



**INGENICO GROUP**

**Consolidated financial  
statements**

December 31, 2013

## I. CONSOLIDATED INCOME STATEMENTS

For the years ended December 31, 2013 and 2012

(in thousands of euros)	Notes	2013	2012
<b>Revenue</b>	7	<b>1 370 934</b>	<b>1 206 425</b>
Cost of sales	8	(771 198)	(693 774)
<b>Gross profit</b>		<b>599 736</b>	<b>512 651</b>
Distribution and marketing costs		(142 584)	(122 390)
Research and development expenses	8	(102 342)	(93 385)
Administrative expenses		(146 450)	(133 426)
<b>Profit from ordinary activities</b>		<b>208 360</b>	<b>163 450</b>
Other operating income	9	1 024	10 305
Other operating expenses	9	(22 472)	(9 308)
<b>Profit from operating activities</b>		<b>186 912</b>	<b>164 447</b>
Finance income	10	36 038	51 033
Finance costs	10	(53 769)	(64 946)
<b>Net finance costs</b>		<b>(17 731)</b>	<b>(13 913)</b>
Share of profit of equity-accounted investees	14	(176)	(462)
<b>Profit before income tax</b>		<b>169 005</b>	<b>150 072</b>
Income tax expense	11	(56 069)	(49 805)
<b>Profit for the period</b>		<b>112 936</b>	<b>100 267</b>
Attributable to:			
- owners of Ingenico SA		114 074	96 854
- non-controlling interests		(1 138)	3 413
<b>EARNINGS PER SHARE (in euros)</b>	23		
<b>Net earnings</b>			
- Basic earnings per share		<b>2,17</b>	<b>1,87</b>
- Diluted earnings per share		<b>2,07</b>	<b>1,80</b>

## II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2013 and 2012

(in thousands of euros)	Notes	2013	2012
<b>Profit for the period attributable to Ingenico SA shareholders</b>		<b>114 074</b>	<b>96 854</b>
Translation differences		(27 797)	(1 612)
Remeasurement of derivative hedging instruments at fair value (1)		2 776	(8 375)
Actuarial gains/(losses) on defined benefit plans (2)	26	(315)	(3 753)
Share of gains/(losses) of equity-accounted investees		-	-
Income tax on gains/(losses) accounted in other comprehensive income (3)		(757)	3 891
<b>Total gains/(losses) accounted in other comprehensive income and attributable to Ingenico S.A. shareholders <sup>(4)</sup></b>		<b>(26 093)</b>	<b>(9 849)</b>
Total comprehensive income attributable to Ingenico S.A. shareholders		87 981	87 005
Total comprehensive income attributable to non-controlling interests		(1 138)	3 413
Translation differences attributable to non-controlling interests		(21)	118
<b>Total comprehensive income for the period</b>		<b>86 822</b>	<b>90 536</b>

### 2013:

<sup>(1)</sup> The portion of the gains or losses on interest rate swaps on bank loans and on foreign exchange forward contracts used to hedge cash flows that is determined to be an effective hedge is recognized directly in other comprehensive income.

<sup>(2)</sup> As allowed by the revised version of IAS 19, actuarial gains or losses on long-term employee benefit obligations are recognized in Other Comprehensive Income.

<sup>(3)</sup> Breakdown of income tax recognized in equity:

- Taxes on translation differences: €116,000
- Taxes on gains or losses on hedging instruments: (€956,000)
- Taxes on actuarial gains or losses on defined benefits plans: €83,000

<sup>(4)</sup> All items recognized in equity except for actuarial gains or losses will subsequently be recycled to the consolidated income statement.

### 2012:

<sup>(1)</sup> The portion of the gains or losses on interest rate swaps on bank loans and on foreign exchange forward contracts used to hedge cash flows that is determined to be an effective hedge is recognized directly in other comprehensive income.

<sup>(2)</sup> As allowed by the revised version of IAS 19, actuarial gains or losses on long-term employee benefit obligations are recognized in Other Comprehensive Income.

<sup>(3)</sup> 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

<sup>(4)</sup> All items recognized in Other Comprehensive Income except for actuarial gains or losses will subsequently be recycled to the consolidated income statement.

### III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the years ended December 31, 2013 and 2012

ASSETS (in thousands of euros)	Notes	2013	2012
<b>NON-CURRENT ASSETS</b>			
Goodwill	12	849 321	551 176
Other intangible assets	12	179 538	148 429
Property, plant and equipment	13	39 201	37 600
Investments in equity-accounted investees	14	14 366	9 000
Financial assets	15	8 902	4 270
Deferred tax assets	11	34 123	26 766
Other non-current assets	16	24 650	21 157
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1 150 101</b>	<b>798 398</b>
<b>CURRENT ASSETS</b>			
Inventories	17	101 983	105 229
Trade and related receivables	18	348 510	332 224
Other current assets	20	30 240	20 111
Current tax receivables	20	6 771	3 820
Derivative financial instruments	25	1 236	1 506
Cash and cash equivalents	24	352 107	384 152
Assets classified as held for sale	21	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>840 847</b>	<b>847 042</b>
<b>TOTAL ASSETS</b>		<b>1 990 948</b>	<b>1 645 440</b>
<b>EQUITY AND LIABILITIES</b> (in thousands of euros)			
		2013	2012
Share capital		53 086	52 488
Share premium account		425 783	402 431
Retained earnings and other reserves		297 556	217 479
Translation reserve		(10 947)	16 956
<b>EQUITY ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS</b>	22	<b>765 478</b>	<b>689 354</b>
<b>Non-controlling interests</b>		<b>1 216</b>	<b>(706)</b>
<b>TOTAL EQUITY</b>		<b>766 694</b>	<b>688 648</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans and borrowings	24	560 426	381 383
Provisions for retirement benefit obligations	26	11 423	11 674
Other provisions	27	15 552	17 566
Deferred tax liabilities	11	48 507	38 666
Other non-current liabilities	28	24 568	20 622
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>660 476</b>	<b>469 911</b>
<b>CURRENT LIABILITIES</b>			
Short-term loans and borrowings	24	88 062	77 645
Other provisions	27	15 018	13 738
Trade and related payables	29	327 859	280 559
Other current liabilities	31	110 509	85 808
Current tax liabilities	30	17 887	21 265
Derivative financial instruments	25	4 443	7 866
Liabilities classified as held for sale	21	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>563 778</b>	<b>486 881</b>
<b>TOTAL LIABILITIES</b>		<b>1 224 254</b>	<b>956 792</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 990 948</b>	<b>1 645 440</b>

**IV. CONSOLIDATED CASH FLOW STATEMENTS**  
For the years ended December 31, 2013 and 2012

(in thousands of euros)	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	112 936	100 267
Adjustments for:		
• Share of profit of equity-accounted investees	176	462
• Income tax expense / (income)	56 069	49 805
• Depreciation, amortization and provisions	71 306	54 299
• Change in fair value	2 834	964
• Gains / (losses) on disposal of assets	1 688	(8 528)
• Net interest costs	17 456	13 212
Share-based payment expense	6 730	5 060
Interest paid	(16 328)	(14 060)
Income tax paid	(81 905)	(42 346)
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL</b>	<b>170 962</b>	<b>159 135</b>
Change in working capital		
• Inventories	(5 385)	(11 727)
• Trade and other receivables	(37 207)	(1 507)
• Trade and other payables	80 758	16 086
<b>CHANGE IN NET WORKING CAPITAL</b>	<b>38 166</b>	<b>2 852</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>209 128</b>	<b>161 987</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of non-current assets	(40 170)	(49 783)
Proceeds from sale of tangible and intangible fixed assets	678	5 204
Acquisition of subsidiaries, net of cash acquired	(368 487)	(25 457)
Disposal of subsidiaries, net of cash disposed of	9 191	7 564
Loans and advances granted and other financial assets	(2 117)	(2 888)
Loan repayments received	1 694	2 856
Interest received	7 230	9 311
<b>NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(391 981)</b>	<b>(53 193)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share capital issues	362	276
Purchase/(sale) of own shares	(709)	3 247
Proceeds from loans and borrowings	274 850	15 035
Repayment of loans and borrowings	(108 364)	(18 704)
Change in the Group's ownership interests in controlled entities	(3 151)	(51 455)
Changes in other financial liabilities	1 775	105
Changes in the fair value of hedging instruments	179	193
Dividends paid	(12 472)	(13 861)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>	<b>152 470</b>	<b>(65 164)</b>
Effect of exchange rates fluctuations	(11 331)	(731)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(41 714)</b>	<b>42 899</b>
Cash and cash equivalents at beginning of the year	370 830	327 931
Cash and cash equivalents at year end <sup>(1)</sup>	329 116	370 830
	<b>2013</b>	<b>2012</b>
<sup>(1)</sup> <b>CASH AND CASH EQUIVALENTS</b>		
Marketable securities and short-term deposits (only portion classified as cash)	87 024	147 156
Cash on hand	265 083	236 996
Bank overdrafts (included in short-term borrowings)	(22 991)	(13 322)
<b>TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>	<b>329 116</b>	<b>370 830</b>

## V. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2013 and 2012

(in thousands of euros)	Share capital	Issue and contribution premiums	Translation reserve	Effective portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total equity attributable to Ingenico S.A. shareholders	Non-controlling interests	Total equity
<b>Balance at Jan. 1, 2012</b>	51 980	394 794	18 569	1 663	(17 682)	174 161	623 487	7 096	630 583
Profit for the period						96 854	96 854	3 413	100 267
Other comprehensive income			(1 613)	(5 492)		(2 744)	(9 849)	118	(9 731)
<b>Total comprehensive income for the period</b>	-	-	(1 613)	(5 492)	-	94 110	87 005	3 531	90 536
Dividends paid to shareholders (1)						(11 543)	(11 543)		(13 940)
Stock dividends paid to shareholders (2)	423	13 613				(14 036)	-	(2 397)	-
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 of Xiring (5)							-	(5 600)	(5 600)
Acquisition of ROAM Data (6)						(3 637)	(3 637)		(3 637)
Acquisition of 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)
Adjustment for dividend paid out of the share premium account (10)		(6 746)				6 746	-		-
<b>Balance at Dec. 31, 2012</b>	52 488	402 431	16 956	(3 829)	(5 900)	227 206	689 354	(706)	688 648
Profit for the period						114 074	114 074	(1 138)	112 936
Other comprehensive income			(27 797)	1 820		(116)	(26 093)	(21)	(26 114)
<b>Total comprehensive income for the period</b>			(27 797)	1 820		113 958	87 981	(1 159)	86 822
Dividends paid to shareholders (1)						(12 771)	(12 771)		(12 771)
Stock dividends paid to shareholders (2)	582	23 186				(23 768)	-		-
Treasury shares (3)					(1 267)	366	(901)		(901)
Share-based payments and exercise of stock options (4)	16	166				6 699	6 879	168	7 047
Remeasurement effect of put options (5)						(2 301)	(2 301)	(176)	(2 477)
Dilutions (6)			(119)			(1 547)	(1 666)	1 666	-
Accretions (7)			13			(1 436)	(1 423)	1 423	-
Others						326	326		326
<b>Balance at Dec. 31, 2013</b>	53 086	425 783	(10 947)	(2 009)	(7 167)	306 732	765 478	1 216	766 694

### 2013 :

(1) Cash dividend of €0.70 per share paid on June 3, 2013.

(2) Stock dividend financed through incorporation of reserves into share capital and issuance of 581,967 new shares.

(3) As of January 1, 2013, the Company held 252,637 treasury shares. As of December 31, 2013, the Company held 280,794 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 in Profit from Ordinary Activities.

- The increase in share capital and issue and contribution premiums reflects the exercise of stock options.

(5) Remeasurement of put options on Roam Data Inc. and Ingenico Holdings Asia Ltd. N.B.: These put options were for the remaining 17.04 percent non-controlling interests in Roam Data Inc. and for the remaining 1.16 percent non-controlling interests in Ingenico Holdings Asia Ltd (see Note 6, Highlights of the Period).

(6) Dilution of the Group's share of the net assets of Ingenico Holdings Asia Ltd following the issuance of shares representing 1.16 percent of the share capital to the non-controlling shareholder.

(7) Results from a 12.46 percent increase in the Group's share of Roam Data Inc.'s net assets following the exercise by a minority shareholder of his put option.

### 2012 :

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

(2) Stock dividend financed through incorporation of reserves into share capital and issuance of 423,144 new shares.

(3) As of January 1, 2012, the Company held 868,484 treasury shares. As of 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 in Profit from Ordinary Activities.

- 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 Inc. The net effect of the subsequent exercise of the Roam Data put option 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 Inc. and TransferTo. N.B.: The put option on Roam Data Inc. shares was for the remaining 16.37 percent non-controlling interests in the company.

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

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. THE GROUP

These consolidated financial statements present the operations and financial position of 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 jointly controlled entities and entities over which the Group has significant influence (together referred to as “the Group”). Ingenico S.A. is the leading provider of payment solutions, enabling banks and merchants to manage their payment activities across all sales channels (in-store, on-line and mobile). Ingenico S.A. is a company incorporated under French law with its registered office in Paris, whose securities were admitted for trading on the Paris Stock Exchange in 1985.

The consolidated financial statements were adopted by the Board of Directors on February 19, 2014. They will be submitted for approval to the shareholders at their Ordinary Shareholders’ Meeting of May 7, 2014.

### 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, 2013 were drawn up in accordance with IFRS (International Financial Reporting Standards), as published by the IASB (International Accounting Standards Board) and as adopted by the European Union as of December 31, 2013. These standards are available on the European Commission’s website:

[http://ec.europa.eu/internal\\_market/accounting/ias/index\\_fr.htm](http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

The new standards in effect as of January 1, 2013 and which concern the Group are as follows:

- IAS 19 (revised), Employee Benefits, which the Group applied in advance in 2012
- IFRS 13, Fair Value Measurement
- Amendments to IFRS 7, Disclosures – Offsetting Financial Assets and Financial Liabilities
- The amendment to IAS 1, Presentation of Items of Other Comprehensive Income
- Annual Improvements 2009–2011
- 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 1, Government Loans.

