the Group's consolidated financial statements.

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, except for the change in the method of accounting for translation differences arising on ordinary operating activities, as set forth below.

Change in accounting method

As of 2012, translation differences arising on ordinary operating activities that are denominated in foreign currency are now recognized in profit from ordinary activities, instead of in net finance costs as previously. These operating activities are related to working capital items, as are the related hedging instruments. The purpose of this new presentation is to have exchange gains or losses, the underlying items and the associated foreign exchange hedges recognized on the same line in the income statement.

To facilitate comparison, prior-period data have been restated.

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 differences arising on ordinary operating activities that are denominated in foreign currency are now recognized in Profit from ordinary activities. These operating activities are related to working capital items, as are the related hedging instruments.

Apart from such translation differences on ordinary operating activities, all other translation differences are recognized in Net finance costs.

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 2012, 2011 and 2010 are as follows:

Closing rate	2012	2011	2010
U.S. Dollar	1,3194	1,2939	1,3362
Canadian Dollar	1,3137	1,3215	1,3322
Australian Dollar	1,2712	1,2723	1,3136
British Pound	0,8161	0,8353	0,8608
Brazilian Real	2,7036	2,4159	2,2177
Chinese Yuan	8,2207	8,1588	8,8220

Average rate	2012	2011	2010
U.S. Dollar	1,2856	1,3917	1,3268
Canadian Dollar	1,2848	1,3756	1,3665
Australian Dollar	1,2413	1,3482	1,4442
British Pound	0,8111	0,8678	0,8582
Brazilian Real	2,5043	2,3259	2,3344
Chinese Yuan	8,1094	8,9961	8,9805

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. Gains or losses from remeasuring foreign exchange hedging instruments at fair value are recognized in profit from operations in the case of risk arising from operating activities, and otherwise as financial income or expenses. Except for in the hedging relationships described above, any gain or loss from remeasuring the instruments at fair value are recognized 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.

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.

Put options on non-controlling interests:

As of January 1, 2010, 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, 2010 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.

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
• Licenses	3 years
• Customer relationships	5 to 14 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.
UCITS that do not meet the criteria of IAS 7 for cash equivalents 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. They also include UCITS that meet the IAS 7 criteria for cash equivalents.

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 cannot be reversed once it has been recognized.

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

The 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.

Supplier inventory buyback commitments

A provision for commitments to buy back inventory from suppliers is recognized to cover the risk that components held by suppliers may become obsolete and the risk that supplies may exceed planned output.

A provision for the full value of components declared obsolete is recognized. The Group estimates excess supplies by comparing the procurement plan with the production plan.

Product quality risk

A provision for product quality risk is recognized when this risk is not covered by the provision for warranties.

The amount of the provision is based on 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.

Produits

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 remeasurements of financial instruments (other than hedging instruments), gains or losses on disposals of financial instruments, the expected costs and returns on defined benefits retirement plan assets, as well as provisions for impairment and impairment losses on financial assets.

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 or in other comprehensive income, in which cases it is also recognized respectively in equity or other comprehensive income.

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) Taxable temporary differences arising on 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

Asset and liability categories (in thousands of euros)	2012 Assets & liabilities measured at fair value through profit or loss (FV option)	Loans and receivables	Liabilities at amortized cost	Liabilities measured at fair value through equity	Derivative instruments designated as hedging future cash flows	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	4 270	-	-	-	4 270	4 270
Trade and other current receivables	-	324 134	-	-	-	324 134	324 134
Derivative financial instruments	349	-	-	-	1 157	1 506	1 506
Other non-current assets	-	19 769	-	-	-	19 769	19 769
Cash and cash equivalents	147 074	237 078	-	-	-	384 152	384 152
TOTAL FINANCIAL ASSETS	**147 423**	**585 250**	**-**	**-**	**1 157**	**733 831**	**733 831**
Bond loan (OCEANE)	-	-	220 264	-	-	220 264	220 264
Long-term loans	-	-	161 119	-	-	161 119	161 119
Other non-current liabilities	-	-	19 092	-	-	19 092	19 092
Short-term borrowings	-	-	77 645	-	-	77 645	77 645
Trade payables and other current liabilities	-	-	280 119	12 735	-	292 854	292 854
Derivative financial instruments	168	-	-	-	7 698	7 866	7 866
TOTAL FINANCIAL LIABILITIES	**168**	**-**	**758 238**	**12 735**	**7 698**	**778 839**	**778 839**

Asset and liability categories (in thousands of euros)	2011 Assets & liabilities measured at fair value through profit or loss (FV option)	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**

Asset and liability categories (in thousands of euros)	2010 Assets & liabilities measured at fair value through profit or loss (FV option)	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**

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 2012, 2011 and 2010.

There were no financial instruments in Level 3. The company did not make any transfers between the levels in 2010, 2011 and 2012.

		2012	
(in thousands of euros)	**Total**	**Level 1**	**Level 2**
FINANCIAL ASSETS AT FAIR VALUE, INCLUDING:			
Derivative financial instruments (1)	1 506	-	1 506
Cash and cash equivalents	147 074	147 074	
TOTAL ASSETS	**148 580**	**147 074**	**1 506**
FINANCIAL LIABILITIES AT FAIR VALUE, INCLUDING:			
Derivative financial instruments (1)	7 866	-	7 866
TOTAL LIABILITIES	**7 866**	**-**	**7 866**

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

	2011		
(in thousands of euros)	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.

	2010		
(in thousands of euros)	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
TOTAL LIABILITIES	**2 216**	**-**	**2 216**

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

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, 2012

At December 31, 2012, the Group's principal financial assets were the following:

- Cash and cash equivalents totaling €384.2 million,
- Trade receivables totaling €293.7 million, related to the Group's normal operating cycle,
- Finance lease receivables totaling €33.9 million.

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, 2012 was as follows:

(in thousands of euros)	2012	2011	2010
Cash and cash equivalents	384 152	347 602	158 937
Financial assets	4 270	4 690	4 583
Trade receivables	293 709	296 216	227 008
Finance lease receivables	33 939	29 893	25 828
Other operating receivables	8 190	5 970	2 823
Other current assets	7 951	316	179
Other non-current assets	114	251	147
Hedging derivative financial instruments (assets)	1 506	6 861	3 461
TOTAL	**733 831**	**691 799**	**422 968**

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, 2012

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 Group 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 €23.5 million, none of which is currently utilized
- has a net debt at December 31, 2012 amounted to €74.9 million, and its debt ratios are not high, leaving its borrowing capacity intact.

The maturities of the Group's financial liabilities at December 31, 2012 were as follows:

(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
			2012			
Non-derivative financial liabilities						
Bond loans	220 264	277 762	6 875	6 875	264 012	-
Bank borrowings	208 368	222 095	57 423	56 369	108 303	-
Finance lease obligations	5 789	5 791	3 603	1 908	280	-
Bank overdrafts	13 321	13 321	13 321	-	-	-
Other financial liabilities	11 286	11 286	8 223	80	2 983	-
Total	**459 028**	**530 255**	**89 445**	**65 232**	**375 578**	**-**
Derivative financial liabilities						
Exchange rate instruments	1 541	1 541	1 541	-	-	-
Interest rate instruments	6 325	6 325	6 325	-	-	-
Total	**7 866**	**7 866**	**7 866**	**-**	**-**	**-**

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

(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
			2011			
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**	**553 528**	**40 932**	**66 580**	**189 141**	**256 875**
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**	**-**	**-**	**-**

The maturities of the Group's financial liabilities at December 31, 2010 were as follows:

	2010					
(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	240 296	245 464	22 377	41 828	181 259	-
Bank borrowings	13 482	13 482	4 558	4 036	4 887	-
Finance lease obligations	13 380	13 380	13 380	-	-	-
Bank overdrafts	845	845	697	21	127	-
Other financial liabilities						
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**	**-**	**-**	**-**

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, 2012, the Group's financial liabilities comprised the following:

- A €360 million variable-rate syndicated loan facility put in place on August 5, 2011. 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: €26.25 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, 2012.

- €13.3 million in short-term bank overdrafts. The Group has also unutilized overdraft facilities totaling €23.5 million at the year-end.

- €17 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, 2012.

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.

	2012				
(in thousands of foreign currencies)	**US Dollar**	**British pound**	**Yen**	**Canadian dollar**	**Australian dollar**
Trade receivables	123 542	12 020	-	32 770	21 625
Trade payables	(118 907)	(7 101)	(4 512)	(12 362)	(8 889)
Gross balance sheet exposure	**4 635**	**4 919**	**(4 512)**	**20 408**	**12 736**
Estimated forecast sales	182 384	37 028	-	27 794	35 426
Estimated forecast purchases	(258 588)	(22 320)	-	-	-
Gross exposure	**(71 569)**	**19 627**	**(4 512)**	**48 202**	**48 162**
Foreign exchange derivative instruments					
Forward purchases	69 652	-	-	-	-
Forward sales	-	(8 800)	-	(19 553)	(28 763)
Options	-	-	-	-	-
Net exposure	**(1 917)**	**10 827**	**(4 512)**	**28 649**	**19 399**

(in thousands of foreign currencies)	2011 Dollar américain	Livre Sterling	Yen	Dollar canadien	Dollar australien
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)	2010 Dollar américain	Livre Sterling	Yen	Dollar canadien	Dollar australien
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**

Sensitivity to foreign exchange risk

	2012 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	(13 665) -		16 703 -	
Trade payables	10 479 -		(12 808) -	
Derivative financial instruments	1 366	(545)	(1 193)	546
Total	**(1 820)**	**(545)**	**2 702**	**546**

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)		2012 Trade receivables	2012 Trade payables	2012 Derivative financial instruments	2012 Total
Impact on income statement reserves 10% appreciation of the euro	USD	(8 512)	8 193	2 133	1 814
	GBP	(1 339)	791	6	(542)
	JPY	-	4		4
	CAD	(2 268)	855	(208)	(1 621)
	AUD	(1 546)	636	(564)	(1 474)
	Subtotal	**(13 665)**	**10 479**	**1 366**	**(1 820)**
Impact on income statement reserves 10% depreciation of the euro	USD	10 404	(10 014)	(1 959)	(1 569)
	GBP	1 637	(967)	(6)	664
	JPY	-	(4)	-	(4)
	CAD	2 772	(1 046)	208	1 934
	AUD	1 890	(777)	564	1 677
	Subtotal	**16 703**	**(12 808)**	**(1 193)**	**2 702**

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.

Senior management regularly reviews these targets and resets them for upcoming periods after conferring with the Audit and Finance Committee. The targets are subsequently implemented by the Treasury Department. Interest rate swaps and cap agreements are the main instruments used.

An interest rate swap covering 100 percent of the €210 million syndicated loan tranche maturing in 2016 was put in place. In 2011, the Group entered into an interest rate swap to hedge the attendant risk, thus converting its variable rate exposure into fixed rate exposure until 2016.

(in thousands of euros)	Carrying amount 2012	2011	2010
Fixed-rate instruments			
Fixed-rate financial assets	**-**	**-**	**-**
Bond loans	220 264	213 637	-
Bank borrowings	208 368	207 781	-
Others	9 165	12 146	14 615
Fixed-rate financial liabilities	**437 797**	**433 564**	**14 615**
Variable-rate instruments			
Cash and cash equivalents	384 152	347 602	158 937
Financial assets	4 270	4 690	4 583
Trade receivables	293 709	296 216	227 008
Finance lease receivables	33 939	29 893	25 828
Other operating receivables	8 190	5 970	2 823
Other current assets	7 951	316	179
Other non-current assets	114	251	147
Derivative hedging instruments (assets)	1 506	6 861	3 461
Variable-rate financial assets	**733 831**	**691 799**	**422 968**
Bank borrowings, finance leases, short-term borrowings	14 353	18 060	253 389
Variable-rate financial liabilities	**14 353**	**18 060**	**253 389**
Accrued interest on bank borrowings	**6 878**	**5 630**	**-**

Sensitivity to interest rate risk

An increase of 100 basis points in 3-month Euribor would have increased profit for the period by €0.02 million, and equity by €3.9 million at December 31, 2012.

A decrease of 100 basis points in 3-month Euribor would have reduced profit for the period by €0.008 million and equity by €4 million at December 31, 2012.

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 (Mobile Payments Solution NV).

Corporate name	Address	Country	% interest Ingenico SA	Consolidation method
PARENT COMPANY				
INGENICO SA	28/32 Boulevard de Grenelle 75015 Paris	France		
CONSOLIDATED SUBSIDIARIES				
Ingenico GmbH	Am Gierath 20, 40885 Ratingen	Germany	100%	FC
Ingenico Healthcare GmbH	Konrad-Zuse-Ring 1 - 24220 Flintbek	Germany	100%	FC
DI Deutsche Ingenico Holding GmbH	Am Gierath 20 D-40468 Ratingen *As well as its wholly owned subsidiaries easycash Loyalty Solutions GmbH, easycash GmbH*	Germany	100%	FC
Ingenico International (Pacific) PTY Ltd	6 Prosperity Parade - Warriewood NSW 2102	Australia	100%	FC
Ingenico do Brasil Ltda	Alameda Araguaia, n.° 2190, Edifício North Tower, Condomínio CEA II, Centro Empresarial Araguaia II, Alphaville, CEP 06455-906 Barueri - São Paulo *As well as its wholly owned Colombian and Venezuelan subsidiaries and its branch offices in Argentina and Chile*	Brazil	100%	FC
Ingenico Iberia SL	Avenida del Partenon 16-18 - Campo de las Naciones 28042 Madrid *As well as its subsidiary Ingenico Barcelona S.A. held at 99,99%*	Spain	100%	FC
Ingenico Corp	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 *As well as its wholly owned American and Canadian subsidiaries*	U.S.	100%	FC
Ingenico Latin America Inc	9155 South Dadeland Blvd - Suite 1500 Miami Florida 33156 *As well as its wholly owned Mexican subsidiary*	U.S.	100%	FC
Ingenico Ventures SAS	28/32 Boulevard de Grenelle 75015 Paris *As well as its subsidiaries - Fixed & Mobile Pte Ltd, a company incorporated in Singapore, held up to 38,38% and Roam Data, a company incorporated in the United States, held at 83,63%*	France	100%	FC
Ingenico Prepaid Services France SAS	28/32 Boulevard de Grenelle 75015 Paris	France	100%	FC
Ingenico 1 SA	28/32 Boulevard de Grenelle 75015 Paris	France	100%	FC
Ingenico 2 SA	28/32 Boulevard de Grenelle 75015 Paris	France	100%	FC
Ingenico (UK) Ltd	17 Ridge Way, Donibristle Industrial Park, Dalgety Bay, Dunfermline, Fife KY11 9JU *As well as its wholly owned subsidiaries Ingenico Ireland Ltd and Sagem Matsu*	U.K.	100%	FC
Ingenico Holdings Asia Ltd	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong *As well as its subsidiaries Ingeserve Co. Ltd, Fujian Landi Commercial Equipment Co. Ltd, PT Payment Solutions Indonesia, and Fixed & Mobile pte Ltd, respectively held at 100%, 100%, 99%, and 61,62%, and fully consolidated*	Hong Kong	100%	FC
Ingenico Hungary Kft	Hattyú utca 14. VII. emelet (Hattyú Ház), 1015 Budapest	Hungary	100%	FC
Ingenico International India Private Ltd	Ground Floor 8-12, World Trade Centre, Babar Road, Connaught Place, New Delhi- 110001	India	100%	FC
Ingenico Italia SpA	Via Giorgio Stephenson 43/a, 20157 Milano	Italy	100%	FC
Ingenico Eastern Europe I SARL	1, Rue Joseph Hackin, L – 1746 Luxembourg *As well as its wholly owned subsidiary Ingenico Polska*	Luxembourg	100%	FC
Ingenico Investment Luxembourg SA	1, Rue Joseph Hackin, L – 1746 Luxembourg	Luxembourg	100%	FC
Mobile payments solutions NV	Prinses Margrietplantsoen 79, 2595BR's- Gravenhage (La Haye)	Netherlands	40%	EM
Ingenico Software Services Philippines Inc.	17 Floors Pearlbank Center - 146 Valero Street 1227 Metro Manila, Salcedo Village, Makati City	Philippines	100%	FC
Ingenico CZ S.r.o.	Myslíkova 173/25 - 110 00, Praha 1	Czech Republic	100%	FC
Ingenico LLC	Godovikova street,9 - 119085, Moscow	Russia	100%	FC
Ingenico Payment Systems LLC	Ul. Shpalernaya 51, 191015 Saint-Petersburg	Russia	100%	FC
Ingenico International (Singapore) Pte Ltd	600 North Bridge Road, #05-01 Parkview Square, Singapore 188778 *As well as its subsidiary PT Payment Solutions Indonesia, held at 1%*	Singapore	100%	FC
Ingenico (Suisse) SA	Impasse des Ecureuils 2 Case postale 56 CH-1763 Granges-Paccot	Switzerland	100%	FC
Ingenico Ödeme Sistem Çözümleri AŞ	Ayazaga Kampüsü,Teknokent ARI 3 Binası Kat:8 No: 802 – 804, 34469 Maslak, Sarıyer - İstanbul	Turkey	100%	FC

6. ACQUISITIONS AND DIVESTITURES

Acquisitions

6.1 Move to a controlling interest in ROAM Data

Description of the transaction

To enhance its mobile payment offer, particularly to independent merchants, Ingenico moved on February 6, 2012 to acquire a controlling interest in the Boston-based company ROAM Data, in which it held a 43.92-percent stake since November 2009. ROAM Data's innovative solutions combine hardware, software and services for the mobile payment market with an m-Commerce platform. The company has been included in the Central Operations segment.

Ingenico thus acquired an additional 38-percent interest in ROAM Data for a total of €36.1 million. The ROAM Data shares previously held by Ingenico had a fair value of €12.5 million at the date of acquisition, which led the Group to recognize a net gain of €8.8 million.

On this basis, Ingenico granted ROAM Data the right to offer stock options, subject to a limit guaranteeing that the Group's holding in ROAM Data will remain above a 74.7-percent floor.

Transaction price

Ingenico acquired this additional interest for consideration of €36.1 million.

Given that cash acquired amounted to €26.7, the net cash outflow was €9.4 million.

Contribution to the Group's results (starting February 2012)

A fully consolidated subsidiary since February 2012, ROAM Data contributed the following to the Group's consolidated results:

- €10.8 million to revenue
- – €5.6 million to profit from ordinary activities
- – €5.4 to profit for the period.

If the acquisition had occurred on January 1, 2012, the effect would have been to increase Group revenue by €11.8 million and reduce Group profit for the period by €5.9 million.

6.2 Acquisition of Ingenico Payment Systems LLC

Description of the transaction

On April 12, 2012, Ingenico finalized the acquisition of Ingenico Payment Systems LLC, an entity established to buy back assets from its distributor in Russia and the Commonwealth of Independent States (CIS). This acquisition is part and parcel of Ingenico's strategy of increasing its direct presence in the payment terminal market of high-growth countries and consolidating its expansion. With its hardware offer and payment solutions, the Group now addresses the needs of hundreds of banks in the region. The newly acquired entity has been included in the EEMEA segment.

Transaction price

The Group acquired Ingenico Payment Systems LLC for a total of €6.9 million (€6.0 million in cash up front, plus a €1.0 million cash payment 12 months after the acquisition, yielding a discounted amount of €0.9 million). In addition, there is a provision for an earn-out amount of €2.3 million, to be paid if the cash flow generated by Ingenico Payment Systems LLC between the acquisition date and the end of 2014 exceeds a specific threshold.

Given that cash acquired amounted to €0.1, the net cash outflow in 2012 was €5.9 million.

Contribution to the Group's results (starting April 2012)

Ingenico Payment Systems LLC contributed the following to the Group's consolidated results:

- €17.0 million to revenue
- €3.8 million to profit from ordinary activities
- €3.0 to profit for the period.

If the acquisition had occurred on January 1, 2012, the effect would have been to increase Group revenue by €22.4 million and Group profit for the period by €3.8 million.

6.3 Acquisition of an additional interest in Fujian Landi

On October 31, 2012, Ingenico Holding Asia entered into agreements under which it bought out the remaining 22-percent non-controlling interests in Fujian Landi, following the exercise of its put option for USD 60 million in cash along with the assumption of USD 3.5 million in debt, which may be settled by granting 1.16 percent of Ingenico Holding Asia's shares to Smartview. As a result, the Group is now the sole owner of Landi.

6.4 Acquisition of Mobile Payments Solutions N.V.

Description of the transaction

On June 13, 2012, Ingenico created Mobile Payments Solutions N.V. in the Netherlands. As of December 31, 2012, the Group held a 40-percent interest in Mobile Payment Solutions N.V., a company that owns all the shares in Nanjing ZTE-Ingenico Network Technology Co., Ltd in China. Through this entity, Ingenico will be engaged in developing comprehensive offers that can handle electronic payment transactions carried out via all delivery channels (terminals, Internet, telephone) and providing value-added services that boost the growth of China's points of sale, payment and service.

Transaction price

Ingenico S.A. paid a total of €9.0 million in cash consideration to subscribe for shares in Mobile Payment Solutions N.V.

Contribution to the Group's results (starting November 2012)

This holding has been accounted for using the equity method.

Mobile Payment Solutions N.V. made no contribution in 2012 to the Group's consolidated results (Share of profit of equity-accounted investees).

Acquisition of subsidiaries net of cash acquired, and impact on cash flow of changes in the Group's ownership interests in controlled entities:

Subsidiaries acquired	Cash outflows net of cash acquired (in millions of euros)	Changes in ownership interests in controlled entities
Roam Data	9,4	
Ingenico Payment Systems LLC	5,9	
Fujian Landi		46,7
Mobile Payment Solutions N.V.	9	
Xiring		4,8
Other	1,1	
Total	**25,4**	**51,5**

Divestitures

6.5 Disposal of Korvac Holdings Pte Ltd

Description of the transaction

At the end of January 2012, Ingenico sold its entire 49-percent interest in Korvac Holdings Pte Ltd, a Singapore-based payment service provider operating in Southeast Asia.

Transaction price

The consideration for the transaction was €15.4 million, yielding a consolidated gain on disposal of €0.9 million. The corresponding receivable, which amounted to €7.6 million, was recognized in Other current assets at the December 31, 2012 reporting date. Korvac has undertaken to pay that amount in early 2013.

Contribution to the Group's results

Korvac, which was previously accounted for using the equity method, contributed the following to the Group's consolidated results:

- –€0.2 million in January 2012
- –€3.0 million in 2011
- –€0.5 million in 2010.

Other transactions

During the first half of 2012, Ingenico finalized the buyout of the remaining non-controlling interests in Xiring for €4.8 million, thus moving to full ownership of the company (from its 91.8-percent stake at December 31, 2011).

Xiring was absorbed by Ingenico S.A. following a decision by the Board of Directors on June 29, 2012. Xiring's business is now included in the Central Operations segment.

In Italy, TNET was merged into Ingenico Italia Spa.

In Germany, paycom was merged with and into easycash GmbH.

In Spain, during the second half of 2012, Payment Consulting S.L.U. was merged with and into Ingenico Services Iberia SA, which was in turn absorbed by Ingenico Iberia SL.