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

In preparing these consolidated financial statements, the Group did not apply in advance the following standards, amendments and interpretations issued by the IASB or the IFRIC (International Financial Reporting Interpretations Committee) and adopted by the European Union as of December 31, 2013, but which are not yet mandatory:

- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosures of Interests in Other Entities
- The amendments to IAS 27, Separate Financial Statements, and IAS 28, Investments in Associates and Joint Venture, further to the issue of IFRS 10, 11 and 12
- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment Entities
- Amendments to IFRS 10, 11 and 12, Transition Guidance
- Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities
- IFRIC 21, Levies
- Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 19, Employee Contributions to Defined Benefit Plans.

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



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 as of December 31, 2013:

- Amendments to IAS 39, Novation of OTC Derivatives and Continuing Designation for Hedge Accounting
- IFRS 9, Financial Instruments – Classification and Measurement
- Annual Improvements 2010–2012 and 2011–2013.

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 functional 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, and 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 into account economic information which may change in the future and which is uncertain. Such estimates with the most significant effect concern asset impairment tests and the measurement of provisions, which require the use of actuarial assumptions (for example to measure the ultimate cost of post-employment benefits); 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. Actual results may differ from these estimates under different assumptions or conditions.

The accounting methods set forth below were consistently applied to all the reporting periods presented in the consolidated financial statements.

These accounting methods were uniformly applied by all Group entities.

To make for easier reading, the Group has elected, in accordance with IAS 1, to present comparative information for a single prior-year period in its consolidated financial statements.

### **Principles of consolidation**

#### **Subsidiaries**

A subsidiary is an entity controlled by the Company. Control is defined as the power to manage 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 on which the Company gains control until the date on which this control ceases.

#### **Associates**

An associate is an entity over whose financial and operating policies the Group 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 on which the Group gains significant influence until the date on 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.

Monetary assets and liabilities denominated in foreign currency are translated using the exchange rate in effect on the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rate in effect 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 rate in effect 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, the Group's functional and presentation currency.

Assets and liabilities of foreign subsidiaries whose functional currency differs from the Group's presentation currency are translated into euros at the exchange rate in effect on the reporting date, except for shareholders' equity, which is stated at historical rates. The same accounting treatment applies to goodwill and fair value adjustments arising on acquisitions of foreign subsidiaries, which are likewise translated into euros at the exchange rate in effect on the reporting date. 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 2013 and 2012 are as follows:

<b>Closing rate</b>	<b>2013</b>	<b>2012</b>
U.S. Dollar	1,3791	1,3194
Canadian Dollar	1,4671	1,3137
Australian Dollar	1,5423	1,2712
British Pound	0,8337	0,8161
Brazilian Real	3,2576	2,7036
Chinese Yuan	8,3491	8,2207

<b>Average rate</b>	<b>2013</b>	<b>2012</b>
U.S. Dollar	1,3282	1,2856
Canadian Dollar	1,3685	1,2848
Australian Dollar	1,3770	1,2413
British Pound	0,8493	0,8111
Brazilian Real	2,8669	2,5043
Chinese Yuan	8,1655	8,1094

### Business combinations

#### Goodwill

##### *Determination of goodwill*

Since January 1, 2010, Ingenico has accounted for business combinations using the acquisition method, as described in the revised IFRS 3:

- 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.

The application of the revised IFRS 3 since January 1, 2010 has led the Group to distinguish between business combinations carried out prior to and after that date.

#### Business combinations effected before January 1, 2010:

Goodwill is measured as the excess of the cost of the business combination (the consideration paid for the shares, plus any costs directly attributable to the acquisition and share purchase commitments) over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities on the date that the Group obtains control (unless it obtains control in stages).

Where the Group obtains control through successive share purchases, goodwill is measured separately for each transaction on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities acquired on each date of exchange.

#### Business combinations effected after January 1, 2010:

On the acquisition date, goodwill is measured as the difference between:

- The aggregate of the fair value of the consideration transferred (earn-outs included), the amount of any non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the Group's previously-held equity interest in the acquiree, remeasured accordingly in profit or loss – Other Operating Income and Expenses.
- The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, measured at fair value.

All other costs directly attributable to the acquisition are expensed as incurred in Other Operating Expenses.

Adjustments to provisional amounts recognized for the business combination are measured at their acquisition-date fair value. Subsequently, those adjustments are measured at fair value at each future reporting date. After a period of one year from the acquisition date, any change in the fair value of those adjustments is recognized in profit or loss. During the one-year period, any changes to that fair value explicitly related to events that occurred after the acquisition date are likewise recognized in profit or loss. All other changes are recognized as adjustments to goodwill.

#### **Measurement of goodwill**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortized, but is tested for impairment annually, or more often if there is any indication of impairment, as described in the section on Impairment of Assets. For impairment testing purposes, goodwill is allocated to each cash-generating unit or group of cash-generating units liable to derive synergies from the business combination. 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. Goodwill on subsidiaries is presented in a separate balance-sheet line item.

#### **Recognition of non-controlling interests**

Under the revised IAS 27, 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 (share purchase commitments) on non-controlling interests**

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, whereas for business combinations effected prior to January 2010, they are recognized in financial expense and goodwill, respectively. 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.

When the revised IFRS 3 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.

#### **Intangible assets**

##### **Research and development**

Research costs are expensed as incurred.

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

- the technical feasibility of completing the intangible asset and the Group's intention to complete it and then use it or sell it;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the Group's ability to measure the expenditure attributable to the intangible asset during its development reliably;
- how the intangible asset will generate probable future economic benefits (through the existence of a market for its output or the usefulness of the intangible asset for internal use).

Such capitalized costs include the cost of materials and direct labor, plus an appropriate share of production overhead costs. Other development costs, net of 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 is only capitalized when it increases the future economic benefits of the specific asset to which it relates. All other expenditure is expensed as incurred.

#### **Amortization**

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

Goodwill, intangible assets under development and intangible assets with indefinite useful lives are 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 ..... 3–7 years
- Licenses..... 3 years\*
- Customer relationships ..... 5–14 years
- Other intangible assets ..... 5 years

\*Or for the term of the agreement.

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

Gains or losses on asset disposals are determined by comparing the proceeds from the disposal with the carrying amount of the asset and are recognized in Profit from Operations – Other Operating Income and Expenses if they are unusual and significant.

##### **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, with recognition of a corresponding financial 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 (where the Group is the lessor). Those terminals may be refinanced by the Group under finance leases (where the Group is the 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 a financial asset and liability are recognized. Income and expenses are recognized over the lease term.

### **Amortization**

Depreciation is computed using the straight-line method over the estimated useful life of each type of item. The useful lives and residual values of property, plant and equipment are reviewed and if need be adjusted at each reporting date.

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

- Building improvements.....5–10 years\*
- Equipment..... 3–4 years
- Vehicles ..... 5 years
- Dies..... 4 years
- Furniture, fixtures, office and computer equipment ..... 3–10 years

\*Or the term of the lease.

### **Trade receivables**

Trade and related receivables are recognized initially at fair value and subsequently measured at amortized cost less any impairment losses. A provision for impairment is recognized when there is objective evidence that the Company will not be able to collect all amounts due according to the contractual terms of the receivable.

### **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 the estimated costs necessary to make the sale.

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. A provision is recorded for any excess or obsolete inventory.

### **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.

Short-term investments that do not meet the criteria of IAS 7 for cash and 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 that have a short maturity. They also include short-term investments 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 non-financial assets**

The carrying amounts of the Group's non-financial 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 annually or as soon as there is any indication of impairment.

At each reporting date, the Group assesses whether any events and circumstances indicate that an asset may be impaired. Such events and circumstances include significant adverse changes affecting the economic environment and the assumptions and objectives the Group has made or set (budget monitoring, three-year plan, cost-benefit studies, market share, orders on the books). If such events and circumstances are identified, the asset's recoverable amount is estimated.

The recoverable amount of an asset or group of assets is the higher of its fair value less costs to sell and its value in use, which is the present value of the expected future cash flows estimated using a discount rate that reflects the weighted average cost of capital in the region where the asset is located.

If the asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and the Group reduces its carrying amount to its recoverable amount, with an impairment loss recognized in Profit from Operating Activities.

Any impairment loss recognized in a cash-generating unit as a result of an impairment test for goodwill is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit pro rata, on the basis of the carrying amount of each asset in the unit.

### **Measuring 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 higher 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 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.

When increased due to the reversal of an impairment loss, the carrying amount of an asset 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**

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.

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.

### **Financial liabilities**

The Group's financial liabilities consist primarily of current and non-current bank borrowings and a convertible bond issue. In accordance with IAS 39, the former are measured at amortized cost, and the latter is accounted for as a composite financial instrument.

#### **Borrowings at amortized cost**

Borrowings are initially recognized at fair value less any directly attributable transaction costs. They are subsequently measured 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 loan. The calculation includes all fees and points paid or received between parties to the contract, transaction costs, and all other premiums and 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.

#### **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.

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 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 recognized in equity under Retained Earnings and Other Reserves, net of deferred taxes.

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.

### **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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement 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.

Initial recognition of foreign exchange and interest-rate hedging instruments and subsequent accounting for changes in their value are carried out in accordance with IAS 39.

In accordance with IFRS 13, which came into effect on January 1, 2013, the Group takes default risk into account in measuring its derivative financial instruments. That involves the following:

- The risk of default by the Group on a derivative that is a liability (own credit risk);
- The risk of counterparty default on a derivative that is an asset (counterparty credit risk).

The Group's method for assessing own and counterparty credit risk is based on a calculation of the implied credit risk on senior fixed-rate bonds traded in the secondary market.

### **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 Net Finance Costs 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 percent to 125 percent on a cumulative basis. At each reporting date, effectiveness is assessed.

Hedge ineffectiveness, which is 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 other comprehensive income 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 other comprehensive income is immediately recognized in profit or loss.

If a derivative financial instrument is used to hedge risk arising from the Group's operating activities, its impact on profit or loss is reported in Profit from Operations. If such an instrument is used to hedge risk arising from the Group's financing activities, its impact on profit or loss is reported in Net Finance Costs.

#### **Hedges of monetary items (fair value hedges)**

If 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.

If a derivative financial instrument is used to hedge risk arising from the Group's operating activities, its impact on profit or loss is reported in Profit from Operating Activities. If such an instrument is used to hedge risk arising from the Group's financing activities, its impact on profit or loss is reported in Net Finance Costs.

#### **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.

The Group's entire obligation in respect of defined benefit plans is recognized immediately. Any actuarial gains and losses arising during the period are recognized in Other Comprehensive Income. To determine the return on plan assets, the Group uses the rate applied to determine the discounted present value of the obligation.

In 2012, the Group applied the revised IAS 19 in advance. This has had no material impact on the consolidated financial statements.

##### **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 payment**

The fair value of the stock 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 stock options and free shares granted is measured 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 and/or shares 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.

### **Revenue**

#### **Sale of goods and services**

The Group earns most of its revenue from the sale of payment terminals and the rendering of services related to payment terminals or to the processing of payment transactions carried out through a variety of methods.

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.

Revenue is recognized according to the type of transaction involved.

#### **Sale of goods**

How sales are recorded depends on the nature of the contract.

##### Firm sales

Revenue from the sale of terminals is recognized in profit or loss when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

##### Leasing

In the case of finance leases, revenue is recognized when substantially all the risks and rewards incidental to ownership of the asset have been transferred; that revenue is equal to the fair value of the leased asset or, if lower, to the present value of the minimum lease payments accruing to the lessor. Finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Revenue from operating leases is recognized as income on a straight-line basis over the lease term.

## **Rendering of services**

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the service at the reporting date. The stage of completion is assessed based on work performed. When services are performed by an indeterminate number of acts, revenue is recognized on a straight-line basis over the specified period.

### Hardware maintenance and servicing

Revenue arising on terminal service contracts is allocated over the life of the contract on a pro rata basis in the case of equipment maintenance contracts that the customer entered into when purchasing the terminals. Otherwise, revenue is recognized as soon as the services are rendered (when the terminals are installed, for example).

### Transactions

Revenue arising on service contracts related to payment transactions is recognized as the services are performed. It usually varies with transaction volume and/or amounts.

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 estimated reliably, contract revenue and contract costs associated with the construction contract should be recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is assessed based on work performed. Expected losses are immediately recognized in profit or loss.

## **Multiple-element arrangements**

Revenue arising on multiple-element arrangements, i.e., including the simultaneous sale of goods, services and a license agreement, is broken down by residual value among the individual components.

## **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 with Ingenico as lessee 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, gains or losses on the disposal of property, plant and equipment and intangible assets, restructuring charges approved by management and publicly announced, litigation expenses, transaction costs of business combinations, goodwill and other asset impairment losses, the cost of integrating newly acquired subsidiaries, adjustments to earn-out liabilities related to those acquisitions 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, Borrowings at Amortized Cost) and interest receivable on funds invested.

The interest expense component of finance lease payments (where the Group is the lessee) is recognized using the effective interest method.

The interest income component of finance lease payments (where the Group is the lessor) is likewise 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 derivative financial instruments), gains or losses on disposals of financial instruments, 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.

### **Business research and development tax credits**

The method used to account for research and development tax credits depends on the tax treatment that applies to them in the various countries:

- If the tax credit is calculated solely on the amount of research and development expenditure, if it does not affect the calculation of taxable income for a subsidiary, if is not limited by that subsidiary's tax liability and if it can be received in cash, it meets the definition of a government grant given in IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, and is recognized in Profit from Operating Activities.
- Otherwise, it is recognized [as a reduction of corporate income tax.