In Turkey, Ingenico Elektronic Sanayi Dis Ticaret AS was merged with and into Ingenico Ödeme Sistem Cözümieri AS.

7. SEGMENT REPORTING

The criteria used to determine reportable segments are set out in Note 2, Accounting Principles and Methods, of the consolidated financial statements for the year ended December 31, 2012. The information presented below is based on the management reporting used by 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 businesses that are not geographically based and whose development is coordinated by the head office (such as Fixed & Mobile Pte Ltd). The Group's approach is to centralize development of technology and sales activity for businesses serving an international customer base and distribute their offers through its own distribution channels. Accordingly, the Executive Committee decided to modify the way in which segment performance is monitored.

The reportable segments since December 31, 2011 are 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 Group has continued to present segment information on this new basis, and has therefore restated the consolidated income statement data for 2010. 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)	2012						
	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Central operations	Consolidated
External revenue	**507 029**	**206 684**	**91 115**	**210 987**	**90 319**	**100 291**	**1 206 425**
Profit from ordinary activities	55 690	34 055	9 662	28 414	6 987	28 641	163 450
Profit from operations							164 447
Net finance costs							(13 913)
Share of profits of associates							(462)
Income tax							(49 805)
PROFIT FOR THE PERIOD							**100 267**
ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS							**96 854**

(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**

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)	2012 SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Central operations	Consolidated
Depreciation and amortization expense	31 659	1 860	857	727	1 268	19 773	56 143
Additions to provisions, net of reversals and IFRS 2 expenses	(2 894)	2 050	(1 241)	906	101	4 293	3 216

(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	Central operations	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

Breakdown of segment assets and liabilities

Segment assets and liabilities are broken down as follows:

2012 (in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Central operations	Consolidated
Goodwill	202 792	53 982	18 382	5 705	18 239	252 077	551 176
Other non-group sector assets	337 797	200 545	82 157	86 426	43 615	307 361	1 057 901
Deferred tax assets							26 766
Current tax receivables							3 820
Financial assets							4 270
Derivative financial instruments							1 506
TOTAL ASSETS	540 590	254 527	100 538	92 130	61 854	559 439	1 645 439
Other non-group sector liabilities	125 566	113 242	8 610	55 149	(1 061)	128 463	429 968
Total equity							688 647
Deferred tax liabilities							38 666
Current tax liabilities							21 265
Financial liabilities							459 028
Derivative financial instruments							7 866
TOTAL LIABILITIES	125 566	113 242	8 610	55 149	(1 061)	128 463	1 645 439

2011 (in thousands of euros)	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

2010 (in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Central operations	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

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:

	2012						
(in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/Africa	Central operations	Consolidated
Intangible assets and property, plant and equipment - at cost	(14 632)	(1 487)	(1 926)	(2 722)	(895)	(28 120)	(49 783)

	2011						
(in thousands of euros)	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)

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

8. COSTS AND EXPENSES 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)	2012	2011	2010
Wages and salaries	183 878	150 381	133 834
Social security contributions	56 138	44 617	39 498
Retirement and other defined-benefit plan expenses	32	27	36
Provisions for retirement indemnities	487	494	311
Stock options and free shares	5 060	4 291	5 612
Total	**245 595**	**199 809**	**179 292**

The sharp increase in wages and salaries in 2012 is primarily attributable to newly consolidated companies (e.g., Xiring, ROAM Data, Ingenico Payments Systems LLC) and to rising headcount elsewhere in the Group.

Depreciation and amortization expense and impairment break down as follows:

(in thousands of euros)	2012	2011	2010
Additions/(reversals)			
Amortization and impairment for intangible assets	40 707	36 343	39 992
Depreciation and impairment for property, plant and equipment	14 101	14 986	14 670
Goodwill impairment	--	750	21 845
Impairment of inventories	1 860	3 628	1 508
Impairment of trade receivables	(3 335)	4 312	1 395
Impairment of financial assets	766	(6)	54
Total	**54 099**	**60 013**	**79 465**

Cost of sales breaks down as follows:

(in thousands of euros)	2012	2011	2010
Cost of terminals	(445 755)	(319 554)	(302 886)
Cost of services and software	(248 019)	(183 699)	(156 879)
Indirect costs *		(81 081)	(81 120)
TOTAL COST OF SALES	**(693 774)**	**(584 333)**	**(540 885)**

* In 2012, indirect costs were divided up between Cost of terminals and Cost of services and software.

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

(in thousands of euros)	2012	2011	2010
Amount of research and development capitalized	7 171	6 065	5 496
Total R&D expenditure (costs and investment) (1)	100 556	82 663	89 743
SHARE OF CAPITALIZED R&D EXPENDITURE AS %	**7%**	**7%**	**6%**

(*) Net of a €2.6 million research tax credit and €6.1 million under other arrangements outside of France that have a similar impact on research and development expenses (as compared, respectively, with €2.3 million and €5.1 million in 2011, and €2.2 million and €3.6 million in 2010).

9. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses include:

(in thousands of euros)	2012	2011	2010
Restructuring costs	(8 977)	(13 012)	(9 934)
Litigation and quality-related expenses		(3 277)	(168)
Gains/losses on disposal of assets	926	(923)	1 161
Disposal or retirement of property, plant and equipment or intangible assets	(314)		(883)
Impairment losses			(22 086)
Gains and losses on remeasurment of shareholdings	8 815		8 303
Other	547	(430)	487
Total	**997**	**(17 642)**	**(23 121)**

In 2012, other operating income and expenses mainly comprise the following:

- Restructuring costs of €9.0 million, incurred in connection with the reorganization of the Group, that primarily include the following:
  - a cost of €4.9 million incurred in connection with the reorganization of the Group;
  - costs of €2.4 million incurred in connection with acquisitions and divestitures;
  - a cost of €1.4 million incurred to transfer the head office to Paris.

- The acquisition of additional ROAM Data shares led to an €8.8 million gain on fair value remeasurement of the Group's prior equity-accounted investment in the company.

- Lastly, the disposal of Korvac generated a consolidated gain of €0.9 million.

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

- Restructuring costs of €13.0 million, incurred in connection with the reorganization of the Group, that primarily include the following:
  - €3.4 million in additional costs for the migration of applications to the Telium platform (chiefly in North America);
  - a cost of €2.0 million incurred on the disposal, abandon or reorganization of operations;

- a cost of €3.4 million incurred in connection with a program to acquire assets in the U.S. payment market;
- a cost of €4.2 million incurred during the period to transfer the head office to Paris, of which €0.7 million 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 mainly comprised the following:

- Restructuring costs of €9.9 million, incurred in connection with the reorganization of the Group, that primarily include the following:
  - €2.5 million in additional costs for the migration of applications to the Telium platform (chiefly in North America);
  - a cost of €1.7 million incurred on the disposal, abandon or reorganization of operations;
  - costs incurred at the time of the project of a taken-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.

10. NET FINANCE COSTS

Net finance costs are broken down as follows:

(in thousands of euros)	2012	2011 Publié	2011 Restated	2010 Publié	2010 Restated
Other interest expense	(21 437)	(25 859)	(25 859)	(10 626)	(10 626)
Interest expense on finance lease contracts	(544)	(700)	(700)	(1 024)	(1 024)
TOTAL INTEREST EXPENSE	**(21 981)**	**(26 559)**	**(26 559)**	**(11 650)**	**(11 650)**
Income from cash and cash equivalents	5 665	3 876	3 876	501	501
Interest income on finance lease contracts	3 652	3 277	3 277	2 864	2 864
NET INTEREST EXPENSE	**(12 664)**	**(19 406)**	**(19 406)**	**(8 285)**	**(8 285)**
Foreign exchange gains	40 456	50 024	50 024	56 351	56 351
Foreign exchange losses	(40 386)	(54 126)	(50 376)	(55 482)	(55 767)
FOREIGN EXCHANGE GAINS AND LOSSES, NET	**69**	**(4 102)**	**(352)**	**869**	**584**
Gains/(losses) on other investments (remeasurement, disposal)	(2)	534	534	7	7
Other financial income	142	20	20	12	12
Other financial expenses	(1 459)	(4 125)	(4 125)	(2 397)	(2 397)
OTHER FINANCIAL INCOME AND EXPENSES, NET	**(1 319)**	**(3 571)**	**(3 571)**	**(2 378)**	**(2 378)**
NET FINANCE COSTS	**(13 913)**	**(27 079)**	**(23 329)**	**(9 794)**	**(10 079)**

* As of 2012, translation differences arising on ordinary operating activities that are denominated in foreign currency (including the effective portion of any related hedging instruments) are recognized in Cost of sales, instead of in Net finance costs as in prior years. To facilitate comparison, the 2011 and 2010 income statements have been restated. Accordingly, exchange gains of €3,545,000 were reclassified from Net finance costs to Cost of sales in 2012, as were exchange losses of €3,750,000 in 2011 and exchange gains of €285,000 in 2010.

Net finance costs in 2012 are broken down as follows:

Interest expense was related to short- and medium-term borrowings and to finance lease contracts. Interest expense on medium-term borrowings included €5.2 million on the €360 million syndicated loan facility put in place on August 5, 2011 and €13.5 on OCEANE convertible bonds. Interest expense on short-term borrowings, which amounted to €2.8 million, mainly involved a loan contracted by the Group's Brazilian subsidiary and repaid at December 31, 2012. Interest expense and interest income on finance lease contracts mainly involved easycash GmbH and Ingenico S.A.

Ingenico posted a net foreign exchange gain of €0.1 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 consisted mainly of the following:

- impairment of non-current financial assets;
- the expected costs and returns on defined benefits retirement plan assets (see Note 26, Provisions for retirement benefit obligations);

Net finance costs in 2011 were broken down 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 showed a net loss of €4.1 million. It was 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 comprised:

- changes in the fair value of financial instruments which did 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 showed 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).

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

Items recognized in profit or loss (in thousands of euros)	**2012**	**2011 Publié**	**2011 Restated**	**2010 Publié**	**2010 Restated**
Interest income on bank deposits	5 739	3 775	3 775	367	367
Interest income on finance lease contracts	3 652	3 277	3 277	2 864	2 864
Income from sale of financial assets held for trading	23	602	602	74	74
Change in fair value of financial assets held for trading	-	332	332	-	-
Foreign exchange gains	9 017	49 127	49 127	56 353	56 353
Ineffective portion of the change in fair value of exchange rate cash flow hedging instruments	31 438	565	565	-	-
Ineffective portion of the change in fair value of interest rate cash flow hedging instruments	1 118				
Others	45	54	54	80	80
FINANCIAL INCOME	**51 033**	**57 732**	**57 732**	**59 738**	**59 738**
Interest expense on borrowings stated at amortized cost	(21 442)	(27 195)	(27 195)	(10 661)	(10 661)
Interest expense on finance lease contracts	(544)	(700)	(700)	(1 024)	(1 024)
Unwinding of discounting	(605)	(1 138)	(1 138)	(1 269)	(1 269)
Change in fair value of financial assets held for trading	(461)	-	-	(546)	(546)
Foreign exchange losses	(10 786)	(54 126)	(50 376)	(53 776)	(54 061)
Ineffective portion of the change in fair value of exchange rate cash flow hedging instruments	(29 600)	-	-	(1 160)	(1 160)
Ineffective portion of the change in fair value of interest rate cash flow hedging instruments	(655)	(1 582)	(1 582)	(1 035)	(1 035)
Others	(854)	(70)	(70)	(61)	(61)
FINANCIAL EXPENSE	**(64 946)**	**(84 811)**	**(81 061)**	**(69 532)**	**(69 817)**
FINANCE COSTS	**(13 913)**	**(27 079)**	**(23 329)**	**(9 794)**	**(10 079)**

Items directly recognized in other comprehensive income (in thousands of euros)	**2012**	**2011 Publié**	**2011 Restated**	**2010 Publié**	**2010 Restated**
Effective portion of the change in fair value of exchange rate cash flow hedging instruments	(3 659)	3 131	3 131	(46)	(46)
Effective portion of the change in fair value of interest rate cash flow hedging instruments	(4 716)	(929)	(929)	(659)	(659)
RECOGNIZED IN FAIR VALUE RESERVES	**(8 375)**	**2 202**	**2 202**	**(705)**	**(705)**

11. INCOME TAX

Income tax expense on the earnings of consolidated companies

(in thousands of euros)	2012	2011	2010
Current tax	(53 915)	(31 102)	(28 096)
Deferred tax	4 110	8 551	5 381
Total	**(49 805)**	**(22 551)**	**(22 715)**

In 2012, income tax expense for the period mainly reflects:

- current tax payable in Germany, Brazil, the United-Kingdom, China, Italy and France;
- a credit to deferred tax expense from the recognition of deferred tax assets – mainly in France, Brazil 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.

Pursuant to Article 235 ter ZCA of the French General Tax Code, all dividend distributions to Ingenico S.A. shareholders other than stock dividends are now subject to a supplementary contribution equal to 3 percent of the amounts distributed.

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

- 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.

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.

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 2012, the amount of CVAE so classified was €2,5 million, against €2,0 million in 2011. 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, 2012, 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)	**2012**	**2011**	**2010**
PROFIT FOR THE PERIOD (EXCL. SHARE OF ASSOCIATES' PROFIT)	**100 728**	**61 191**	**41 260**
INCOME TAX EXPENSE	**(49 805)**	**(22 551)**	**(22 715)**
PROFIT BEFORE INCOME TAX	**150 533**	**83 742**	**63 975**
Tax rate in France	36,10%	36,10%	34,43%
Theoretical tax expense	(54 342)	(30 231)	(22 027)
Difference between the French tax rate and that of foreign subsidiaries	13 405	10 560	5 550
Tax losses and temporary differences of the year not recognized	(8 157)	(1 569)	(5 033)
Prior period temporary differences and tax losses recognized as deferred tax assets in the period	753	1 507	3 085
Use of prior period tax losses not recognized as deferred tax assets	2 051	2 227	1 049
Tax credits	1 855	18	(1 017)
Effect of permanent differences and other	(5 371)	(5 063)	(4 322)
Total	**(49 805)**	**(22 551)**	**(22 715)**
Effective tax rate	33,1%	26,9%	35,5%

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, 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) [a]	(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) [b]	(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)**
Deferred tax recognized in profit or loss	2 256	1 684	3 940	170	4 110
Deferred tax recognized in equity and on business combinations	-	253	253	4 763 [c]	5 016
Translation differences	(60)	(810)	(870)	38	(832)
Other movements		(60)	(60)	60	-
AT DECEMBER 31, 2012	**5 478**	**21 287**	**26 766**	**(38 666)**	**(11 900)**

[a] Includes deferred tax liabilities resulting from the allocation of the acquisition price of the companies Fixed and Mobile Pte, Ingenico Services Iberia and Ingenico Prepaid Services France to these entities' identifiable assets, liabilities and contingent liabilities.

[b] Includes a €12.7 million deferred tax liability recognized on the equity component of the OCEANE bonds issued during the period.

[c] Includes a €2.2 million deferred tax liability resulting from the allocation of the acquisition price for ROAM Data and Ingenico LLC Russia to these entities' identifiable assets, liabilities and contingent liabilities; a €4 million deferred tax asset arising on the carry-forward of Xiring tax losses when the Group consolidated this entity; and a €2.8 million deferred tax asset related to the effective portion of hedging instruments.

Breakdown by type of temporary difference

(in thousands of euros)	2012	2011	2010
DEFERRED TAX ASSETS BY TYPE OF TEMPORARY DIFFERENCE			
Property, plant and equipment and other intangible assets	5 926	5 512	2 496
Employee benefits	4 088	6 646	4 423
Inventories, receivables, payables and provisions	26 551	23 995	23 660
Unutilized tax losses and credits	5 616	5 487	3 804
Other (including financial instruments)	3 040	1 431	1 826
DEFERRED TAX ASSETS	**45 221**	**43 072**	**36 208**
Netting effect	(18 455)	(19 570)	(13 325)
TOTAL DEFERRED TAX ASSETS	**26 766**	**23 502**	**22 883**
DEFERRED TAX LIABILITIES BY TYPE OF TEMPORARY DIFFERENCE			
Property, plant and equipment and other intangible assets	(31 352)	(37 263)	(39 736)
Employee benefits	(56)	(56)	(119)
Inventories, receivables, payables and provisions	(23 915)	(23 912) [a]	(10 372)
Unutilized tax losses and credits	-	-	-
Other (including financial instruments)	(1 797)	(2 032)	(2 220)
DEFERRED TAX LIABILITIES	**(57 120)**	**(63 263)**	**(52 448)**
Netting effect	18 455	19 570	13 325
TOTAL DEFERRED TAX LIABILITIES	**(38 666)**	**(43 694)**	**(39 123)**
Total net	**(11 900)**	**(20 192)**	**(16 240)**

[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)	2012	2011	2010
Deferred tax from tax losses and tax credits	16 138	9 792	13 468
Deferred tax from temporary differences	8 157	6 785	6 668
Total	**24 295**	**16 577**	**20 137**

12. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

(in thousands of euros)	2 012	2 011	2 010
At January 1	**529 022**	**466 260**	**414 227**
Investments	26 678	52 243	48 866
Impairment losses	-	-	(22 086)
Translation differences	(500)	1 387	4 017
Modifications	(4 024)	9 132	21 236
Others	-	-	-
At December 31	**551 176**	**529 022**	**466 260**

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 reportable segments since 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.

In 2011, 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 businesses that are not geographically based and whose development is coordinated by the head office.

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):

Cash-generating units (in thousands of euros)	2 012 Gross carrying amount	Total impairment losses	Net carrying amount
SEPA	205 080	(2 286)	202 794
ASIA / PACIFIC	53 981	-	53 981
NORTH AMERICA	39 773	(21 392)	18 381
LATIN AMERICA	5 705	-	5 705
CENTRAL EUROPE / MIDDLE EAST / AFRICA	18 241	-	18 241
CENTRAL OPERATIONS	252 074	-	252 074
Total	**574 854**	**(23 678)**	**551 176**

Cash-generating units (in thousands of euros)	2 011 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**

Cash-generating units (in thousands of euros)	2 010 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**

In 2012

The increase in goodwill was due primarily to acquisitions carried out in 2012: €25.6 million on the ROAM Data acquisition and €1.9 million on the Ingenico Payment Systems LLC acquisition.

Other changes in goodwill resulted from the final remeasurement at fair value of the Xiring assets acquired and Xiring liabilities assumed by the Group, which reduced goodwill by €4.0 million (see above, Adjustments in the period to provisional goodwill).

Acquisitions and control

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

Transaction costs on 2012 acquisitions amounted to €1.6 million, and were recognized in Other operating expenses.

ROAM Data

Ingenico gained control of ROAM Data in February 2012. The Group, which previously held a 46-percent stake in the company, thus acquired an additional 38-percent interest for a total of €36.1 million. Ingenico granted non-controlling shareholders a put option on the remaining shares, representing 16 percent of ROAM Data's capital.

Pursuant to the revised IFRS 3, the goodwill arising on this business combination achieved in stages is measured as the difference between the aggregate of the following:

- the fair value of Ingenico's previously held equity interest (46 percent)
- the consideration transferred
- and all non-controlling interests, less the net assets acquired (the fair value of the identifiable assets and liabilities).

The result was an upward adjustment of €8.8 million to the fair value of Ingenico's initial investment that was recognized in Other operating income. This gain was calculated as the difference between the fair value of Ingenico's initial equity interest, determined on the basis of the consideration paid to obtain exclusive control of ROAM Data, and its carrying amount.

A provisional allocation of the consideration was made in the second half of 2012 and will be finalized within twelve months of Ingenico's move to a controlling interest.

This fair value measurement of intangible assets led Ingenico to identify assets with a total value of €0.9 million that had not been recognized in ROAM Data's accounts:

- the customer portfolio, valued at €0.8 million, to be amortized over 12 years;
- technology developed, valued at €0.5 million, to be amortized over 3 years;
- deferred tax liabilities of €0.4 million.

The ROAM Data acquisition has been accounted for using the partial goodwill method.

Goodwill has been measured as the difference between the following:

(1) the cost of acquiring an additional 38-percent interest, which was €36.1 million;

and the carrying amount of non-controlling (i.e., minority) interests, which was €4.3 million;

and the fair value of Ingenico's previously held 46-percent equity interest, estimated at €12.6 million;

(2) less the fair value of the identifiable assets acquired and liabilities assumed, which totalled €28.0 million.

Goodwill therefore amounts to €25.0 million.

ROAM Data has been included in the Central Operations CGU.

Ingenico Payment Systems LLC

The consideration paid for Ingenico Payment Systems LLC was €9.2 million.

A provisional allocation of the consideration paid was made in the second half of 2012 and will be finalized within twelve months of Ingenico's move to a controlling interest.

The acquiree's intangible assets were measured at fair value.

This led Ingenico to identify intangible assets with a total value of €7.0 million that had not been recognized in the accounts of Ingenico Payment Systems LLC:

- the customer portfolio, valued at €8.8 million, to be amortized over 10 years;
- deferred tax liabilities of €1.8 million.

The fair value of the net assets identifiable at the acquisition date was €7.6 million.

Goodwill therefore amounts to €1.6 million.

Ingenico Payment Systems LLC has been included in the Central Europe/Africa/Middle East CGU.

Remeasurement of goodwill

At the end of 2011, Ingenico recorded goodwill of €40.2 million to reflect the estimated fair value at December 31, 2011 of Xiring's assets and liabilities at the time of acquisition.

In 2012, during the Xiring integration phase and within 12 months of the acquisition, the Group made a €4.0 million downward adjustment to the fair value of the assets and liabilities on the opening balance sheet. The primary adjustments involved the recognition of €4.0 million in tax loss carry-forwards; current tax liabilities of €1.0 million that were related to periods prior the acquisition but had not been recognized previously; and remeasurement at fair value of the net assets identifiable at the acquisition date, resulting in an after-tax increase of €0.8 million.

This led Ingenico to identify intangible assets with a total value of €10.4 million that had not been recognized in Xiring's accounts:

- the customer portfolio, valued at €8.8 million, to be amortized over 14 years;
- technology, valued at €4.7 million, to be amortized over 5 years;
- inventory, valued at €0.8 million, to be amortized over 3 months;
- a brand, valued at €1.5 million, to be amortized over 10 years;
- Deferred tax liabilities of €5.4 million.

As of December 31, 2012, goodwill therefore amounts to €36.2 million.

Impairment losses

Impairment tests conducted in the fourth quarter of 2012 did not lead the Group to recognize any goodwill impairment.

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).

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).

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:

2012

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	51 365	2 616	53 981	18 381	5 705	18 241	252 074	551 176
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	9,00%		12,08%		9,65%	12,23%	15,00%	9,80%	

(1) Based on the acquisition of 22% in Landi in 2012.

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								Asie / Pacifique			NORTH AMERICA	LATIN AMERICA	CENTRAL EUROPE / MIDDLE EAST / AFRICA	Total
Cash-generating units	Northern Europe	Germany	France	Spain	Italy	Poland	Moneyline Banking System	SEPA	Asie	Pacifique	Total Asie / Pacifique	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, 2011	11,00%	11,00%	11,00%	11,00%	11,00%	11,00%	11,00%		12,15%	12,15%		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.