### **Recent tax regulations 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 for calculating 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.

#### **Non-current assets held for sale and discontinued operations**

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.

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. FINANCIAL ASSETS AND LIABILITIES CLASSIFIED BY ACCOUNTING CATEGORY

Asset and liability categories (in thousands of euros)	2013						
	Assets & liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities at amortized cost	Liabilities measured at fair value through equity	Derivative instruments designated as cash flow hedge	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	8 902	-	-	-	8 902	8 902
Trade and other current receivables	-	346 607	-	-	-	346 607	346 607
Derivative financial instruments	532	-	-	-	704	1 236	1 236
Other non-current assets	-	23 977	-	-	-	23 977	23 977
Cash and cash equivalents	87 024	265 083	-	-	-	352 107	352 107
<b>TOTAL FINANCIAL ASSETS</b>	<b>87 556</b>	<b>644 569</b>	<b>-</b>	<b>-</b>	<b>704</b>	<b>732 829</b>	<b>732 829</b>
Bond loan (OCEANE) (1)	-	-	227 098	-	-	227 098	408 387
Long-term loans	-	-	333 328	-	-	333 328	333 328
Other non-current liabilities	-	-	20 898	3 415	-	24 313	24 313
Short-term borrowings	-	-	88 062	-	-	88 062	88 062
Trade payables and other current liabilities	-	-	328 973	10 513	-	339 486	339 486
Derivative financial instruments	674	-	-	-	3 769	4 443	4 443
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>674</b>	<b>-</b>	<b>998 359</b>	<b>13 928</b>	<b>3 769</b>	<b>1 016 730</b>	<b>1 198 019</b>

(1) The fair value of the OCEANE convertible bond encompasses both its liability component and its equity component.

Asset and liability categories (in thousands of euros)	2012						
	Assets & liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities at amortized cost	Liabilities measured at fair value through equity	Derivative instruments designated as cash flow hedge	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
<b>TOTAL FINANCIAL ASSETS</b>	<b>147 423</b>	<b>585 250</b>	<b>-</b>	<b>-</b>	<b>1 157</b>	<b>733 831</b>	<b>733 831</b>
Bond loan (OCEANE) (1)	-	-	220 264	-	-	220 264	344 885
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
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>168</b>	<b>-</b>	<b>758 238</b>	<b>12 735</b>	<b>7 698</b>	<b>778 839</b>	<b>903 461</b>

(1) The fair value of the OCEANE convertible bond encompasses both its liability component and its equity component.

#### 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 13.

Financial instruments carried at fair value subsequent to their recognition are:

- Assets and liabilities measured at fair value through profit or loss and equity;
- Available-for-sale assets;
- Derivative financial instruments designated as 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).

These assets and liabilities can correspond to any of the three levels of fair value set out below for 2013 and 2012.

The Group did not make any transfers between levels from 2012 to 2013.

<b>2013</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets	8 902	-	8 902	-
Derivative financial instruments <sup>(1)</sup>	1 236	-	1 236	-
Cash and cash equivalents	352 107	352 107	-	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>362 245</b>	<b>352 107</b>	<b>10 138</b>	<b>-</b>
Bond loan (OCEANE)	408 387	408 387	-	-
Long-term loans	333 328	-	333 328	-
Other non-current liabilities	3 415	-	-	3 415
Short-term borrowings	88 062	-	88 062	-
Other current liabilities	29 349	-	13 764	15 585
Derivative financial instruments <sup>(1)</sup>	4 443	-	4 443	-
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>866 984</b>	<b>408 387</b>	<b>439 597</b>	<b>19 000</b>

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

<b>2012</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets	4 270	-	4 270	-
Derivative financial instruments <sup>(1)</sup>	1 506	-	1 506	-
Cash and cash equivalents	384 152	384 152	-	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>389 928</b>	<b>384 152</b>	<b>5 776</b>	<b>-</b>
Bond loan (OCEANE)	344 885	344 885	-	-
Long-term loans	161 119	-	161 119	-
Other non-current liabilities	-	-	-	-
Short-term borrowings	77 645	-	77 645	-
Other current liabilities	22 180	-	6 940	15 240
Derivative financial instruments <sup>(1)</sup>	7 866	-	7 866	-
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>613 695</b>	<b>344 885</b>	<b>253 570</b>	<b>15 240</b>

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

Financial assets and liabilities on Level 2 are accounted for by category: derivative financial instruments are measured at fair value, borrowings at amortized costs and all other assets and liabilities at contract value.

Other current liabilities on Level 3 include the Group's liability for a put option held by Mr. Will Graylin, a minority shareholder of Roam Data Inc. The adversarial valuation process for the shares held by Mr. Graylin, which allowed the appointment of a maximum of three experts, has been completed. Accordingly, the liability arising from the potential exercise of this put option has been measured based on the reports of the three experts (see Note 6, Highlights of the Period).

Other Level 3 current liabilities also include an earn-out liability on the acquisition of Ingenico Payment Systems LLC, which is measured on the basis of discounted future cash flow, as provided for in the Group's agreement with the entity's sellers.

Finally, other non-current liabilities on Level 3 include a liability in relation to the minority shareholder of Ingenico Holdings Asia (see Note 6, Highlights of the Period). The latter holds 1.16 percent of this entity's share capital and a put option on all of his shares. This liability has been recognized at fair value, based on a multiple of EBIT.

## 4. FINANCIAL RISK MANAGEMENT

### 4.1 Liquidity and counterparty risk

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.

The Group'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 as of December 31, 2013**

As of December 31, 2013, the Group's principal financial assets were the following:

- Cash and cash equivalents totaling €352.1 million;
- Trade receivables totaling €300.1 million, related to the Group's normal operating cycle;
- Finance lease receivables totaling €40.1 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 as of December 31, 2013 was as follows:

(in thousands of euros)	2013	2012
Cash and cash equivalents	352 107	384 152
Financial assets	8 902	4 270
Trade receivables	300 134	293 709
Finance lease receivables	40 116	33 939
Other operating receivables	12 783	8 190
Other current assets	17 414	7 951
Other non-current assets	137	114
Derivative financial instruments (assets)	1 236	1 506
<b>Total</b>	<b>732 829</b>	<b>733 831</b>

To manage counterparty risk with respect to trade receivables, a provision for bad debt may be recognized for the entire amount or for a part of the amount, reflecting the probability of collection.

Credit risk is monitored at Group level by Group Credit Management. The Group tracks terms of payment at its subsidiaries on a monthly basis and recognizes a provision for the entire amount of any receivables it considers 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. The Group 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.

The growth of transaction services, particularly the acquisition business, exposes the Group to counterparty risk. If a merchant defaults and is unable to meet its service obligations to end customers, the Group might be required to reimburse those customers for certain payments to the merchant, with no guarantee of recovery from the latter. In 2013, the Group developed a methodology for detailed analysis of the risks associated with each type of service it offers in order to improve risk monitoring and be able, if necessary, to calibrate the guarantees demanded of counterparties more effectively. The primary purpose of this approach is to limit the impact of counterparty risk on the Group.

#### **Financial liabilities as of December 31, 2013**

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 S.A.
  - 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, the Group believes 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 Consolidated cash flow statements);
- has a €150 million revolving credit facility, on which €49.5 million had been drawn down as of December 31, 2013, and bilateral lines of credit totaling €37.5 million that remain unutilized;
- had net debt of €296.4 million as of December 31, 2013 and debt ratios low enough to keep its borrowing capacity unchanged.

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

(in thousands of euros)	2013				
	Carrying amount	Contractual cash flow	Less than 1 year	1 to 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Bond loans	227 098	270 887	6 875	264 012	-
Bank borrowings	381 522	397 259	58 710	338 549	-
Finance lease obligations	3 992	3 992	1 804	2 188	-
Bank overdrafts	22 991	22 991	22 991	-	-
Other financial liabilities	6 005	6 005	2 900	3 088	17
Accrued interests	6 880	6 880	6 880	-	-
Trade payables and other current liabilities	339 486	339 486	339 486	-	-
Other non-current liabilities	24 313	24 313	-	24 313	-
<b>Total</b>	<b>1 012 287</b>	<b>1 071 813</b>	<b>439 646</b>	<b>632 150</b>	<b>17</b>
<b>Derivative financial liabilities</b>					
Exchange rate instruments	1 029	1 029	1 029	-	-
Interest rate instruments	3 414	3 414	3 414	-	-
<b>Total</b>	<b>4 443</b>	<b>4 443</b>	<b>4 443</b>	<b>-</b>	<b>-</b>

The Group believes it has only limited exposure to bank counterparty risk, because its banks are of premium standing and have the highest credit ratings.

The Group's financial liabilities and their maturities are described in Note 24, Net Debt.



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

(in thousands of euros)	2012				
	Carrying amount	Contractual cash flow	Less than 1 year	1 to 5 years	
<b>Non-derivative financial liabilities</b>					
Bond loans	220 264	277 762	6 875	270 887	-
Bank borrowings	208 368	222 095	57 423	164 672	-
Finance lease obligations	5 789	5 791	3 603	2 188	-
Bank overdrafts	13 321	13 321	13 321	-	-
Other financial liabilities	4 408	4 408	1 345	3 063	-
Accrued interests	6 878	6 878	6 878	-	-
Trade payables and other current liabilities	292 854	292 854	292 854	-	-
Other non-current liabilities	19 092	19 092	-	19 092	-
<b>Total</b>	<b>770 974</b>	<b>842 201</b>	<b>382 299</b>	<b>459 902</b>	<b>-</b>
<b>Derivative financial liabilities</b>					
Exchange rate instruments	1 541	1 541	1 541	-	-
Interest rate instruments	6 325	6 325	6 325	-	-
<b>Total</b>	<b>7 866</b>	<b>7 866</b>	<b>7 866</b>	<b>-</b>	<b>-</b>

## 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 Canadian dollar (CAD), the British pound (GBP) and the Australian dollar (AUD).

Foreign-currency denominated purchases and sales for which there is no "natural" 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.

(in thousands of foreign currencies)	2013				
	U.S. Dollar	British pound	Yen	Canadian dollar	Australian dollar
Trade receivables	122 953	19 662	-	22 520	19 078
Trade payables	(138 357)	(11 679)	-	(15 802)	(6 695)
<b>Gross balance sheet exposure</b>	<b>(15 404)</b>	<b>7 983</b>	<b>-</b>	<b>6 718</b>	<b>12 383</b>
Estimated forecast sales	232 448	50 608	-	31 606	37 276
Estimated forecast purchases	(259 954)	(22 644)	-	-	-
<b>Gross exposure</b>	<b>(42 910)</b>	<b>35 947</b>	<b>-</b>	<b>38 324</b>	<b>49 659</b>
Foreign exchange derivative instruments					
Forward purchases	39 550	-	-	-	-
Forward sales	-	(14 268)	-	(16 341)	(13 880)
Options	-	-	-	-	-
<b>Net exposure</b>	<b>(3 360)</b>	<b>21 679</b>	<b>-</b>	<b>21 983</b>	<b>35 779</b>

(in thousands of foreign currencies)	2012				
	U.S. 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)
<b>Gross balance sheet exposure</b>	<b>4 635</b>	<b>4 919</b>	<b>(4 512)</b>	<b>20 408</b>	<b>12 736</b>
Estimated forecast sales	182 384	37 028	-	27 794	35 426
Estimated forecast purchases	(258 588)	(22 320)	-	-	-
<b>Gross exposure</b>	<b>(71 569)</b>	<b>19 627</b>	<b>(4 512)</b>	<b>48 202</b>	<b>48 162</b>
Foreign exchange derivative instruments					
Forward purchases	69 652	-	-	-	-
Forward sales	-	(8 800)	-	(19 553)	(28 763)
Options	-	-	-	-	-
<b>Net exposure</b>	<b>(1 917)</b>	<b>10 827</b>	<b>(4 512)</b>	<b>28 649</b>	<b>19 399</b>

### Sensitivity to foreign exchange risk

(in thousands of euros)	2013			
	Impact on income statement	Impact on equity	Impact on income statement	Impact on equity
	10% appreciation of the euro		10% appreciation of foreign currency	
Trade receivables	(12 769)	-	15 606	-
Trade payables	11 768	-	(14 383)	-
Derivative financial instruments	(117)	(699)	(609)	1 483
<b>Total</b>	<b>(1 118)</b>	<b>(699)</b>	<b>614</b>	<b>1 483</b>

(in thousands of euros)	2012			
	Impact on income statement	Impact on equity	Impact on income statement	Impact on equity
	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
<b>Total</b>	<b>(1 820)</b>	<b>(545)</b>	<b>2 702</b>	<b>546</b>

The above table shows the impact of a 10 percent appreciation or depreciation of the euro against the other currencies on the Group's trade receivables, trade payables and derivative financial 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:

		<b>2013</b>			
(in thousands of euros)		<b>Trade receivables</b>	<b>Trade payables</b>	<b>Derivative financial instruments</b>	<b>Total</b>
Impact on income statement of 10% appreciation of the euro	<b>USD</b>	(8 105)	9 120	703	1 718
	<b>GBP</b>	(2 144)	1 274	(306)	(1 176)
	<b>CAD</b>	(1 395)	979	(342)	(758)
	<b>AUD</b>	(1 125)	395	(172)	(902)
	<b>Sub-total</b>	<b>(12 769)</b>	<b>11 768</b>	<b>(117)</b>	<b>(1 118)</b>
Impact on income statement of 10% depreciation of the euro	<b>USD</b>	9 906	(11 147)	(1 765)	(3 006)
	<b>GBP</b>	2 620	(1 557)	262	1 325
	<b>CAD</b>	1 706	(1 197)	569	1 078
	<b>AUD</b>	1 374	(482)	325	1 217
	<b>Sub-total</b>	<b>15 606</b>	<b>(14 383)</b>	<b>(609)</b>	<b>614</b>
		<b>2012</b>			
(in thousands of euros)		<b>Trade receivables</b>	<b>Trade payables</b>	<b>Derivative financial instruments</b>	<b>Total</b>
Impact on income statement of 10% appreciation of the euro	<b>USD</b>	(8 512)	8 193	2 133	1 814
	<b>GBP</b>	(1 339)	791	6	(542)
	<b>JPY</b>	-	4	-	4
	<b>CAD</b>	(2 268)	855	(208)	(1 621)
	<b>AUD</b>	(1 546)	636	(564)	(1 474)
<b>Sub-total</b>	<b>(13 665)</b>	<b>10 479</b>	<b>1 366</b>	<b>(1 820)</b>	
Impact on income statement of 10% depreciation of the euro	<b>USD</b>	10 404	(10 014)	(1 959)	(1 569)
	<b>GBP</b>	1 637	(967)	(6)	664
	<b>JPY</b>	-	(4)	-	(4)
	<b>CAD</b>	2 772	(1 046)	208	1 934
	<b>AUD</b>	1 890	(777)	564	1 677
<b>Sub-total</b>	<b>16 703</b>	<b>(12 808)</b>	<b>(1 193)</b>	<b>2 702</b>	

### Interest rate risk

Interest rate risk is managed at Group level by the Treasury Department. The Group's hedging policy reflects a concern for both security and optimal resource cost management. Based on the trends expected in 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 set up in 2011 and maturing in 2016 has been put in place. The Group has 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)	2013	2012
<b>Fixed-rate instruments</b>		
Bond loans	227 098	220 264
Bank borrowings	156 457	208 368
Others	9 997	9 165
<b>Fixed-rate financial liabilities</b>	<b>393 552</b>	<b>437 797</b>
<b>Variable-rate instruments</b>		
Cash and cash equivalents	352 107	384 152
Financial assets	8 902	4 270
Trade receivables	300 134	293 709
Finance lease receivables	40 116	33 939
Other operating receivables	12 783	8 190
Other current assets	17 414	7 951
Other non-current assets	137	114
Derivative hedging instruments (assets)	1 236	1 506
<b>Variable-rate financial assets</b>	<b>732 829</b>	<b>733 831</b>
Bank borrowings, finance leases, short-term borrowings	248 056	14 353
<b>Variable-rate financial liabilities</b>	<b>248 056</b>	<b>14 353</b>
<b>Accrued interest on bank borrowings</b>	<b>6 880</b>	<b>6 878</b>

#### ***Sensitivity to interest rate risk***

An increase of 50 basis points in 3-month Euribor would have reduced profit for the period by €0.7 million and increased equity by €1.1 million as of December 31, 2013.

Given the low level of interest rates, a decrease of 50 basis points in 3-month Euribor would have had no material effect on profit for the period as of December 31, 2013. It would have reduced equity by €1.1 million.

## 5. CONSOLIDATION SCOPE

The entities that make up the Group are accounted for using either the full consolidation method or the equity method. Entities over which the Group has exclusive control are fully consolidated. The Group has elected to use the equity method for entities under joint control: ZTE Ingenico NV (formerly Mobile Payment Solutions NV) and Fixed & Mobile Pte Ltd.

Corporate name	Location	Country	% interest Ingenico SA	Consolidation method
<b>PARENT COMPANY</b>				
<b>INGENICO SA</b>	Paris	France		
<b>CONSOLIDATED SUBSIDIARIES</b>				
<b>Ingenico International (Pacific) Pty Ltd</b>	Warriewood	Australia	100%	FC
<b>Ogone SPRL</b>	Woluwe-Saint-Lambert (Brussels) <i>As well as its wholly owned subsidiaries in Austria, Switzerland, Germany, the U.S., the U.K. and in India and Ogone Netherlands B.V. in Netherlands (held at 67.79%)*</i>	Belgium	100%	FC
<b>Ingenico CZ S.r.o.</b>	Praha	Czech Republic	100%	FC
<b>Tunz.com S.A.</b>	Brussels	Belgium	100%	FC
<b>Ingenico do Brasil Ltda.</b>	São Paulo <i>As well as its wholly owned branches and subsidiaries in Colombia, Venezuela, Argentina et Chile</i>	Brazil	100%	FC
<b>Ingenico 1 SA</b>	Paris	France	100%	FC
<b>Ingenico 2 SA</b>	Paris	France	100%	FC
<b>Ingenico Prepaid Services France SAS</b>	Paris	France	100%	FC
<b>Ingenico Ventures SAS</b>	Paris	France	100%	FC
<b>Ogone France SAS</b>	Paris <i>As well as its wholly owned French subsidiary</i>	France	100%	FC
<b>DI Deutsche Ingenico Holding GmbH</b>	Ratingen <i>As well as its wholly owned subsidiaries Loyalty Solutions GmbH, easycash GmbH</i>	Germany	100%	FC
<b>Ingenico GmbH</b>	Ratingen	Germany	100%	FC
<b>Ingenico Healthcare GmbH</b>	Flintbek	Germany	100%	FC
<b>Ingenico Holdings Asia II Limited</b>	Wanchai <i>As well as its subsidiary in Thailand, PT. Ingenico International Indonesia* et Fixed &amp; Mobile Pte Ltd, respectively held at 100%, 99.75% et 30%</i>	Hong Kong	100%	FC
<b>Ingenico Holdings Asia Limited</b>	Wanchai <i>As well as its subsidiaries Fujian Landi Commercial Equipment Co. Ltd and ZTE Ingenico N.V. respectively held at 100% et 40%</i>	Hong Kong	98.84%	FC
<b>Ingenico Hungary Ltd.</b>	Budapest	Hungary	100%	FC
<b>Ingenico International India Pvt Ltd.</b>	New Delhi	India	100%	FC
<b>Ingenico Italia SpA</b>	Milan	Italy	100%	FC
<b>Ingenico Eastern Europe I S.à.r.l.</b>	Luxembourg <i>As well as its wholly owned Polish subsidiary</i>	Luxembourg	100%	FC
<b>Ingenico Investment Luxembourg SA</b>	Luxembourg	Luxembourg	100%	FC
<b>Ingenico Payment Systems Africa SARLAU</b>	Casablanca	Morocco	100%	FC
<b>Ogone Netherlands B.V.*</b>	Amsterdam <i>As well as its wholly owned subsidiary Ogone B.V.</i>	Netherlands	32,21%	FC
<b>Ingenico Software Services Philippines Inc.</b>	Makati City, Metro Manila	Philippines	100%	FC
<b>Ingenico LLC</b>	Moscow	Russia	100%	FC
<b>Ingenico Payment Systems LLC</b>	Saint-Petersburg	Russia	100%	FC
<b>Ingenico International (Singapore) Pte Ltd.</b>	Singapore <i>As well as its subsidiary PT. Ingenico International Indonesia held at 0.25%*</i>	Singapore	100%	FC
<b>Ingenico Iberia, S.L.</b>	Madrid <i>As well as its Spanish subsidiary held at 99.99%*</i>	Spain	100%	FC
<b>Ingenico (Suisse) SA</b>	Granges-Paccot	Switzerland	100%	FC
<b>Ingenico Ödeme Sistem Çözümleri AS</b>	Istanbul	Turkey	100%	FC
<b>Ingenico (UK) Ltd.</b>	Dalgety Bay, Dunfermline <i>As well as its wholly owned subsidiaries in Ireland and the U.K.</i>	U.K.	100%	FC
<b>Ingenico (Latin America) Inc.</b>	Miami, Florida <i>As well as its wholly owned Mexican subsidiary</i>	U.S.	100%	FC
<b>Ingenico Corp.</b>	Wilmington, Delaware <i>As well as its wholly owned subsidiaries in Canada and the U.S.</i>	U.S.	100%	FC

\*Wholly owned by the Group

## 6. HIGHLIGHTS OF THE PERIOD

### Ogone

Ingenico gained effective control of Ogone, the leading pan-European online payment services provider, at the end of January 2013. The total transaction price was €360.2 million.

This acquisition is part and parcel of Ingenico's strategy of providing comprehensive, integrated multi-channel solutions spanning point-of-sale, on-line and mobile payment. The combination of Ingenico's customer base and infrastructure with Ogone's platform is expected to generate significant synergies, new upselling opportunities and an optimized offer. In addition, Ingenico will now have a stronger presence in Transaction Services and will be in a better position to leverage the boom in on-line payment.

Ogone contributed the following to the Group's consolidated financial position from January 1 to December 31, 2013:

- €55.2 million to Revenue
- €8.2 million to Profit from Ordinary Activities
- €4.8 million to Profit for the Period.

The balance sheet impact of this acquisition and the determination of goodwill are described in Note 12, Goodwill and Other Intangible Assets.

### PT Ingenico International Indonesia (PT Integra)

On March 11, 2013, Ingenico completed the acquisition and gained control of the assets related to the payment solutions business of PT Integra Pratama and PT Integrasi Service Mandiri. The transaction price was €7.6 million plus an earn-out amount valued at €4.5 million, to be paid if the revenue generated reaches specified thresholds by the end of 2014. The resulting new entity has been renamed PT Ingenico International Indonesia.

PT Ingenico International Indonesia is one of the leading players in Indonesia's fast-growing market. This acquisition will boost Ingenico's presence in a particularly dynamic market where the Group already has a direct local presence with Bank Mandiri and has been addressing the country's major financial institutions indirectly through PT Integra.

PT Ingenico International Indonesia contributed the following to the Group's consolidated financial position as of March 2013:

- €21.7 million to Revenue
- €0.5 million to Profit from Ordinary Activities
- €0.3 million to Profit for the Period.

If the acquisition had occurred on January 1, 2013, the effect would have been to increase Group revenue by €22.1 million and Group profit for the period by €0.3 million.

The balance sheet impact of this acquisition and the determination of goodwill are described in Note 12, Goodwill and Other Intangible Assets.

### Fixed & Mobile Pte Ltd (TransferTo)

In December 2013, Ingenico sold 70 percent of its interest in Fixed & Mobile Pte Ltd, a Singapore-based company specializing in prepaid airtime transfer solutions. The Group has retained the remaining 30 percent of its interest.

The consideration for the transaction was €12.4 million, with €7.4 million paid on the date of transaction. The acquirers have undertaken to pay the balance of €5.0 million at the end of 2014. Ingenico also extended a loan of USD 8.5 million to be repaid in five years at the latest. As a pledge for the reimbursement of the receivable and the loan, the Group has collateral in the form of 16,650 Fixed & Mobile Pte Ltd shares. The pledge will terminate when both amounts have been paid in full.

The transaction generated a consolidated loss of €2.8 million, with €2.6 million recognized in Other Operating Expenses and €0.2 million in Net Finance Costs.

Fixed & Mobile Pte Ltd contributed the following to the Group's consolidated financial position:

- €70.3 million to Revenue
- €2.6 million to Profit from Ordinary Activities

- Minus €6.1 million to profit for the period, an amount that includes an impairment loss of €7.9 million on the goodwill allocated to the Fixed & Mobile Pte Ltd CGU.

### Ingenico Holdings Asia Ltd

As part of the completion of the Group's acquisition of Fujian Landi, High Champion Holdings Ltd (formerly Smartview) acquired a 1.16 percent interest in Ingenico Holdings Asia Ltd (IHA). Ingenico has also given High Champion Holdings Ltd a put option on its IHA shares that is exercisable in October 2015.

(in millions of euros)	Cash outflows net of cash acquired	Changes in ownership interests in controlled entities
Ogone	(355,8)	-
PT Ingenico International Indonesia	(11,1)	-
Earn-out Ingenico Payment Systems LLC	(1,6)	-
Fixed & Mobile Pte Ltd	-	(1,9)
Roam Data	-	(1,3)
<b>Total</b>	<b>(368,5)</b>	<b>(3,2)</b>

### Roam Data Inc.

On July 22, 2013, Mr. Will Graylin, a minority shareholder in Roam Data Inc., exercised his put option for 9,000,000 of his Roam Data shares. In connection with this event, Roam Data Inc. asserted its contractual right to receive an indemnity from Mr. Graylin for failure to meet some of his contractual obligations.

As of December 31, 2013, Mr. Graylin had received €1.3 million as partial payment for this liability. After exercising this option, Mr. Graylin holds a total of 367,992 shares in Roam Data Inc.

## 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, 2013. 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 reportable segments are as follows:

- Central Operations, a division responsible for distributing products and services to the Regions identified below, for the business of certain subsidiaries operating worldwide and whose development is coordinated by the head office (such as Xiring, Roam Data Inc. and Fixed & Mobile Pte Ltd until its partial sale) and for cross-functional and support services;
- SEPA (France, the U.K., Italy, Spain, Germany, Benelux, etc.);
- Asia-Pacific (China, Australia, Indonesia, etc.);
- North America (the U.S. and Canada);
- Latin America (Brazil, Mexico, etc.);
- EMEA (Central Europe, Turkey, Russia, Africa, etc.).

### 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)	2013						Consolidated
	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central operations	
<b>External revenue</b>	<b>592 526</b>	<b>240 754</b>	<b>124 052</b>	<b>189 432</b>	<b>120 073</b>	<b>104 097</b>	<b>1 370 934</b>
Profit from ordinary activities	53 103	38 568	2 892	14 976	16 915	81 906	208 360
Profit from operating activities							186 912
Finance income							36 038
Finance costs							(53 769)
Share of profits in equity-accounted investees							(176)
Income tax							(56 069)
<b>Profit for the period</b>							<b>112 936</b>
<i>attributable to Ingenico S.A. shareholders</i>							<b>114 074</b>

The Group's business in Germany was affected by the bankruptcy in April 2013 of a corporate customer as part of acquiring services highly specific to the German market that the Group provides. A thorough examination of the risk arising on this bankruptcy was conducted, and this incident is now over. Its impact has been to reduce profit on ordinary activities by €4.9 million and to affect the performance of the Group's SEPA segment.