Applying a discount rate before tax to before-tax cash flows would have led to a similar assessment of the cash generating units.

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. In the North America Region, a 100 basis-point increase in the discount rate or a 100 basis-point decrease in the long-term growth rate would give the cash generating unit greater value than the sum of the assets of which it is composed. The Group remains highly optimistic about the medium-term outlook in North America, taken into account an assumption of an annual average business growth of 9 percent in the coming years.

Sensitivity of recoverable amounts:

	December 31, 2012				
	Discount rate		Perpetuity growth rate		Cash flow
	Rate applied (%)	Discount rate increase required for recoverable amount to equal carrying amount (%)	Rate applied (%)	Perpetutity growth rate decrease required for recoverable amount to equal carrying amount (%)	Cash flow decrease required for recoverable amount to equal carrying amount (%)
SEPA	9,00%	(a)	1,00%	(a)	(a)
China	(b)	(b)	(b)	(b)	(b)
Pacific	12,08%	(a)	1,00%	(a)	(a)
North America	9,65%	1,23%	1,00%	-3,01%	-12%
Latin America	12,23%	(a)	1,00%	(a)	(a)
Central Europe / Middle East / Africa	15,00%	1,88%	1,00%	-5,39%	-13%
Central Operations	9,80%	(a)	1,00%	(a)	(a)

(a) At December 31, 2012, the recoverable amounts for SEPA, Pacific, Latin America and Central Operations were significantly greater than the carrying amounts. This precluded the need to increase the discount rate, decrease the perpetuity growth rate or reduce cash flow, which would have been necessary to ensure that the recoverable amounts for SEPA, Pacific, Latin America and Central Operations, respectively, equalled their carrying amounts.
(b) At December 31, 2012, fair value less costs to sell was used to determine recoverable amount in China.

Business forecasts are based on the business plans developed by the CFOs of the various cash generating units. Group financial management has reviewed these plans, performing stress tests on the assumptions as to long-term growth and discount rates.

Other intangible assets

(in thousands of euros)	Licenses, trademarks, technology	Development expenses (incurred internally)	Other intangible assets	Total
	2012			
GROSS AMOUNT				
At January 1	**41 318**	**74 551**	**201 131**	**317 000**
Investments	8 209	7 171	10 143	25 523
Disposals	(242)	-	(585)	(827)
Changes in consolidation scope (1)	428	290	10 084	10 802
Translation differences	(154)	(82)	(194)	(430)
Others	16 316	(1 437)	(18 760)	(3 881)
At December 31	**65 875**	**80 493**	**201 819**	**348 187**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES				
At January 1	**(25 047)**	**(52 315)**	**(87 686)**	**(165 048)**
Investments	(7 098)	(10 091)	(23 518)	(40 707)
Disposals	205	-	379	584
Changes in consolidation scope	-	-	-	-
Translation differences	176	83	(56)	203
Others	(13 461)	(761)	19 432	5 210
At December 31	**(45 225)**	**(63 084)**	**(91 449)**	**(199 758)**
CARRYING AMOUNT				
At January 1	**16 271**	**22 236**	**113 445**	**151 952**
At December 31	**20 650**	**17 409**	**110 370**	**148 429**

(1) The change in consolidation scope in 2012 reflects the acquisitions of ROAM Data in February 2012 and Russia Distribution in April 2012.

Amortization expense on intangible assets identified during the allocation of the acquisition price for the 2012 business combinations is as follows:

- an expense of €210,000 on ROAM Data assets for the period from March 1, 2012 to December 31, 2012;
- an expense of €570,000 on Ingenico Payment Systems LLC assets for the period from May 1, 2012 to December 31, 2012.

The 2012 amortization expense on intangible assets identified during acquisitions was as follows:

(in thousands of euros)	SAGEM			EASYCASH			AUTRES (Moneyline, Turquie, Landi, Ingenico Prepaid Services, Fixed & Mobile, Ingenico Services Iberia, Xiring, Roam Data, Russia Distribution)						Total amorti-zation for the period
	Carrying amount at December 31, 2011	Amorti-zation in 2012	Carrying amount at Décember 31, 2012	Carrying amount at December 31, 2011	Amorti-zation in 2012	Carrying amount at Décember 31, 2012	Carrying amount at December 31, 2011	Acquisitions	Amorti-zation in 2012	Réévaluations	Translation differences	Carrying amount at Décember 31, 2012	
Intangible assets													
Concessions, patents & similar rights													
Hardware and software technology under development	6 860	(3 430)	3 430	-	-	-	-	-	-		-	-	(3 430)
Existing hardware and software technology	-	-	-	1 976	(1 208)	768	8 543	513	(2 003)	(1 200)	87	5 940	(3 211)
Software applications	2 836	(2 269)	567	-	-	-	-	-	-		-	-	(2 269)
Brand name	-	-	-	-	-	-	1 438	-	(170)	58	-	1 326	(170)
Other intangible assets													
Long term customer contracts	22 902	(3 664)	19 238	53 986	(7 751)	46 235	22 512	9 633	(5 392)	2 605	(282)	29 076	(16 807)
Total Intangible assets	**32 598**	**(9 363)**	**23 235**	**55 962**	**(8 959)**	**47 003**	**32 493**	**10 146**	**(7 565)**	**1 463**	**(195)**	**36 342**	**(25 887)**
Inventories	-	-	-	-	-	-	564	-	(564)	-	-	-	(564)
Total identified and allocated assets	**32 598**	**(9 363)**	**23 235**	**55 962**	**(8 959)**	**47 003**	**33 057**	**10 146**	**(8 129)**	**1 463**	**(195)**	**36 342**	**(26 451)**

At December 31, 2012, there was no indication of impairment of other intangible assets.

	2011			
(in thousands of euros)	**Licenses, trademarks, technology**	**Development expenses (incurred internally)**	**Other intangible 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	(65)	986
At December 31	**(25 047)**	**(52 314)**	**(87 686)**	**(165 048)**
CARRYING AMOUNT				
At January 1	**8 612**	**24 983**	**123 216**	**156 810**
At December 31	**16 271**	**22 236**	**113 444**	**151 952**

(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:

(in thousands of euros)	SAGEM			EASYCASH			Others (Moneyline, Turkey, Landi, Ingenico Prepaid Services, Fixed & Mobile, Ingenico Services Iberia, Xiring)					Total amortization for the period
	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 intangible 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 was 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			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, 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)**

13. PROPERTY, PLANT, AND EQUIPMENT

	2012				
(in thousands of euros)	**Land and buildings**	**Plant and equipment**	**Other assets**	**Assets in progress**	**Total**
GROSS AMOUNT					
At January 1	**2 901**	**54 097**	**30 878**	**4 631**	**92 507**
Investments	2 571	4 698	15 704	1 284	24 257
Disposals	(2 564)	(223)	(4 661)	(4 511)	(11 959)
Changes in consolidation scope	-	-	204	-	204
Translation differences	(137)	(127)	(320)	(19)	(603)
Others	7 073	(19 792)	(3 020)	(874)	(16 613)
At December 31	**9 844**	**38 653**	**38 785**	**511**	**87 793**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	**(1 817)**	**(39 594)**	**(16 872)**	**-**	**(58 283)**
Amortization	144	(4 940)	(8 984)	(321)	(14 101)
Disposals and impairment losses	1 692	251	3 816	-	5 759
Changes in consolidation scope	-	-	-	-	-
Translation differences	52	233	250	-	535
Others	(4 913)	12 690	7 812	308	15 897
At December 31	**(4 842)**	**(31 360)**	**(13 978)**	**(13)**	**(50 193)**
CARRYING AMOUNT					
At January 1	**1 084**	**14 503**	**14 006**	**4 631**	**34 224**
At December 31	**5 002**	**7 293**	**24 807**	**498**	**37 600**

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

2010					
(in thousands of euros)	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

14. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

Detail of the investments in equity-accounted investees

(in thousands of euros)	Roam Data	Korvac	Mobile Payment Solutions N.V.	Total
Investments in equity-accounted investees (%) 2010	43,92%	49,00%		
Investments in equity-accounted investees (%) 2011	43,92%	49,00%		
Investments in equity-accounted investees (%) 2012	100,00%	0,00%	40,00%	
At January 1, 2011	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
Investment	-	-	9 000	9 000
Share of profit or loss	(250)	(212)	-	(462)
Translation differences	(83)	362	-	279
Change in consolidation method (1)	(3 747)	-	-	(3 747)
Sale	-	(14 335)	-	(14 335)
At December 31, 2012	-	-	9 000	9 000

(1) Change in consolidation method following the transfer of control in 2012, now fully consolidated

2012

During the second half of 2010, the Group acquired stakes in the company Mobile Payment Solutions N.V. in the Netherlands.

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.

Impairment losses

At December 31, 2012, no impairment loss on these investments was recognized in the Group's consolidated financial statements.

2011

Call options to acquire outstanding shares

The call option on ROAM Data shares was 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.

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.

15. FINANCIAL ASSETS

At December 31, 2012, 2011 and 2010, financial assets included security deposits and guarantees, equity interests in non-consolidated companies and related receivables.

(in thousands of euros)	2012	2011	2010
Non-current financial assets	4 270	4 667	4 561
Total	**4 270**	**4 667**	**4 561**

16. OTHER NON-CURRENT ASSETS

At December 31, 2012, 2011 and 2010, other non-current assets are broken down as follows:

(in thousands of euros)	2012	2011	2010
Receivables	199	379	314
Finance lease receivables	19 655	17 828	17 747
Tax receivables other than current income tax	-	2	23
Income tax receivables (carry-backs)	1 075	1 748	1 110
Prepayments	228	396	1 265
Total	**21 157**	**20 353**	**20 460**

Other non-current assets are all due in over 12 months.

17. INVENTORIES

(in thousands of euros)	2012	2011	2010
Raw materials and consumables	25 851	32 275	26 780
Finished products	104 218	86 036	97 676
Write-downs on raw materials and consumables	(7 895)	(7 273)	(4 923)
Write-downs on finished products	(16 945)	(16 139)	(14 036)
Net	**105 229**	**94 899**	**105 497**

The increase in gross inventories was due to the inclusion of Ingenico Payment Systems LLC inventories (€3.6 million) and to rising business activity in China and the United States. The inventory write-down rate showed almost no change compared with 2011.

18. TRADE AND RELATED RECEIVABLES

Trade and related receivables break down as follows:

(in thousands of euros)	2012	2011	2010
Advances and down-payments to suppliers	3 310	2 958	1 220
Trade receivables on the sales of goods and services	319 217	323 805	251 134
Finance lease receivables	15 514	12 690	8 088
Employee-related receivables	1 135	(450)	384
Tax receivables other than current income tax	14 907	21 529	15 827
Current accounts receivables	1	839	386
Other receivables	1 296	2 188	1 231
Write-downs for bad debt	(21 921)	(27 590)	(24 125)
Write-downs for finance lease receivables	(1 230)	(625)	(8)
Write-downs for other receivables	(5)	(15)	(15)
Total	**332 225**	**335 329**	**254 123**

The amount of trade receivables showed almost no change with respect to December 2011.

The ageing schedule of trade receivables is as follows:

			2012		
(in thousands of euros)	Total	Not due	Overdue		
			< 120 days	120 - 180 days	> 180 days
Trade receivables	319 217	237 205	64 797	3 321	13 894
Write-downs for bad debt	(21 921)	(215)	(11 246)	(663)	(9 798)
Net	**297 296**	**236 991**	**53 551**	**2 658**	**4 096**

Receivables overdue in excess of 180 days without write-downs (amounting to €4.1 million) are primarily attributable to easycash (€2.8 million) and Ingenico India (€0.6 million). None of these receivables represents a litigious situation, and the Group does not expect any difficulty in recovering the amounts due.

			2011		
(in thousands of euros)	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)	Total	Not due	2010 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.

19. RECONCILIATION OF WORKING CAPITAL ITEMS PRESENTED IN THE BALANCE SHEET AND THE CASH FLOW STATEMENT

	31/12/2011	2012 Changes in consolidation scope	Net Change in working capital	Translation differences and other movements	31/12/2012
	94 899				105 229
	94 899	11	11 727	(1 408)	105 229
(1)	94 899	11	11 727	(1 408)	105 229
	20 353				21 157
Other non-current assets	18 604	141	1 688	(353)	20 081
Other non-operating receivables	*1 748*				*1 075*
	335 329				332 224
Trade receivables	311 239	385	(15 722)	7 274	303 176
Other operating receivables	24 090	174	14 729	(9 944)	29 048
Other non-operating receivables					
	11 209				20 111
Other operating receivables	10 892	93	812	326	12 123
Other non-operating receivables	*316*				*7 975*
(2)	364 826	793	1 507	(2 696)	364 428
	11 869				20 622
Trade payables	11 366	-	11 542	(2 826)	20 082
Other non-operating liabilities	*502*				*541*
	297 331				280 559
Trade payables	227 044	1 044	(16 183)	(4 907)	206 998
Other current liabilities	70 238	-	2 625	649	73 561
Other non-operating liabilities	*50*	-			*50*
	79 855				85 808
Other liabilities	44 016	194	18 102	4 588	66 901
Other non-operating liabilities	*35 839*				*18 909* [1]
(3)	352 664	1 238	16 086	(2 496)	367 542
-(1)-(2)+(3)	(107 062)	435	2 852	1 608	(102 116)

[1] Puts option of Roam Data et Fixed & Mobile Pte Ltd. (see Note 31, Other liabilities).

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

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

20. CURRENT TAX RECEIVABLES AND OTHER CURRENT ASSETS

(in thousands of euros)	2012	2011	2010
Prepayments	12 123	10 893	7 146
Loans, securities and other receivables *	7 988	316	294
Total	**20 111**	**11 209**	**7 440**
Current tax receivables	**3 820**	**9 359**	**10 582**

* In 2012, this line item includes a receivable of €7.6 million related to the disposal of Korvac (see Note 6, Acquisitions and divestitures).

21. ASSETS HELD FOR SALE AND LIABILITIES IN DISPOSAL GROUPS

At the December 31, 2012 reporting date, there is no asset held for sale nor liabilities in disposal groups.

22. TOTAL EQUITY

Number of outstanding shares

	2012	2011	2010
Shares issued at January 1	**51 980 303**	**51 511 971**	**48 637 135**
Shares issued in connection with options exercised and dividend distributions	432 060 (1)	468 332	507 349
Shares issued in connection with Xiring merger (2)	75 295	-	-
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	**52 487 658**	**51 980 303**	**51 511 971**
Treasury shares at December 31	**252 637**	**868 484**	**875 443**

(1) Includes 423,144 shares distributed as stock dividends; see Note V, Consolidated statements of changes in equity.
(2) Shares issued in connection with the Xiring merger, as decided by the Chairman of the Board of Directors on July 4, 2012.

At December 31, 2012, Ingenico's authorized share capital consisted of 52,487,658 shares with a par value of €1 each.

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.

On July 4, 2012, the Chairman of the Board of Directors placed on record the completion of the merger with Xiring. He then placed on record an increase in the Company's share capital through the issuance of 75,295 new, fully paid-up shares to Xiring's non-Ingenico shareholders at a ratio of one Ingenico share for two Xiring shares, as provided for in the merger agreement.

Treasury shares

(in euros)	2011	Acquisitions	Disposals	Other	2012
Number of shares	868 484	2 462 879	(2 549 803)	(528 923)	252 637
Average purchase price	20,36	37,47	37,06	18,09	23,35
Total	**17 683 462**	**92 272 575**	**(94 487 246)**	**(9 569 127)**	**5 899 664**

(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**

(en euros)	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**

Shares repurchased to be awarded or retired

In 2012, two delegations were used by the Board:

- the first given by the Shareholders' Meeting of May 3, 2012 replacing that of April 28, 2011 (implemented by a decision of the Board on the same day);
- the second given by the Shareholders' Meeting of April 28, 2011, replacing that of May 11, 2010 (implemented by a decision of the Board on the same day).

The portfolio of Ingenico stock repurchased by the Company to be granted under free share programs or to reduce the share capital totaled 768,989 shares at December 31, 2011. At December 31, 2012, there were 244.241 treasury shares at an average purchase price of €22,68, reflecting the buyback of 4.175 shares in 2012 and the use of 528.923 shares to meet obligations to beneficiaries of free share plans and the joint investment plan vested during the year.

In 2011, the portfolio amounted to 823,699 treasury shares at December 31, 2010 and to 768,989 treasury shares at December 31, 2011 purchased at an average price of €19.46, reflecting the buyback of 213,040 shares during 2011 and the use of 267,750 shares to meet obligations to beneficiaries of free share plans vested during the year.

In 2010, The portfolio of Ingenico stock repurchased by the Company amounted to 1.166.780 shares at December 31, 2009 and 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.

Shares repurchased under the liquidity contract

In 2012, 2,458,704 shares were repurchased at an average price of €37.47 and 2,549,803 shares were sold at an average price of €37.06.

Under its liquidity contract, Ingenico held a total of 8,396 treasury shares at December 31, 2012.

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.

Plans in force at December 31, 2012

The main features of the plans in force at December 31, 2012 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).

In 2012, following an adjustment made to reflect the payment of a dividend out of the share premium account, 112 additional options were awarded to the grantees who had not yet exercised their options BY May 11, 2012. As of May 11, 2012, the allocation ratio conversion has been raised from 1 Ingenico share to 1.004 Ingenico share for 1 OCEANE bond.

Tranches B, E, D and A were fully subscribed and closed in 2005, 2007, 2008 and 2011.

Tranches C and F were fully subscribed and closed in 2012.

No new stock option plans were set up in 2012.

Following the adjustments in 2007, 2010 and 2012 and subscriptions during the period, a total of 16,684 options were outstanding at December 31, 2012, all of them under tranche H, which will be closed in 2013.

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.

This stock subscription option plan was terminated 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 and in 2012 to €11.03.

This stock subscription option plan was terminated 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 2012 to €10.97.

This stock subscription option plan will terminate in 2013.

b) Free share awards

The Annual Shareholders' Meeting of April 19, 2005 authorized the 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 2% 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% 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% of the Company’s share capital (898,569 shares on the date of the Board’s decision).

The Annual Shareholders’ Meeting of May 11, 2010 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 2 percent of the company’s share capital as of 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 December 31, 2005, 65.000 free shares awards were made; 10.000 shares to the Chairman of the Board of Directors and 50.000 to the Chief Executive Officer.

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.

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

On June 22, 2012, the Board resolved to grant a further 73,000 free shares (the maximum that may be awarded, subject to continued presence and the achievement of a specified level of consolidated EBITDA at December 31, 2013).

A total of 68,309 free share awards were outstanding at December 31, 2011. During the period, 73,000 free shares were awarded, 2,752 awards were canceled and 66,557 vested and were delivered to program beneficiaries. As a result, a total of 72,000 free shares were outstanding at December 31, 2012.

c) Joint investment plan

First plan:

The Board Meeting held on March 30, 2010 also decided to set up a joint investment plan, intended for the 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 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.

Given the cancelation of 12,274 awards in 2012 and the level of external and internal performance achieved, a total of 462,366 free shares had vested and were delivered to the beneficiaries as of May 11, 2012 (with 7 shares vesting per beneficiary present within the company for each share invested).

Second plan:

On May 21, 2012, the Board of Directors resolved to set up a new joint investment plan intended for the 47 key managers in the Group. Like the preceding plan, the new 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 the achievement of a specified level of external performance (how well the Ingenico share performs in relation to the SBF120 index) and internal performance (consolidated EBITDA at December 31, 2013). A maximum of 8 shares may be awarded and issued for each share invested.

The subscription period for this plan ended on June 12, 2012. On June 22, 2012, the Board of Directors approved the list of beneficiaries and the maximum number of shares that may be awarded following share purchases during market trading on June 22 and June 25, 2012.

The beneficiaries subscribed for a total of 49,048 shares, which brought the maximum number of share awards to 392,384. Given that 34,896 awards were canceled since the inception of the plan, the maximum number of shares that may be awarded was 357,488 at December 31, 2012.

Change in option and share award plans in the period

2012	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 C	1 056	-	1 056	-	-	8	10,36 €
Tranche F	14 406	39	4 235	10 210	-	8	11,07 €
Tranche H	19 611	73	3 000	-	16 684	8	11,01 €
Free shares	68 309	73 000	66 557	2 752	72 000		
Joint investment plan	474 640	392 384	462 366	47 170	357 488		
Total	578 022	465 496	537 214	60 132	446 172		

(1) including 16.684 exercisable at December 31, 2012

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 C	2 271	-	159	1 056	1 056	8	10,36 €
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		
Joint investment plan	548 300	-	-	73 660	474 640		
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 C	6 180	110	2 512	1 507	2 271	8	10,36 €
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 December 31, 2010

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:

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

The relevant measure of volatility here is historical volatility, calculated over a one-year period prior to the date of grant, except in the case of plans A and B, for which the relevant measure of volatility was arrived at through a multi-criteria analysis of the implied volatility of financial instruments at the calculation date.

The yield curve has been derived from Bloomberg money market and swap rates.

For free share awards:

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

Impact on the financial statements

2012

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 estimating the internal and external valuation criteria (fulfillment of service conditions and possibly performance conditions), Ingenico recognized an expense of €5,060,000 in Profit from ordinary activities for 2012. This included a €134,000 expense related to stock-option plans put in place by the new Group subsidiary ROAM Data.

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.

23. EARNING 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.

	2012	2011	2010
Net profit or loss attributable to Ingenico S.A. shareholders (in thousands of euros)	96 854	56 489	39 575
Weighted average number of ordinary shares	51 799 506	50 973 455	48 905 699
Basic earnings per share (in euros)	**1,87**	**1,11**	**0,81**

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, 2012, 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)	2012	2011	2010
Net profit or loss attributable to Ingenico S.A. shareholders	**96 854**	**56 489**	**39 575**
Diluted net profit or loss attributable to Ingenico S.A. shareholders	**105 720**	**63 396**	**39 575**
Weighted average number of ordinary shares	**51 799 506**	**50 973 455**	**48 905 699**
Impact of dilutive instruments:			
Exercise of stock options and free share awards	178 702	536 968	765 780
Conversion of convertible bonds	6 677 350	6 677 350	-
Diluted weighted average number of ordinary shares	**58 655 558**	**58 187 772**	**49 671 479**
Diluted earnings per share (in euros)	**1,80**	**1,09**	**0,80**

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)	2012	2011	2010
Cash and cash equivalents	384 152	347 602	158 937
Financial borrowings and debt	(459 028)	(457 254)	(268 004)
Net debt	**(74 876)**	**(109 652)**	**(109 067)**

Breakdown of cash and cash equivalents and other investments

(in thousands of euros)	2012	2011	2010
Cash and cash equivalents	236 996	260 878	136 225
UCITS classified as cash	147 156	86 724	22 712
Cash and cash equivalents	**384 152**	**347 602**	**158 937**
Cash and cash equivalents and other investments	**384 152**	**347 602**	**158 937**

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)	2010	2011	2010
Balance at January 1	**86 724**	**22 713**	**24 636**
Increase/Purchases	60 557	60 394	-
Decrease/Sales	-	(2 500)	(2 123)
Translation differences	-	-	-
Other movements	(125)	6 118	200
Balance at December 31	**147 156**	**86 724**	**22 713**

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)	2012	2011	2010
Bond loans	220 264	213 637	-
Bank borrowings	155 868	207 790	219 704
Finance lease obligations	2 188	6 011	8 924
Other financial liabilities	3 063	125	147
Non-current borrowings and long-term debt	**381 383**	**427 563**	**228 775**
Bank and similar borrowings	59 378	5 630	20 832
Finance lease obligations	3 602	3 572	4 558
Bank overdrafts and other financial liabilities	14 665	20 489	13 838
Short-term borrowings	**77 645**	**29 691**	**39 228**
Total Financial borrowings and debt	**459 028**	**457 254**	**268 004**

1) Bank borrowings

2012

At December 31, 2012, long- and short-term bank borrowings amounted to €435.5 million, including €428.6 million in respect of the syndicated loan facility renegotiated on August 5, 2011 and a convertible bond issued on March 11, 2011.