As of December 31, 2012, segment results were broken down as follows:

(in thousands of euros)	2012						Consolidated
	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central operations	
<b>External revenue</b>	<b>507 029</b>	<b>206 684</b>	<b>91 115</b>	<b>210 987</b>	<b>90 319</b>	<b>100 291</b>	<b>1 206 425</b>
Profit from ordinary activities	55 690	34 055	9 662	28 414	6 987	28 641	163 450
Profit from operating activities							164 447
Finance income							51 033
Finance costs							(64 946)
Share of profits in equity-accounted investees							(462)
Income tax							(49 805)
<b>Profit for the period</b>							<b>100 267</b>
<i>attributable to Ingenico S.A. shareholders</i>							<b>96 854</b>



## 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)	2013						Consolidated
	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central operations	
Depreciation and amortization expense	35 889	3 392	919	205	1 328	30 011	71 744
Additions to provisions, net of reversals and IFRS 2 expenses	(1 518)	800	154	1 443	(842)	6 255	6 292

(in thousands of euros)	2012						Consolidated
	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central operations	
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

## Breakdown of segment assets and liabilities

Segment assets and liabilities are broken down as follows:

(in thousands of euros)	2013						Consolidated
	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central operations	
Goodwill	522 956	59 523	18 382	4 734	15 657	228 069	849 321
Other non-group sector assets	457 324	221 739	62 984	77 359	39 122	232 067	1 090 595
Deferred tax assets							34 123
Current tax receivables							6 771
Financial assets							8 902
Derivative financial instruments							1 236
<b>TOTAL ASSETS</b>	<b>980 280</b>	<b>281 262</b>	<b>81 366</b>	<b>82 093</b>	<b>54 779</b>	<b>460 136</b>	<b>1 990 948</b>
Other non-group sector liabilities	190 692	124 382	32 852	44 410	13 265	99 328	504 929
Total equity							766 694
Deferred tax liabilities							48 507
Current tax liabilities							17 887
Financial liabilities							648 488
Derivative financial instruments							4 443
<b>TOTAL LIABILITIES</b>	<b>190 692</b>	<b>124 382</b>	<b>32 852</b>	<b>44 410</b>	<b>13 265</b>	<b>99 328</b>	<b>1 990 948</b>

(in thousands of euros)	2012						Consolidated
	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central operations	
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
<b>TOTAL ASSETS</b>	<b>540 590</b>	<b>254 527</b>	<b>100 538</b>	<b>92 130</b>	<b>61 854</b>	<b>559 439</b>	<b>1 645 439</b>
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
<b>TOTAL LIABILITIES</b>	<b>125 566</b>	<b>113 242</b>	<b>8 610</b>	<b>55 149</b>	<b>(1 061)</b>	<b>128 463</b>	<b>1 645 439</b>

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

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

(in thousands of euros)	2013						Consolidated
	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central operations	
Intangible assets and property, plant and equipment - at cost	(12 619)	(1 382)	(486)	(3 091)	(2 675)	(19 917)	(40 170)

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

## 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)	2013	2012
Wages and salaries	233 389	183 878
Social security contributions	62 500	56 138
Retirement and other defined-benefit plan expenses	682	519
Stock options and free shares	6 730	5 060
<b>Total</b>	<b>303 301</b>	<b>245 595</b>

The increase in wages and salaries in 2013 is mainly attributable to the consolidation of Ogone and to rising headcount elsewhere in the Group.

Depreciation and Amortization Expense and Impairment break down as follows:

(in thousands of euros)	2013	2012
Additions/(reversals)		
Amortization and impairment for intangible assets	47 593	40 707
Depreciation and impairment for property, plant and equipment	15 998	14 101
Goodwill impairment	7 879	-
Impairment of inventories	1 692	1 860
Impairment of trade receivables	1 791	(3 335)
Impairment of financial assets	(1 829)	766
<b>Total</b>	<b>73 124</b>	<b>54 099</b>

Cost of Sales breaks down as follows:

(in thousands of euros)	2013	2012
Cost of terminals	(484 408)	(445 755)
Cost of services and software	(286 790)	(248 019)
<b>Total cost of sales</b>	<b>(771 198)</b>	<b>(693 774)</b>

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

(in thousands of euros)	2013	2012
Amount of research and development capitalized	9 229	7 171
Total R&D expenditure (costs and investment)*	111 571	100 556
<b>Share of capitalized R&amp;D expenditure as %</b>	<b>8%</b>	<b>7%</b>

(\*) Net of a €2.9 million research tax credit and €9.6 million in tax credits of a similar nature received outside of France (respectively €2.6 million and €6.1 million in 2012).

## 9. OTHER OPERATING INCOME AND EXPENSES

Other Operating Income and Expenses are as follows:

(in thousands of euros)	2013	2012
Restructuring costs	(8 781)	(8 977)
Impairment losses	(7 879)	-
Gains/losses on disposal of assets or subsidiaries	(2 564)	926
Gains and losses on remeasurment of shareholdings	-	8 815
Revaluation of earn-out payables	(2 899)	-
Others	675	233
<b>Total</b>	<b>(21 448)</b>	<b>997</b>

In 2013, Other Operating Income and Expenses mainly comprise the following:

- Restructuring costs of €8.8 million that primarily include the following:
  - A cost of €2.6 million incurred in connection with the reorganization of the Group;
  - Costs of €6.2 million incurred in connection with external growth transactions (€3.7 million for business combinations, €2.2 million for integration of new subsidiaries and €0.3 million in other expenses).
- A €7.9 million impairment loss on the goodwill allocated to the Fixed & Mobile Pte Ltd CGU.
- The sale of 70 percent of the Group's interest in Fixed & Mobile Ltd, which generated a loss on disposal of €2.6 million.
- An expense of €2.9 million for the remeasured earn-out liability on the acquisition of Ingenico Payment Systems LLC.

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.
- The disposal of Korvac generated a consolidated gain of €0.9 million.

## 10. NET FINANCE COSTS

(in thousands of euros)	2013	2012
Interest on financial liabilities at amortized cost and bond loan	(23 668)	(22 555)
Interest rate hedge gains (cap)	210	1 118
Interest expense on finance lease contracts	(426)	(544)
<b>Total interest expense</b>	<b>(23 884)</b>	<b>(21 981)</b>
Income from cash and cash equivalents	3 877	5 665
Interest income on finance lease contracts	3 429	3 652
<b>Net interest expense</b>	<b>(16 578)</b>	<b>(12 664)</b>
Foreign exchange gains	28 372	40 456
Foreign exchange losses	(28 711)	(40 386)
<b>Foreign exchange gains and losses, net</b>	<b>(339)</b>	<b>69</b>
Financial component of defined benefit plan cost	(329)	(605)
Gains/(losses) on assets available-for-sale	58	(768)
Gains/(losses) on discounting of non current debts and receivables	(594)	-
Other financial income	92	142
Other financial expenses	(41)	(88)
<b>Other financial income and expenses, net</b>	<b>(814)</b>	<b>(1 319)</b>
<b>Net finance costs</b>	<b>(17 731)</b>	<b>(13 913)</b>
Total financial income	36 038	51 033
Total financial costs	(53 769)	(64 946)

Net Finance Costs in 2013 are broken down as follows:

Interest expense was related to the borrowings described in Note 24, "Net debt", as well as to finance lease contracts (where the Group is the lessee). Interest expense on the OCEANE convertible bond was €13.7 million in 2013. Interest expense on other borrowings and drawdowns totaled €9.8 million.

Interest income on finance lease contracts (where the Group is the lessor) mainly involved easycash GmbH, Ingenico S.A. and Ingenico Italia Spa.

Ingenico posted a net foreign exchange loss of €0.3 million for the period. This was the result of gains and losses on remeasurement of loans and borrowings as well as on remeasurement of the related hedging instruments.

Other financial income and expenses mainly comprised post-employment benefit obligations (see Note 26, Provisions for Retirement Benefit Obligations) and the cost of discounting non-current receivables and payables.

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 million 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 as of December 31, 2012. Financial expenses and income arising on finance lease contracts mainly involved easycash GmbH and Ingenico S.A.

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

- Impairment of non-current financial assets;
- Fair value remeasurement of the assets in defined benefit retirement plans at several subsidiaries (see Note 26, Provisions for Retirement Benefit Obligations).

## 11. INCOME TAX

### *Income tax expense on the earnings of consolidated companies*

<u>(in thousands of euros)</u>	<u>2013</u>	<u>2012</u>
Current income tax France	(32 173)	(12 900)
Current income tax foreign	(44 000)	(41 015)
<b>Current income tax</b>	<b>(76 173)</b>	<b>(53 915)</b>
Deferred income tax France	4 328	(2 751)
Deferred income tax foreign	15 776	6 861
<b>Deferred income tax</b>	<b>20 104</b>	<b>4 110</b>
<b>Total</b>	<b>(56 069)</b>	<b>(49 805)</b>

In 2013, Income Tax Expense for the period consisted primarily of:

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

In 2012, Income Tax Expense for the period consisted primarily of:

- 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.

The increase in current tax payable was primarily due to the contribution of companies acquired in 2013 and a significant increase in taxable income in France.

The increase in deferred tax assets reflected the reversal of deferred tax asset valuation allowances and significant temporary differences, particularly in China.

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.

Deferred tax assets are therefore recognized for the carry-forward of tax losses and tax credits only if it is highly probable that taxable profit of the relevant tax entities will be available against which the unused tax losses and tax credits can be utilized.

In accordance with Article 235 ter ZCA of the French Tax Code, the Group paid an additional tax of €0.4 million as of December 31, 2013, equal to 3 percent of the amount distributed, on dividend distributions to Ingenico S.A. shareholders other than stock dividends.

### *Group tax reconciliation*

In accordance with the provisions of the 2013 Finance Act, the current tax rate for French companies in the Group is now 38 percent in respect of 2013 and 2014. As of December 31, 2013, the deferred tax rate in France was 34.43 percent for all temporary differences. A change in the applicable tax rate for temporary differences that are reversed in 2014 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.

(in thousands of euros)	2013	2012
<b>Profit for the period (excl. Share of profits in equity-accounted investees)</b>	<b>113 113</b>	<b>100 728</b>
<b>Income tax expense</b>	<b>(56 069)</b>	<b>(49 805)</b>
<b>Profit before tax</b>	<b>169 182</b>	<b>150 533</b>
Tax rate in France	38,00%	36,10%
Theoretical tax expense	(64 289)	(54 342)
Difference between the French tax rate and that of foreign subsidiaries	19 591	13 405
Tax losses and temporary differences of the year not recognized as deferred tax assets	(6 147)	(8 157)
Prior period temporary differences and tax losses recognized as deferred tax assets in the period	2 904	753
Use of prior period tax losses not recognized as deferred tax assets	2 177	2 051
Tax credits	3 279	1 855
Effect of permanent differences and other	(13 584)	(5 371)
<b>Total</b>	<b>(56 069)</b>	<b>(49 805)</b>
Effective tax rate	33,1%	33,1%

The benchmark used here is the tax rate for the parent company, Ingenico S.A., which is 38 percent.

The reconciling items reflect the effect of tax rate differentials and changes as well as that of non-taxable income or non-deductible expenses arising from permanent differences between local tax bases and the financial statements presented under IFRS.

The difference between the French tax rate and the tax rates for non-French subsidiaries has sharply reduced income tax expense for the Group. The main countries involved, along with the relevant tax rates, are China (25 percent), Singapore (17 percent), the United Kingdom (23 percent) and Russia (20 percent).

Other permanent differences include:

- The impact in 2013 of the additional tax on dividend payments made in France;
- The non-deductibility in 2013 of an impairment loss on the goodwill allocated to the Fixed & Mobile Pte Ltd CGU;
- The effect of classifying the French CVAE tax as an income tax (see Note 2, Accounting Principles and Methods);
- The non-deductibility of the payroll expense arising from the award of stock options and free shares.

### 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
<b>At January 1, 2012</b>	<b>3 282</b>	<b>20 220</b>	<b>23 502</b>	<b>(43 696)</b>	<b>(20 194)</b>
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	5 016
Translation differences	(60)	(810)	(870)	38	(832)
Other movements	-	(60)	(60)	60	-
<b>At December 31, 2012</b>	<b>5 478</b>	<b>21 287</b>	<b>26 766</b>	<b>(38 666)</b>	<b>(11 900)</b>
Deferred tax recognized in profit or loss	1 846	9 824	11 670	8 434	20 104
Deferred tax recognized in equity and on business combinations	-	34	34	(19 613)	(19 579)
Translation differences	(201)	(2 752)	(2 953)	205	(2 748)
Other movements	(200)	(1 194)	(1 394)	1 133	(261)
<b>At December 31, 2013</b>	<b>6 923</b>	<b>27 199</b>	<b>34 123</b>	<b>(48 507)</b>	<b>(14 384)</b>

As of December 31, 2013, the change in deferred tax recognized on business combinations mainly included a €17.5 million deferred tax liability resulting from the allocation of the acquisition price for Ogone.

The change in deferred tax recognized in equity included a €1.0 million increase in deferred tax liabilities related to hedging instruments.

As of December 31, 2012, the change in deferred tax recognized on business combinations included a €2.2 million deferred tax liability resulting from the allocation of the acquisition price for Roam Data Inc. and Ingenico LLC Russia and a €4.0 million deferred tax asset arising on the carry-forward of Xiring tax losses when the Group consolidated this entity. The change in deferred tax recognized in equity includes a €2.8 million deferred tax asset related to hedging instruments.