Bond issue

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 from the issue date, which was March 11, 2011, until the seventh business day preceding the maturity or early redemption date, at a ratio of 1.004 shares per bond, following an adjustment made on May 11, 2012.

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 of March 5, 2011 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 accordance with the accounting principle set forth in the passage, Compound financial instruments, on page 45 of the 2010 Registration Document, the fair value of the bond's liability component on the balance sheet as well as its equity component were calculated based on the issue date of the OCEANE, which was 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 5.89% on the basis of an interpolated mid swap of 3.14%), 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, 2012, the value of the debt component on the balance sheet amounts to €220.3 million.

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, repayable over a 4-year period, fully drawn down on August 10, 2011. This loan is repayable in installments beginning March 31, 2013: 26,25 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, 2012.

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.

Le Groupe s'est également engagé à respecter certains covenants juridiques usuels.

Ces ratios sont respectés au 31 décembre 2012.

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.

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.

2) Bank overdrafts

At December 31, 2012, bank overdrafts totaled €13.3 million, mainly for easycash GmbH.

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

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

3) Finance lease obligations

At December 31, 2012, finance lease obligations concern easycash GmbH for €4.7 million and Ingenico Italia, for €1 million.

At December 31, 2011, finance lease obligations concerned 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	2012 Less than 1 year	1-2 years	2-5 years	More than 5 years
Bond loans	Ingenico SA	220 264	2,75%	-	-	220 264	-
	Total	**220 264**		**-**	**-**	**220 264**	**-**
Bank borrowings	Ingenico SA	208 368	3 months Euribor + 110 pts	52 500	52 500	103 368	-
	Total	**208 368**		**52 500**	**52 500**	**103 368**	**-**
Finance lease obligations	Pacific	16	8,55%	-	-	16	-
	Italia SpA	1 032	Euribor + rate ranging from 0.7% to 1.7%	662	106	264	-
	easycash GmbH	4 739	5,849%	2 937	1 802	-	-
	easycash Loyalties	2	4,579%	2	-	-	-
	Total	**5 789**		**3 601**	**1 908**	**280**	**-**
Bank overdrafts	Ingenico SA	11	Eonia + rate ranging from 0.35% to 0.6%	11	-	-	-
	easycash GmbH	13 310	Eonia + 2,5%	13 310	-	-	-
	Total	**13 321**		**13 321**	**-**	**-**	**-**
Other financial liabilities	Ingenico SA	2 894		17	-	2 877	-
	easycash GmbH	1 000		1 000	-	-	-
	Ingenico Services Iberia	328		328	-	-	-
	Ingenico Prepaid Services France	182		-	63	119	-
	Roam Data	4		-	-	4	-
	Total	**4 408**		**1 345**	**63**	**3 000**	**-**
Accrued interest on borrowings	Ingenico SA	6 878	3 months Euribor + 110 pts	6 878	-	-	-
	Total	**6 878**		**6 878**	**-**	**-**	**-**
Total Financial borrowings and debt		**459 028**		**77 645**	**54 471**	**326 912**	**-**

* Bank borrowings are hedged by an interest rate swap (see Note 4, "Financial risk management").

(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**			
	Ingenico Prepaid Services France	148		-	21	127	-
Other financial liabilities	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**	

Breakdown by currency

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

	2012	2011	2010
Euro	459 008	453 859	266 404
British pound	-	12	1 599
US Dollar	4	248	-
Other currencies	16	3 136	-
Total Debt	**459 028**	**457 254**	**268 004**

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, 2010	**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	15 035
Capitalized interests	7 214
Repayments	(18 704)
Net change in drawdowns on lines of credit	(6 259)
Translation differences	(82)
Other movements	4 564
Changes in consolidation scope	6
Balance at December 31, 2012	**459 028**

2012

The new borrowings during the year were contracted by Ingenico do Brasil and Landi, and were repaid in full in 2012.

Capitalized interest pertained to the convertible bond issue and the syndicated loan.

2011

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)	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**
Current assets	-	-	439	1 506	6 861	3 022
Current liabilities	(6 325)	(2 072)	-	(1 541)	(1 698)	(2 216)
Total	**(6 325)**	**(2 072)**	**439**	**(35)**	**5 163**	**807**

Breakdown of instruments by hedging policy

(in thousands of euros)	**2012**	**2011**	**2010**
Instruments designated as cash flow hedges			
Foreign exchange forward contracts	39	2 555	(57)
Foreign exchange options	14	498	488
Foreign exchange swaps	(165)	1 402	-
Interest rate swaps	(6 158)	(1 441)	-
Interest rate options (cap)	-	-	439
Instruments not designated as cash flow hedges			
Foreign exchange forward contracts	-	-	-
Foreign exchange swaps	77	708	-
Interest rate swaps	-	-	376
Interest rate options (cap)	(167)	(631)	-
Total	**(6 360)**	**3 091**	**1 246**

The effective portion of changes in the fair value of instruments used to hedge operating transactions is recognized in Profit from operations. The ineffective portion of changes in the fair value of hedging instruments is recognized directly in Net finance costs. Changes in the fair value of instruments used to hedge financial transactions are likewise recognized in 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.

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 2012 were as follows:

- Absorption of Xiring by Ingenico SA (France) on June 29, 2012 (effective on January 1, 2012)
- Absorption of TNET by Ingenico Italia SpA (Italia) on January 1, 2012

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

	Exercice 2012		
(in thousands of euros)	**Funded**	**Unfunded**	**Total**
At January 1	**4 497**	**8 288**	**12 785**
Acquisitions	-	-	-
Translation differences	131	1	132
Increases	238	870	1 108
Reversals	-	(186)	(186)
Contributions	(5 918)	-	(5 918)
Actuarial (gains)/losses	1 552	2 201	3 753
At December 31	**500**	**11 173**	**11 674**

	Exercice 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)
Contributions	(922)	-	(922)
Actuarial (gains)/losses	3 919	(111)	3 808
At December 31	**4 497**	**8 288**	**12 785**

	Exercice 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)
Contributions	(932)	-	(932)
Actuarial (gains)/losses	(2 041)	331	(1 711)
At December 31	**1 205**	**7 445**	**8 650**

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

	2012		
(in thousands of euros)	Total	Funded plans	Unfunded plans
At January 1	**27 660**	**19 372**	**8 288**
Current service costs	504	-	504
Interest on obligation	1 300	933	367
Actuarial gains/(losses) recognized in other comprehensive income	4 923	2 722	2 201
Translation differences	442	442	-
Benefits paid from unfunded plans	(186)	-	(186)
Benefits paid from funded plans	(1 404)	(1 404)	-
Changes in consolidation scope	-	-	-
At December 31	**33 239**	**22 065**	**11 174**

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

Present value of the defined benefit obligation (in thousands of euros)	2012	2011	2010
At January 1	**19 372**	**14 301**	**14 887**
Interest on obligation	933	811	870
Actuarial gains/(losses) recognized in other comprehensive income	2 722	4 048	(1 377)
Translation differences	442	610	474
Benefits paid from funded plans	(1 404)	(399)	(553)
At December 31	**22 065**	**19 372**	**14 301**

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

Only the U.K. pension plan is funded.

Present value of the defined benefit obligation (in thousands of euros)	2012	2011	2010
Unfunded plans	11 174	8 288	7 446
Funded plans	22 065	19 372	14 301
	33 239	**27 660**	**21 747**

Movements in the fair value of plan assets

Fair value of plan assets (in thousands of euros)	2012	2011	2010
At January 1	**14 875**	**13 096**	**11 026**
Expected return on plan assets	695	675	683
Actuarial gains/(losses) recognized in other comprehensive income	1 170	129	664
Translation differences	311	452	344
Employer contributions	5 918	922	932
Participants' contributions	-	-	-
Benefits paid from funded plans	(1 404)	(399)	(553)
At December 31	**21 565**	**14 875**	**13 096**

Analysis of recognized assets and liabilities

(in thousands of euros)	2012	2011	2010
Assets and liabilities recognized			
Present value of obligations	33 239	27 660	21 747
Fair value of plan assets	21 565	14 875	13 096
Surplus/(deficit)	**(11 674)**	**(12 785)**	**(8 651)**
Unrecognized past service cost	-	-	-
Assets not recognized (limitation effect)	-	-	-
Net liability	**(11 674)**	**(12 785)**	**(8 651)**

Expense recognized in profit or loss

		Forecast
in thousand of euros	**Exercice 2012**	**Exercice 2013**
Current service costs	504	676
Interest on obligation	1 300	1 274
Expected return on plan assets	(695)	(944)
At December 31	**1 109**	**1 006**

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)	2012	2011	2010
At January 1	3 350	(602)	976
Actuarial (gains)/losses recognized in other comprehensive income	3 753	3 804	(1 710)
Translation differences	132	148	132
At December 31	7 235	3 350	(602)

Actuarial gain/loss recognized in 2012 arose as follows:

	In thousands of euros	**% change**
Obligations		
Experience	176	0,53%
Changes in assumptions	4 747	14,28%
Plan assets		
Experience	(1 170)	-5,43%
	3 753	

Analysis of plan assets

Plan investments	In thousands of euros	% change	Expected Yield
Equities	14 968	69,41%	5,50%
Bonds	6 404	29,70%	3,00%
Other	193	0,89%	3,00%
Total	**21 565**	**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.
To determine the expected overall rate of return on plan assets, the assumptions used were based on returns on government bonds and the appropriate risk premiums.

Actuarial assumptions

	France	Germany	Italy	Turkey	United-Kingdom	Average rate, weighted by the DBO amount
Discount rate	2,90%	2,90%	2,90%	7,00%	4,30%	3,86%
Expected rate of return on plan assets	N/A	N/A	N/A	N/A	4,75%	4,75%
Expected future salary increases	2,50%	N/A	2,50%	7,00%	N/A	2,24%
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 2013

Expected contributions in 2013:

	In thousands of euros
Employer contributions	980
Plan participants' contributions	-

Sensitivity of assets and liabilities to changes in the discount rates at December 31, 2012

A 1 percentage point change in the discount rate for all plans would have resulted in the following net liabilities at December 31, 2012:

(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	27 624	17 798	9 826	39 633	26 787	12 846
Fair value of plan assets	21 565	21 565	-	21 565	21 565	-
Surplus/(deficit)	**(6 059)**	**3 767**	**(9 826)**	**(18 068)**	**(5 222)**	**(12 846)**
Net liability	**(6 059)**	**3 767**	**(9 826)**	**(18 068)**	**(5 222)**	**(12 846)**

According to the U.K. actuary, IFRIC 14 has no impact on the consolidated financial statements at December 31, 2012.