### Breakdown by type of temporary difference

(in thousands of euros)	2013	2012
<b>Deferred tax assets by type of temporary difference</b>		
Property, plant and equipment and other intangible asse	6 303	5 926
Employee benefits	4 768	4 088
Inventories, receivables, payables and provisions	32 650	26 551
Unutilized tax losses and credits	6 923	5 616
Other (including financial instruments)	2 748	3 040
<b>Deferred tax assets</b>	<b>53 392</b>	<b>45 221</b>
Netting effect	(19 269)	(18 455)
<b>Total deferred tax assets</b>	<b>34 123</b>	<b>26 766</b>
<b>Deferred tax liabilities by type of temporary difference</b>		
Property, plant and equipment and other intangible asse	(41 042)	(31 352)
Employee benefits	(60)	(56)
Inventories, receivables, payables and provisions (1)	(26 064)	(23 915)
Other (including financial instruments)	(610)	(1 797)
<b>Deferred tax liabilities</b>	<b>(67 776)</b>	<b>(57 120)</b>
Netting effect	19 269	18 455
<b>Total deferred tax liabilities</b>	<b>(48 507)</b>	<b>(38 666)</b>
<b>Net total</b>	<b>(14 384)</b>	<b>(11 900)</b>

<sup>(1)</sup> Includes a €12.7 million deferred tax liability recognized on the equity component of the OCEANE bonds issued in 2011.

### Breakdown of unrecognized deferred tax assets

(in thousands of euros)	2013	2012
Deferred tax from tax losses and tax credits	19 487	16 138
Deferred tax from temporary differences	6 621	8 157
<b>TOTAL</b>	<b>26 108</b>	<b>24 295</b>

## 12. GOODWILL AND OTHER INTANGIBLE ASSETS

### Goodwill

(in thousands of euros)	2013	2012
<b>At January 1</b>	<b>551 176</b>	<b>529 022</b>
Investments	327 468	26 678
Impairment losses	(7 879)	-
Translation differences	(8 635)	(500)
Modifications	-	(4 024)
Disposals	(12 809)	-
<b>At December 31</b>	<b>849 321</b>	<b>551 176</b>

Ingenico conducts its business and structures its reporting on the basis of six operating segments considered its cash-generating units (CGUs). Operating segments are the level at which Group management monitors goodwill, particularly with respect to long-range strategic planning, resource allocation and performance tracking. This is particularly true of the Asia-Pacific CGU, which is monitored on a comprehensive basis as are the other CGUs. The CGUs identified by the Group are as follows:

- SEPA (France, United Kingdom, Italy, Spain, Germany, Benelux, etc.);
- Asia-Pacific (China, Australia, Indonesia, etc.);
- North America (the U.S. and Canada);
- Latin America (Brazil and Mexico, etc.);
- EMEA (Central Europe, Turkey, Russia, Africa, etc.);
- Central Operations, a division responsible for distributing products and services to the above Regions, for the business of certain subsidiaries operating worldwide and whose development is coordinated by the head office (such as Xiring, Roam Data Inc. and Fixed & Mobile Pte Ltd up to its partial sale) and for cross-functional and support activities. After acknowledging that the synergies expected between Fixed & Mobile Pte Ltd and the rest of the Group were lower than forecast at the time of the acquisition of the company, the Group conducted a separate assessment of the Fixed & Mobile Pte Ltd CGU inside the Central Operations segment before its partial sale.

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

### Breakdown of goodwill

The following tables reflect the breakdown of goodwill among CGUs:

Cash-generating units (in thousands of euros)	2013		
	Gross carrying amount	Total impairment losses	Net carrying amount
SEPA	525 221	(2 264)	522 957
Asia-Pacific	59 526	(3)	59 523
North America	39 774	(21 392)	18 382
Latin America	4 734	-	4 734
EMEA	15 657	-	15 657
Central Operations	228 068	-	228 068
<b>Total</b>	<b>872 980</b>	<b>(23 659)</b>	<b>849 321</b>

Cash-generating units (in thousands of euros)	2012		
	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
EMEA	18 241	-	18 241
Central Operations	252 074	-	252 074
<b>Total</b>	<b>574 854</b>	<b>(23 678)</b>	<b>551 176</b>

### In 2013

The increase in goodwill was due to acquisitions, with goodwill of €320.2 million on the Ogone acquisition and of €7.3 million on the acquisition of PT Integra assets.

An impairment loss of €7.9 million on Fixed & Mobile Pte Ltd goodwill was recognized in the first half of 2013.

The €12.8 million decrease in goodwill was due to the sale of 70 percent of the Group's interest in Fixed & Mobile Pte Ltd.

### Acquisitions and control

Business combination costs totaled €3.7 million and were recognized in Other Operating Expenses.

### Acquisition of Ogone

#### Transaction price

The acquisition was completed on March 25, 2013, for a total transaction price of €360.2 million.

Given that cash acquired amounted to €4.4 million, the net cash outflow in 2013 was €355.8 million.

#### Goodwill

In accordance with the revised IFRS 3 and IAS 38, the Group measured all identifiable assets and liabilities at fair value and accounted for them separately from goodwill:

- The customer portfolio, valued at €39.0 million, to be amortized over eight to ten years;
- Technology developed, valued at €12.6 million, to be amortized over five years;
- Deferred tax liabilities, valued at €17.6 million.

The fair value of identifiable net assets at the acquisition date was €6.0 million. The main items were:

- €5.9 million in property, plant and equipment and intangible assets;
- €6.1 million in trade and related receivables;
- €6.4 million in trade and related payables.

Goodwill therefore amounts to €320.2 million. The primary grounds for recognizing it were expected synergies with the Group, human capital and barriers to market entry.

Ogone has been included in the SEPA cash-generating unit and is now part of the SEPA operating segment.

### Acquisition of PT Integra's payment solutions business

#### Transaction price

The transaction price was €7.6 million plus an earn-out amount valued at €4.5 million, to be paid if the revenue generated reaches specified thresholds by the end of 2014.

#### Goodwill

In accordance with the revised IFRS 3 and IAS 38, the Group measured all identifiable assets and liabilities at fair value and accounted for them separately from goodwill:

- The customer portfolio, valued at €1.9 million, to be amortized over five years;
- Software, valued at €1.4 million, to be amortized over three years;

- Order backlog, valued at €0.4 million, to be amortized over one year.

The fair value at the acquisition date of the other assets acquired was €1.1 million.

Goodwill therefore amounts to €7.3 million.

The assets acquired were transferred to a wholly owned Ingenico subsidiary named PT Ingenico International Indonesia, which is included in the Group's Asia-Pacific cash-generating unit. This company is now part of the Asia-Pacific operating segment.

## **Divestitures**

### **Partial sale of Fixed & Mobile Pte Ltd (TransferTo)**

In December 2013, the Group sold 70 percent of its interest in Fixed & Mobile Pte Ltd, a Singapore-based company specializing in prepaid airtime transfer solutions. The Group has retained the remaining 30 percent of its holding.

The activities of Fixed & Mobile Pte Ltd were included in the Central Operations segment and represent a specific Fixed & Mobile Pte Ltd CGU within that segment.

This sale resulted in a €12.8 million reduction in goodwill.

### **Impairment losses**

As of June 30, 2013, the carrying amount of the goodwill allocated to the Fixed & Mobile Pte Ltd CGU was €21.6 million. It was tested for impairment using the discounted net future cash flow method. Cash projections have been made based on historical data and market trends, and growth and investment rates reasonable enough to ensure the self-development of the business. The discount rate used was determined in accordance with the operating market of Fixed & Mobile Pte Ltd.

Following this test, the Group recorded an impairment loss of €7.9 million on the goodwill allocated to the Fixed & Mobile Pte Ltd CGU.

Impairment tests conducted in the fourth quarter of 2013 did not lead the Group to recognize any further goodwill impairment.

### **In 2012**

The increase in goodwill was due primarily to acquisitions carried out in 2012: €25.0 million on the Roam Data Inc. acquisition and €1.6 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.

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

### **Goodwill impairment tests**

Ingenico tested the carrying amounts of goodwill for impairment. This procedure, chiefly based on the after-tax discounted future cash flow method, consists of measuring the recoverable amount of each cash-generating unit (CGU) that generates independent cash flows. These CGUs reflect the Group's current organizational structure as described in Note 7, Segment reporting. Impairment tests are performed every year on November 30th 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:

2013							
Segments	SEPA	Asia / Pacific	North America	Latin America	EMEA	Central Operations	Total
Cash-generating units	SEPA	Asia / Pacific	North America	Latin America	EMEA	Central Operations	Total
Net carrying amount of goodwill (in thousands of euros)	522 956	59 523	18 382	4 734	15 657	228 068	849 320
Valuation method for the cash generating unit	Value in use	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	1,65%	1,00%	1,00%	1,00%	1,00%	1,00%	
Weighted average cost of capital used at Dec. 31, 2013	9,01%	10,01%	9,22%	12,80%	18,92%	10,31%	

2012									
Segments	SEPA	Asia / Pacific			North America	Latin America	EMEA	Central Operations	Total
Cash-generating units	SEPA	Asia / Pacific	Pacific	Total Asia / Pacific	North America	Latin America	EMEA	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, 2012	9,00%	12,08%			9,65%	12,23%	15,00%	9,80%	

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

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 changes in discount rate come from changes in the underlying components: the risk-free rate, the risk premium, and the volatility of Ingenico's share price in relation to the sectoral index (Beta). 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 require the Group to recognize 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 SEPA CGU, 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 Europe, taking into account an assumption of an annual average business growth of 10 percent in the coming years.

## Sensitivity of recoverable amounts

	2013				
	Discount rate		Perpetuity growth rate		Cash flow
	Rate applied (%)	Discount rate increase required for recoverable amount to equal carrying amount (%)	Rate applied (%)	Perpetuity growth rate decrease required for recoverable amount to equal carrying amount (%)	Cash flow decrease required for recoverable amount to equal carrying amount (%)
SEPA	9,01%	4,27%	1,65%	(8,04)%	(38,37)%
Asia-Pacific	10,01%	(1)	1,00%	(1)	(1)
North America	9,22%	(1)	1,00%	(1)	(1)
Latin America	12,80%	(1)	1,00%	(1)	(1)
EMEA	18,92%	(1)	1,00%	(1)	(1)
Central Operations	10,31%	(1)	1,00%	(1)	(1)

(1) As of December 31, 2013, the recoverable amounts for Asia-Pacific, North America, Latin America, EMEA 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 Asia-Pacific, North America, Latin America, EMEA and Central Operations equaled their carrying amounts.

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.

	2012				
	Discount rate		Perpetuity growth rate		Cash flow
	Rate applied (%)	Discount rate increase required for recoverable amount to equal carrying amount (%)	Rate applied (%)	Perpetuity 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%	(1)	1,00%	(1)	(1)
Asia Pacific	(2)	(2)	(2)	(2)	(2)
North America	12,08%	(1)	1,00%	(1)	(1)
Latin America	9,65%	1,23%	1,00%	(3,01)%	(12)%
EMEA	12,23%	(1)	1,00%	(1)	(1)
Central Operations	15,00%	1,88%	1,00%	(5,39)%	(13)%
	9,80%	(1)	1,00%	(1)	(1)

(1) As of 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 equaled their carrying amounts.

(2) As of December 31, 2012, fair value less costs to sell was used to determine the recoverable amount for the Asia CGU.

## Other intangible assets

2013

(in thousands of euros)	Licenses, trademarks, technology	Development expenses (incurred internally)	Other intangible assets	Total
<b>GROSS AMOUNT</b>				
<b>At January 1</b>	<b>65 875</b>	<b>80 493</b>	<b>201 819</b>	<b>348 187</b>
Investments	9 878	9 229	5 382	24 489
Disposals	(823)	(99)	(575)	(1 497)
Changes in consolidation scope	2 372	11 824	39 185	53 381
Translation differences	(1 117)	(307)	(1 495)	(2 919)
Reclassifications and others	(12 758)	15 248	(45 098)	(42 608)
<b>At December 31</b>	<b>63 427</b>	<b>116 388</b>	<b>199 218</b>	<b>379 033</b>
<b>ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES</b>				
<b>At January 1</b>	<b>(45 225)</b>	<b>(63 084)</b>	<b>(91 449)</b>	<b>(199 758)</b>
Amortizations	(7 765)	(16 561)	(23 130)	(47 456)
Disposals and impairment losses	806	99	332	1 237
Changes in consolidation scope	-	903	1 317	2 220
Translation differences	721	251	442	1 414
Reclassifications and others	10 850	(6 127)	38 125	42 848
<b>At December 31</b>	<b>(40 613)</b>	<b>(84 519)</b>	<b>(74 363)</b>	<b>(199 495)</b>
<b>CARRYING AMOUNT</b>				
<b>At January 1</b>	<b>20 650</b>	<b>17 409</b>	<b>110 370</b>	<b>148 429</b>
<b>At December 31</b>	<b>22 814</b>	<b>31 869</b>	<b>124 855</b>	<b>179 538</b>

Amortization expense on intangible assets identified during the allocation of the acquisition price for the 2013 business combinations was as follows:

- An expense of €6.6 million on Ogone for the period from January 1, 2013 to December 31, 2013;
- An expense of €1.0 million on PT Payment Solutions Indonesia for the period from March 1, 2013 to December 31, 2013.