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%	Discount rate -1%
At January 1	**3 347**	**3 347**
Actuarial (gains)/losses recognized in other comprehensive income, net of any limitation	(1 862)	10 147
Translation differences	132	132
At December 31	**1 617**	**13 626**

27. OTHER PROVISIONS

(in thousands of euros)	Balance at January 1, 2012	Translation differences	Changes in consolidation scope	Additions	Reversals of amounts used	Reversal of unused amounts	Others movements	Balance at December 31, 2012
Provisions for warranties	11 124	(169)	9	11 398	(10 261)	-	29	12 130
Provisions for litigations and claims	8 613	35	-	3 576	(4 118)	(381)	(375)	7 350
Provisions for restructuring	168	-	-	1 263	(669)	-	-	762
Other provisions	13 555	(7)	-	8 866	(6 676)	(4 783)	107	11 062
Total other provisions	**33 460**	**(141)**	**9**	**25 103**	**(21 724)**	**(5 164)**	**(239)**	**31 304**

(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**

(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 are still in progress. They relate to the ICMS tax, where the amount in question was approximately €71 million at December 31, 2012 (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, 2012.

All notified ICMS-related assessments are still being contested in the administrative courts in Brazil.
At December 31, 2012, Ingenico had not been notified of any final decision by the Brazilian administrative courts and consequently had not received any demand for payment.

In addition, during the exercise of a put option on shares he owned in Roam Data Inc., an Ingenico Group subsidiary, and the valuation of these shares, Mr. Will Graylin, minority shareholder of Roam Data, joined other minority shareholders of that company to file a complaint with the Commonwealth of Massachusetts Superior Court Department against (i) Philippe Lazare, (ii) a member of the management board of Ingenico S.A., both as individuals and as directors of Roam Data Inc., (iii) Roam Data Inc., (iv) Ingenico S.A., and (v) Ingenico Venture SAS.
The complainants' main allegations are failure to uphold minority shareholder rights, breach of contract, violation of Rule 10b-5, and theft of the intellectual property of Roam Data.
The amount of the loss they claim to have suffered has not yet been stated and will be determined by the jury appointed to rule on merits of their potential demands if the dispute proceeds further. No provision was recognized in the consolidated financial statements in respect of this claim.

Lastly, in one commercial dispute, the company Bull s.r.o. sued Ingenico S.A., its Czech subsidiary and the subsidiary's chief executive officer in the Prague Municipal Court for unfair competition, claiming approximately €3.7 million in damages, additional compensation of approximately €1 million and a formal apology published in a Czech newspaper. To cover the claim for damages to which Bull s.r.o. believes it is entitled, the Group recognized a €1.1 million provision at December 31, 2012, divided between Ingenico S.A. et Ingenico CZ s.r.o. The procedure is still in progress.

(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). The €4.8 million of unused amounts reversed mainly relate to commitments to suppliers to purchase inventories and customer quality risks.

(in thousands of euros)	2012	2011	2010
Supplier inventory buyback commitments	2 206	4 189	1 305
Product quality risk	4 728	3 778	5 740
Employee indemnities and benefits	1 005	2 377	1 037
Customer sales indemnities	955	561	3 405
Administrative litigation	-	735	1 227
Head office transfer expenses	-	828	-
Other expenses	2 167	1 087	1 219
Total other provisions	**11 061**	**13 555**	**13 933**

28. OTHER NON-CURRENT LIABILITIES

At December 31, 2012, 2011 and 2010, other non-current liabilities included:

(in thousands of euros)	2012	2011	2010
Trade payables	3	140	322
Current tax liabilities (over one year)	540	449	5 033
Tax, personnel and social security liabilities	990	2 005	1 263
Deferred income	19 089	8 811	8 769
Other liabilities	-	465	143
Total	**20 622**	**11 869**	**15 531**

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

29. TRADE PAYABLES AND RELATED ACCOUNTS

(in thousands of euros)	2012	2011	2010
Trade payables	202 389	204 005	194 167
Other operating liabilities	78 169	93 327	73 563
Customer advances	4 658	22 189	13 667
Other tax liabilities	17 547	23 155	17 963
Employee-related liabilities	55 964	47 083	42 062
Other		900	(129)
Total	**280 559**	**297 332**	**267 730**

30. CURRENT TAX PAYABLE

At December 31, 2012, current tax payable under one year was composed chiefly of income tax payable on taxable profit at Group subsidiaries.

(in thousands of euros)	2012	2011	2010
Germany	3 279	3 245	519
Argentina	-	79	55
Australia	665	2 803	1 250
Brasil	-	2 245	-
Canada	668	166	1 381
Chili	-	-	86
China	3 018	2 036	1 580
Colombia	44	-	-
Spain	128	356	428
France	8 230	91	41
Hongary	13	134	3
India	18	-	-
Ireland	-	-	16
Italy	-	1 653	-
Philippines	27	-	-
Poland	19	61	-
Czech Republic	40	121	207
United Kingdom	3 098	1 980	274
Russia	88	3	19
Singapour	309	-	-
Switzerland	-	16	-
Thailand	-	-	17
Turkey	991	1 326	365
USA	624	68	2 365
Venezuela	6	255	28
Total	**21 265**	**16 640**	**8 633**

31. OTHER LIABILITIES

Other liabilities are broken down as follows:

(in thousands of euros)	2012	2011	2010	
Other liabilities	22 180	40 509	40 084	(*)
Deferred income	63 628	39 346	33 729	
Total	**85 808**	**79 855**	**73 813**	

The increase in deferred income recorded in 2012 was due mainly to higher year-end invoicing by the Group subsidiary Fujian Landi for goods it had not yet delivered.

The put option on Landi shares was exercised when non-controlling interests were bought out in October 2012. Other liabilities include those arising from put options written at the time of the acquisitions of ROAM Data and Transfer To. These options are measured on the basis of discounted future cash flows or contractual agreements with the minority shareholders of these companies, which provide the best estimate of the put exercise price. The cash flows used are those of each company's business plan.

The put option on ROAM data shares was measured on the basis of expert reports. Mr. Graylin, a minority shareholder of ROAM Data, initiated procedures to exercise a put option on shares he holds in that company. In the adversarial securities valuation process, a maximum of three experts may be appointed. The first two have submitted their valuation reports, and the final valuation will depend on the third report. In the meantime, the liability arising from the potential exercise of Mr. Graylin's put option has been measured based on the first two valuations.

32. COMMITMENTS

(in thousands of euros)	2012	2011	2010
COMMITMENTS RECEIVED			
Bank guarantees	1 307	-	3 259
Net asset warranty as part of acquisition of a 55% interest in Fujian Landi, expiring on May 23, 2011 (USD 17,050,000).	-	-	12 760
Net asset warranty as part of easycash acquisition, expiring on February 28, 2011.	-	-	8 150
Net asset warranty of unlimited duration as part of acquisition of an 83.86% interest in Roam Data Inc. (USD 700,000).	531	374	374
Net asset warranty as part of Payzone acquisition, expiring on November 5, 2011.	-	-	1 050
Net asset warranty as part of acquisition of a 49% interest in Korvac Holdings Pte Ltd (SGD 3, 000,000): - Tax warranty valid until expiry of time limit for tax claims - Other warranties expiring on May 1, 2012	-	17 837	17 507
Net asset warranty as part of acquisition of First Data Iberica SA, expiring on September 8, 2012.	-	15 000	15 000
Net asset warranty as part of acquisition of Ingeserve Co. Ltd, expiring on May 21, 2015.	unlimited	unlimited	unlimited
Net asset warranty as part of TNET acquisition, of unlimited duration and amount.	unlimited	unlimited	-
Net asset warranty as part of Paycom acquisition. Corporate warranties expire on July 1, 2021, tax warranties on December 31, 2015, other warranties on July 1, 2013.	12 381	12 381	-
OTHER COMMITMENTS RECEIVED			
Call option in favor of Ingenico S.A. on remaining Roam Data shares held by non-controlling shareholders, exercisable in 2014. Transaction price to depend on the company's financial performance, but cannot be less than USD 0.1 per share. Payment may be ma			
Put option on outstanding Moneyline Banking System (MBS) shares, exercisable in 2013. Purchase price to depend on MBS EBIT in 2012.			
COMMITMENTS GIVEN			
Various warranties	11 985	22 129	25 569
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.	20 254	20 254	- 10 127 20 254
Net asset warranty as part of disposal of 85% of MoneyLine Banking Systems S.A. shares in 2009; warranty covering 4 legal disputes, unlimited amount until expiry of time limit for claims (maximum estimated risk). Ingenico S.A. has recognized a provision for part of this amount.			3 050
OTHER COMMITMENTS GIVEN			
Shares of DI Deutsche Ingenico Holding GmbH pledged as security for a €210 million loan from BNP. The additional BNP loan of €34 million is secured by a second ranking charge.	-	for the record	-

At December 31, 2012, the Group had the following commitments in connection with its business activities:

- The Group placed firm orders with manufacturers totaling approximately €169,02 million at December 31, 2012.
- 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 2010 amounts have been restated to reflect the new Group organization, set out in Note 7, Segment Reporting:

(in thousands of euros)	2012	2011	2010
Commitments given on non-cancelable leases	88 031	82 571	39 611
Total	**88 031**	**82 571**	**39 611**

The substantial increase recorded in 2011 was due to the lease for Ingenico's new head office at 28-32 Boulevard de Grenelle in Paris.

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

2012

(in thousands of euros)	Central Operations	SEPA	Asia-Pacific	North America	Latin America	Central Europe, Africa, Middle East	**Total**
Y+1	6 022	8 102	1 348	819	936	-	17 228
Y+2	7 101	5 779	1 009	963	870	-	15 721
Y+3	6 217	2 499	507	716	784	-	10 722
Y+4	6 114	1 274	81	654	711	-	8 834
Y+5 and following	29 706	1 504	0	3 606	711	-	35 527
Total	**55 160**	**19 158**	**2 945**	**6 758**	**4 011**	**-**	**88 031**

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**

Ingenico is entitled to receive future minimum rental income in respect of non-cancelable operating leases in the context of its activity amounting to €4.0 million.

33. RELATED PARTY TRANSACTIONS

Transactions in 2012 between Ingenico and the Safran Group, a member of the Board of Directors, only involve contracts of small amounts in relation to the size of the Group:

- a Telium license contract giving Morpho the right to develop non-payment terminals from Ingenico's Telium platform, representing €70,300;
- a contract for purchase by Ingenico a biometric model, representing €0.3 million in fiscal year 2012.

Total compensation and benefits paid to the Chairman of the Board of Directors and current members of the Executive Committee at December 31, 2012 break down as follows:

(in thousands of euros)	2012	2011	2010
Fixed compensation	5 262	5 993	4 862
Variable compensation	3 062	3 074	2 453
Other benefits	809	1 528	636
Stock options and free share awards (service cost recogr	2 643	3 042	3 616
Total	**11 776**	**13 637**	**11 566**

In 2012, the number of Executive Committee members was reduced to 32, which explains the decrease in total compensation.

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

In January 2013, Ingenico reached an agreement in principle with Summit Partners to acquire Ogone, the leading pan-European online payment services provider, for an enterprise value of €360 million. In 2012, Ogone employed more than 280 employees and generated €42 million in revenue. The procedure for informing and consulting the Ingenico S.A. works council is already under way. The final documentation and closing are expected in Q1 2013, in particular after confirmation of non-opposition from the National Bank of Belgium. The acquisition will be financed through a combination of €120 million in cash and €240 million in committed lines of credit.

The remaining conditions to be fulfilled before closing the acquisition of the PT Integra group in Indonesia are in the process of being met. The acquired companies, PT Integra Pratama and PT Integrasi Service Mandiri, fully cover POS terminal services, including a mix of terminal sale and rental, field and maintenance services.