(in thousands of euros)	Ogone			SAGEM			EASYCASH			Others (Moneyline, Turkey, Landi, Ingenico Prepaid Services, Fixed & Mobile, Ingenico Services Iberia, Xiling, Room Data, Russia Distribution, PT Payment Solutions Indonesia)				Total amortization for the period	
	Carrying amount at December 31, 2012	Acquisitions 2013	Carrying amount at December 31, 2013	Carrying amount at December 31, 2012	Amortization 2013	Carrying amount at December 31, 2013	Carrying amount at December 31, 2012	Amortization 2013	Carrying amount at December 31, 2013	Carrying amount at December 31, 2012	Acquisitions 2013	Amortization 2013	Translation differences and other movements		Disposals
<b>Intangible assets</b>															
<b>Concessions, patents &amp; similar rights</b>															
Hardware and software technology under development	-	-	-	3 430	(3 430)	-	-	-	-	-	-	-	-	-	(3 430)
Existing hardware and software technology	-	12 600	(2 520)	10 080	-	-	770	(296)	474	5 899	-	(1 537)	(41)	(1 080)	3 241
Software applications	-	-	-	567	(567)	-	-	-	-	-	-	-	-	-	(567)
Brand name	-	-	-	-	-	-	-	-	-	1 365	-	(157)	(38)	-	1 170
<b>Other intangible assets</b>															
Long term customer contracts	-	39 000	(4 050)	34 950	19 237	(3 664)	15 573	46 235	(7 777)	38 458	29 079	3 313	(5 910)	(1 061)	(529)
<b>Total Intangible assets</b>	-	51 600	(6 570)	45 030	23 234	(7 661)	15 573	47 005	(8 073)	38 932	36 343	3 313	(7 604)	(1 140)	(1 609)
<b>Inventories</b>	-	-	-	-	-	-	-	-	-	-	391	(324)	(5)	-	62
<b>Total Identified and allocated assets</b>	-	51 600	(6 570)	45 030	23 234	(7 661)	15 573	47 005	(8 073)	38 932	36 343	3 704	(7 928)	(1 145)	(1 609)

As of December 31, 2013, there was no indication of impairment of other intangible assets. The main indications of impairment taken into consideration were the following:

- Sales prospects for products whose development costs have been capitalized;
- Changes in customer portfolio;
- Obsolescence or abandonment of internally developed software.

2012

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

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

- An expense of €0.2 million on Roam Data Inc. assets for the period from March 1, 2012 to December 31, 2012;
- An expense of €0.6 million 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			Others (Moneyline, Turkey, Landi, Ingenico Prepaid Services, Fixed & Mobile, Ingenico Services Iberia, Xiring, Roam Data, Russia Distribution)					Total amortization for the period	
	Carrying amount at December 31, 2011	Amortization 2012	Carrying amount at December 31, 2012	Carrying amount at December 31, 2011	Amortization 2012	Carrying amount at December 31, 2012	Carrying amount at December 31, 2011	Acquisitions	Amortization 2012	Remeasurement effects	Translation differences and other movements		Carrying amount at December 31, 2012
<b>Intangible assets</b>													
<b>Concessions, patents &amp; similar rights</b>													
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)
<b>Other intangible assets</b>													
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)
<b>Total Intangible assets</b>	<b>32 598</b>	<b>(9 363)</b>	<b>23 235</b>	<b>55 962</b>	<b>(8 959)</b>	<b>47 003</b>	<b>32 493</b>	<b>10 146</b>	<b>(7 565)</b>	<b>1 463</b>	<b>(195)</b>	<b>36 342</b>	<b>(25 887)</b>
<b>Inventories</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>564</b>	<b>-</b>	<b>(564)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(564)</b>
<b>Total identified and allocated assets</b>	<b>32 598</b>	<b>(9 363)</b>	<b>23 235</b>	<b>55 962</b>	<b>(8 959)</b>	<b>47 003</b>	<b>33 057</b>	<b>10 146</b>	<b>(8 129)</b>	<b>1 463</b>	<b>(195)</b>	<b>36 342</b>	<b>(26 451)</b>



As of December 31, 2012, there was no indication of impairment of other intangible assets. The main indications of impairment taken into consideration were the following:

- Sales prospects for products whose development costs have been capitalized;
- Changes in customer portfolio;
- Obsolescence or abandonment of internally developed software.

### 13. PROPERTY, PLANT AND EQUIPMENT

2013					
(in thousands of euros)	Land and buildings	Plant and equipment	Other assets	Assets in progress	Total
<b>GROSS AMOUNT</b>					
<b>At January 1</b>	<b>9 844</b>	<b>38 653</b>	<b>38 785</b>	<b>511</b>	<b>87 793</b>
Investments	1 387	3 620	9 469	1 157	15 633
Disposals	(251)	(11 576)	(4 561)	(587)	(16 975)
Changes in consolidation scope (1)	817	8	2 992	-	3 817
Translation differences	(499)	(1 190)	(1 276)	(75)	(3 040)
Others	116	(3 187)	2 508	(190)	(753)
<b>At December 31</b>	<b>11 414</b>	<b>26 328</b>	<b>47 917</b>	<b>816</b>	<b>86 475</b>
<b>ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES</b>					
<b>At January 1</b>	<b>(4 842)</b>	<b>(31 360)</b>	<b>(13 978)</b>	<b>(13)</b>	<b>(50 193)</b>
Amortization	(1 295)	(4 096)	(11 553)	11	(16 933)
Disposals and impairment losses	229	12 472	4 411	-	17 112
Changes in consolidation scope	-	-	119	-	119
Translation differences	241	920	892	1	2 054
Others	1	2 895	(2 328)	-	568
<b>At December 31</b>	<b>(5 666)</b>	<b>(19 169)</b>	<b>(22 438)</b>	<b>(1)</b>	<b>(47 274)</b>
<b>CARRYING AMOUNT</b>					
<b>At January 1</b>	<b>5 002</b>	<b>7 293</b>	<b>24 807</b>	<b>498</b>	<b>37 600</b>
<b>At December 31</b>	<b>5 748</b>	<b>7 159</b>	<b>25 479</b>	<b>815</b>	<b>39 201</b>

(1) Pertains to the Ogone acquisition.

2012					
(in thousands of euros)	Land and buildings	Plant and equipment	Other assets	Assets in progress	Total
<b>GROSS AMOUNT</b>					
<b>At January 1</b>	<b>2 901</b>	<b>54 097</b>	<b>30 878</b>	<b>4 631</b>	<b>92 507</b>
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)
<b>At December 31</b>	<b>9 844</b>	<b>38 653</b>	<b>38 785</b>	<b>511</b>	<b>87 793</b>
<b>ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES</b>					
<b>At January 1</b>	<b>(1 817)</b>	<b>(39 594)</b>	<b>(16 872)</b>	<b>-</b>	<b>(58 283)</b>
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
<b>At December 31</b>	<b>(4 842)</b>	<b>(31 360)</b>	<b>(13 978)</b>	<b>(13)</b>	<b>(50 193)</b>
<b>CARRYING AMOUNT</b>					
<b>At January 1</b>	<b>1 084</b>	<b>14 503</b>	<b>14 006</b>	<b>4 631</b>	<b>34 224</b>
<b>At December 31</b>	<b>5 002</b>	<b>7 293</b>	<b>24 807</b>	<b>498</b>	<b>37 600</b>

## 14. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEEES

### *Breakdown of investments in equity-accounted investees*

(in thousands of euros)	Roam Data	Korvac	ZTE Ingenico N.V.	Fixed & Mobile Pte Ltd	Total
Investments in equity-accounted investees (%) at January 1, 2012	43,92%	49,00%		100,00%	
Investments in equity-accounted investees (%) at December 31, 2012	83,63%	0,00%	40,00%	100,00%	
Investments in equity-accounted investees (%) at December 31, 2013	96,09%	0,00%	40,00%	30,00%	
<b>At January 1, 2012</b>	<b>4 080</b>	<b>14 185</b>	<b>-</b>	<b>-</b>	<b>18 265</b>
<b>Investment</b>	<b>-</b>	<b>-</b>	<b>9 000</b>	<b>-</b>	<b>9 000</b>
Share of profit or loss	(250)	(212)	-	-	(462)
Translation differences	(83)	362	-	-	279
Change in consolidation method (1)	(3 747)	-	-	-	(3 747)
Disposal	-	(14 335)	-	-	(14 335)
<b>At December 31, 2012</b>	<b>-</b>	<b>-</b>	<b>9 000</b>	<b>-</b>	<b>9 000</b>
Share of profit or loss	-	-	(239)	63	(176)
Translation differences	-	-	(33)	(109)	(142)
Change in consolidation method (2)	-	-	-	5 684	5 684
<b>At December 31, 2013</b>	<b>-</b>	<b>-</b>	<b>8 728</b>	<b>5 638</b>	<b>14 366</b>

<sup>(1)</sup> Change in consolidation method following the transfer of control in 2012. Now fully consolidated.

<sup>(2)</sup> Change in consolidation method following the loss of control in 2013. Now consolidated using the equity method.

### **2013**

During the second half of 2013, the Group sold 70 percent of its interest in the Singapore-based company Fixed & Mobile Pte Ltd. The Group has retained the remaining 30 percent of its holding (see Note 6, Highlights of the Period).

#### **Accounting method**

Since the governance structure established at the time of the partial sale provides for control to be exercised jointly by Ingenico and the other shareholder, the equity method of accounting is applied.

#### **Impairment loss**

As of December 31, 2013, no impairment loss on this investment was recognized in the Group's consolidated financial statements.

### **2012**

During the second half of the year, the Group acquired a stake in the Dutch company Mobile Payment Solutions N.V. (renamed ZTE Ingenico N.V.).

#### **Accounting method**

Since the governance structure established at the time of the investment provides for control to be exercised jointly by Ingenico and the other shareholder, the equity method of accounting was applied.

#### **Impairment loss**

As of December 31, 2012, no impairment loss on this investment was recognized in the Group's consolidated financial statements.

## 15. FINANCIAL ASSETS

As of December 31, 2013 and 2012, financial assets included security deposits and guarantees, equity interests in non-consolidated companies and related receivables.

(in thousands of euros)	2013	2012
Loans to subsidiaries	6 163	-
Other non-current financial assets	2 739	4 270
<b>TOTAL</b>	<b>8 902</b>	<b>4 270</b>

In 2013, in connection with the partial sale of its interest in its subsidiary Fixed & Mobile Pte Ltd, the Group granted a USD 8.5 million loan to be repaid within five years (see Note 6, Highlights of the Period).

## 16. OTHER NON-CURRENT ASSETS

As of December 31, 2013 and 2012, Other Non-Current Assets were as follows:

(in thousands of euros)	2013	2012
Receivables	142	199
Finance lease receivables	23 840	19 655
Tax receivables other than current income tax	16	-
Income tax receivables	438	1 075
Prepayments	214	228
<b>Total</b>	<b>24 650</b>	<b>21 157</b>

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

## 17. INVENTORIES

(in thousands of euros)	2013	2012
Raw materials and consumables	23 429	25 851
Finished products	97 757	104 218
Write-downs on raw materials and consumables	(8 039)	(7 895)
Write-downs on finished products	(11 164)	(16 945)
<b>Net</b>	<b>101 983</b>	<b>105 229</b>

The decrease in gross inventories was primarily the result of the partial sale of Fixed and Mobile Pte Ltd (€4.5 million). The inventory write-down rate declined slightly between 2012 and 2013.

## 18. TRADE AND RELATED RECEIVABLES

Trade and related receivables break down as follows:

(in thousands of euros)	2013	2012
Advances and down-payments to suppliers	4 298	3 310
Trade receivables on the sales of goods and services	329 988	319 217
Finance lease receivables	17 215	15 514
Employee-related receivables	194	1 135
Tax receivables other than current income tax	18 974	14 907
Other receivables	3 420	1 297
Write-downs for bad debt	(24 635)	(21 921)
Write-downs for finance lease receivables	(939)	(1 230)
Write-downs for other receivables	(5)	(5)
<b>Total</b>	<b>348 510</b>	<b>332 224</b>

The aging schedule of trade receivables is as follows:

(in thousands of euros)	2013				
	Total	Not due	Overdue		
			< 120 days	120 - 180 days	> 180 days
Trade receivables	329 988	243 898	72 154	2 512	11 425
Write-downs for bad debt	(24 635)	(10 349)	(7 532)	(234)	(6 520)
<b>Net</b>	<b>305 353</b>	<b>233 549</b>	<b>64 622</b>	<b>2 278</b>	<b>4 905</b>

Receivables more than 180 days overdue without write-downs (amounting to €4.9 million) are primarily attributable to easycash (€2.4 million), Fujian Landi (€1.0 million) and Ingenico S.A. (€0.7 million). None of these receivables are contentious, and the Group does not expect any difficulty in recovering the amounts due.

(in thousands of euros)	2012				
	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)
<b>Net</b>	<b>297 296</b>	<b>236 991</b>	<b>53 551</b>	<b>2 658</b>	<b>4 096</b>

Receivables more than 180 days overdue 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 are contentious, 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

Balance sheet item		2013					
		January 1	Changes in consolidation scope	Net Change in working capital	Translation differences and other movements	December 31	
<b>Inventories</b>		<b>105 229</b>				<b>101 983</b>	
	Working capital items	105 229	(3 266)	5 385	(5 365)	101 983	
<b>Changes in inventories in the cash-flow statement</b>		<b>(1)</b>	<b>105 229</b>	<b>(3 266)</b>	<b>5 385</b>	<b>(5 365)</b>	<b>101 983</b>
<b>Other non-current assets</b>		<b>21 157</b>				<b>24 650</b>	
	Working capital items	20 081	-	4 289	(158)	24 212	
	Non-WC items	1 075				438	
<b>Trade and related receivables</b>		<b>332 224</b>				<b>348 510</b>	
	Working capital items	303 176	1 115	25 647	(34 559)	295 379	
	Working capital items	29 048	294	2 391	21 398	53 131	
	Non-WC items						
<b>Other current assets</b>		<b>20 111</b>				<b>30 240</b>	
	Working capital items	12 123	593	4 878	(4 769)	12 825	
	Non-WC items	7 975				17 415	
<b>Change in receivables in the cash-flow statement</b>		<b>(2)</b>	<b>364 428</b>	<b>2 002</b>	<b>37 205</b>	<b>(18 088)</b>	<b>385 547</b>
<b>Other non-current liabilities</b>		<b>20 622</b>				<b>24 568</b>	
	Working capital items	20 082	-	3 584	(2 513)	21 153	
	Non-WC items	541				3 415	
<b>Trade and related payables</b>		<b>280 559</b>				<b>327 859</b>	
	Working capital items	206 998	1 025	32 706	(17 826)	222 903	
	Working capital items	73 561	3 002	24 703	3 736	104 956	
	Non-WC items	50					
<b>Other liabilities</b>		<b>85 808</b>				<b>110 511</b>	
	Working capital items	66 901	11 413	19 763	(4 235)	93 842	
	Non-WC items	18 909				16 669 <sup>(a)</sup>	
<b>Change in liabilities in the cash-flow statement</b>		<b>(3)</b>	<b>367 542</b>	<b>15 440</b>	<b>80 756</b>	<b>(20 838)</b>	<b>442 854</b>
<b>Change in net working capital</b>		<b>-(1)-(2)+(3)</b>	<b>(102 116)</b>	<b>16 704</b>	<b>38 166</b>	<b>2 615</b>	<b>(44 676)</b>

<sup>(a)</sup> Represents the put option related to the acquisition of Roam Data Inc. and earn-out payments related to the acquisition of Ingenico Payment System LLC and the acquisition of the assets of PT Integra (see Note 31, Other Liabilities).

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

<sup>(a)</sup> Represents the put options related to the acquisitions of Roam Data Inc. and Fixed & Mobile Pte Ltd (see Note 31, Other Liabilities).

## 20. CURRENT TAX RECEIVABLES AND OTHER CURRENT ASSETS

(in thousands of euros)	2013	2012
Prepayments	12 826	12 123
Loans, guarantee instruments and other receivables	17 414	7 988
<b>Total</b>	<b>30 240</b>	<b>20 111</b>
<b>Current tax receivables</b>	<b>6 771</b>	<b>3 820</b>

As of December 31, 2013, loans, guarantee instruments and other receivables included a receivable of €5.0 million related to the partial sale of Fixed & Mobile Pte Ltd (cf. Note 6, Highlights of the Period). They also included €10.3 million in liquid investments related to the business activities of the subsidiary Tunz that do not meet the definition of cash or cash equivalents.

As of December 31, 2012, loans, guarantee instruments and other receivables included a receivable of €7.6 million related to the disposal of Korvac.

## 21. ASSETS HELD FOR SALE AND LIABILITIES IN DISPOSAL GROUPS

As of December 31, 2013, there were no assets held for sale or liabilities in disposal groups.

## 22. TOTAL EQUITY

### Number of outstanding shares

	2013	2012
<b>Shares issued at January 1</b>	<b>52 487 658</b>	<b>51 980 303</b>
Shares issued in connection with options exercised and dividend distributions	598 651 <sup>(1)</sup>	432 060
Shares issued in connection with Xiring merger (2)	-	75 295
Shares issued in connection with the capital increase reserved to employees	-	-
Shares issued in connection with the capital increase by incorporation of reserves	-	-
Shares canceled in connection with the capital reduction scheme	-	-
<b>Shares issued at December 31</b>	<b>53 086 309</b>	<b>52 487 658</b>
<b>Treasury shares at December 31</b>	<b>280 794</b>	<b>252 637</b>

<sup>(1)</sup> Includes 581,967 shares distributed as stock dividends; see Note V, Consolidated statements of change in equity

<sup>(2)</sup> Shares issued in connection with the Xiring merger, as decided by the Chairman of the Board of Directors on July 4, 2012

As of December 31, 2013, Ingenico S.A.'s authorized share capital consisted of 53,086,309 shares with a par value of €1 each.

On February 27, 2013, the Board of Directors approved the payment of stock dividends through incorporation of reserves into the share capital. This distribution was carried out on May 29, 2013. A total of 581,967 shares were subscribed for.

On July 4, 2012, the Chairman of the Board of Directors recorded the completion of the merger with Xiring. He then recorded 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

<i>(in euros)</i>	2012	Acquisitions	Disposals	Others	2013
Number of shares	252 637	2 166 112	(2 137 955)	-	280 794
Average purchase price	23,35	51,76	51,85	-	25,53
<b>Total</b>	<b>5 899 664</b>	<b>112 122 657</b>	<b>(110 855 013)</b>	<b>-</b>	<b>7 167 308</b>

<i>(in euros)</i>	2011	Acquisitions	Disposals	Others	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
<b>Total</b>	<b>17 683 462</b>	<b>92 272 575</b>	<b>(94 487 246)</b>	<b>(9 569 127)</b>	<b>5 899 664</b>

### Shares repurchased to be awarded or retired

In 2013, the Board used two delegations granted by the shareholders:

- The delegation of April 29, 2013, which replaced the delegation of May 3, 2012 and authorized the Board of Directors to trade in the Company's own shares in accordance with Article L.225-209 of the French Commercial Code (with implementation authorized by the Board on April 29, 2013 and the authorization renewed by the Board at its meeting of April 30, 2013).
- The delegation of May 3, 2012, which replaced the delegation of April 28, 2011 (with implementation authorized by the Board on May 3, 2012).

The portfolio of treasury shares held to be awarded under free share programs or to reduce the share capital totaled 244,241 shares as of December 31, 2012. As of December 31, 2013, there were 280,794 treasury shares at an average purchase price of €25.53, reflecting the buyback of 37,000 shares in 2013 and the use of 447 shares to meet obligations to beneficiaries of free share plans.

In 2012, the portfolio amounted to 768,989 treasury shares as of December 31, 2011 and 244,241 treasury shares as of December 31, 2012 purchased at an average 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 vested during the year.

### Shares repurchased under the liquidity contract

In 2013, 2,129,112 shares were repurchased at an average price of €51.89 and 2,137,508 shares were sold at an average price of €51.86.

Ingenico held no treasury shares under its liquidity contract as of December 31, 2013.

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 as of December 31, 2012.

### Plans in force as of December 31, 2013

The main features of the plans applicable as of December 31, 2013 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 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 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. On May 11, 2012, the conversion ratio was raised from 1 Ingenico share to 1.004 Ingenico share for 1 OCEANE bond.

Tranches B, E, D and A were fully subscribed and terminated in 2005, 2007, 2008 and 2011. Tranches C and F were fully subscribed and terminated in 2012. Tranche H was terminated in 2013.

No new stock option plans were set up in 2013.

No stock options were outstanding as of December 31, 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 percent 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 percent 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 dated October 19, 2005, 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 was terminated 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 and executive officers, up to a maximum of 2 percent of the Company's share capital (596,052 shares on the date of the meeting). The maximum number of shares was increased to 599,046 at the Annual Shareholders' Meeting of May 5, 2006, i.e. 2 percent of the Company's share capital.

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

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 share 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 share 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 the 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 30, 2010, the Board of Directors decided to grant a further 37,555 free share awards.

No new free share award program was set up in 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 as of December 31, 2013).

No new free share award program was set up in 2013.

A total of 72,000 free share awards were outstanding as of December 31, 2012. During the period, 5,500 free shares were awarded and 9,000 awards were canceled. As a result, a total of 68,500 free shares were outstanding as of December 31, 2013.

### **c) Joint investment plans**

#### **First plan**

On March 30, 2010, the Board of Directors also decided to set up a joint investment plan, intended for the key managers in the Group.

The plan consisted of an agreement with the beneficiaries, under which a variable number of free shares would be granted, subject to certain conditions; namely, the decision to subscribe, continued presence within the Group, and the achievement of a specified level of performance (internal and external).

The subscription period ended on April 15, 2010. On May 11, 2010, the Board set the number of shares subscribed at 79,054, and the maximum number of shares that could be awarded at a subsequent date at 553,378.

As of December 31, 2011, the maximum number of shares that could be awarded was 474,640, due to the share capital increase by incorporation of retained earnings (27,650 additional free shares) decided by the Board on May 11, 2010 and the cancellation of 32,728 shares in 2010 and 73,660 shares in 2011.

Given the cancellation of 12,274 shares 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 seven 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 consisted of an agreement with the beneficiaries, under which a variable number of free shares would 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 as of December 31, 2013). A maximum of eight shares could be issued and awarded 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 could 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 75,000 shares were cancelled since the inception of the plan, the maximum number of shares that may be awarded was 317,384 as of December 31, 2013.

## Change in option and share award plans in the period

	2013						
	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	Weighted average life (in years)	Weighted average exercise price (in €)
Tranche H	16 684	-	16 684	-	-	8	10,97 €
Free shares	72 000	5 500	-	9 000	68 500	-	-
Joint investment plan	357 488	-	-	40 104	317 384	-	-
<b>Total</b>	<b>446 172</b>	<b>5 500</b>	<b>16 684</b>	<b>49 104</b>	<b>385 884</b>		

	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	-	-
<b>Total</b>	<b>578 022</b>	<b>465 496</b>	<b>537 214</b>	<b>60 132</b>	<b>446 172</b>		

<sup>(1)</sup> Including 16,684 exercisable at December 31, 2012

## Fair value of stock options and free shares 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 calculated based on 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 financial statements

### 2013

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 €6,730,000 in Profit from Ordinary Activities for 2013. This included a €257,000 expense related to stock-option plans put in place by the new Group subsidiary Roam Data Inc.

### 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 Inc.

## 23. EARNINGS PER SHARE

### Basic earnings per share

Basic earnings per share are 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.

	2013	2012
Net profit or loss attributable to Ingenico S.A. shareholders (in thousands of euros)	114 074	96 854
Weighted average number of ordinary shares	52 534 237	51 799 506
<b>Basic earnings per share (in euros)</b>	<b>2,17</b>	<b>1,87</b>

### 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.

As of December 31, 2013, 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)	2013	2012
<b>Net profit or loss attributable to Ingenico S.A. shareholders</b>	<b>114 074</b>	<b>96 854</b>
Interest expense related to OCEANE bond loan (net of income tax)	9 127	8 866
<b>Diluted net profit or loss attributable to Ingenico S.A. shareholders</b>	<b>123 201</b>	<b>105 720</b>
<b>Weighted average number of ordinary shares</b>	<b>52 534 237</b>	<b>51 799 506</b>
Impact of dilutive instruments:		
Exercise of stock options and free share awards	321 775	178 702
Conversion of convertible bonds	6 677 350	6 677 350
<b>Diluted weighted average number of ordinary shares</b>	<b>59 533 362</b>	<b>58 655 558</b>
<b>Diluted earnings per share (in euros)</b>	<b>2,07</b>	<b>1,80</b>

## 24. NET DEBT

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

Investments maturing within three months are classified as cash equivalents when they are highly liquid, readily convertible to cash and are subject to an insignificant risk of changes in value, as defined in IAS 7. Otherwise, they are classified as other investments.

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)	2013	2012
Bond loans	227 098	220 264
Bank borrowings	328 035	155 868
Finance lease obligations	2 188	2 188
Other financial liabilities	3 105	3 063
<b>Non-current borrowings and long-term debt</b>	<b>560 426</b>	<b>381 383</b>
Bank and similar borrowings	53 487	52 500
Finance lease obligations	1 804	3 602
Bank overdrafts and other financial liabilities	25 891	14 665
Accrued interest	6 880	6 878
<b>Short-term borrowings</b>	<b>88 062</b>	<b>77 645</b>
<b>Total financial borrowings and debt</b>	<b>648 488</b>	<b>459 028</b>
Cash	265 083	236 996
Marketable securities and short-term deposits	87 024	147 156
<b>Cash and cash equivalents</b>	<b>352 107</b>	<b>384 152</b>
<b>Net debt</b>	<b>296 381</b>	<b>74 876</b>

### *Breakdown of borrowings and other financial liabilities*

As of December 31, 2013, long- and short-term bank borrowings and bond debt amounted to €615.5 million, including:

- €227.1 million in respect of a convertible bond issued in March 2011;
- €156.4 million in respect of the amortizing portion of the syndicated loan renegotiated in August 2011;
- €225.1 million in respect of new drawdowns and loans contracted in 2013, described below;
- €6.9 million in interest accrued but not due on the convertible bond.

### **2012**

As of December 31, 2012, long- and short-term bank borrowings and bond debt amounted to €435.5 million, including €428.6 million corresponding to a convertible bond issued in March 2011 and the amortizing portion of the syndicated loan renegotiated in August 2011.

## **1) Bond issue**

The Group issued "OCEANE" bonds, i.e. convertible into and/or exchangeable for new or existing shares with their issue date on March 11, 2011 that mature on January 1, 2017. The total principal amount of the issue is €250 million, or 6,677,350 bonds with a face value of €37.44 each. The bonds pay an annual coupon of 2.75 percent. After deduction of issuance costs and reclassification of the equity component of the bonds, the interest rate is 6.22 percent.

The bond issue was accompanied by an information memorandum approved by the *Autorité des Marchés Financiers* under visa number 11-062 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 share per bond, subject to adjustments.

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 face 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 repurchasing bonds either on or off the stock market or by public offers of repurchase or exchange;
- for all outstanding bonds at any time from January 15, 2015 until the maturity date, subject to at least 30 calendar days' notice, at face value plus accrued interest if the arithmetic average, calculated over 20 consecutive trading days among the 30 days preceding the publication of the early redemption notice, of the opening prices of the Company's share on Euronext Paris multiplied by the conversion/exchange ratio on those dates is greater than 130 percent of the face value of bonds;
- for all outstanding bonds at any time, subject to at least 30 calendar days' notice, at face value plus accrued interest if the number of outstanding bonds is lower than 10 percent of the number of bonds issued.

### **Early redemption at the option of the bondholders**

In the event of a change of control of the Company, any bondholder may request the redemption of all or a portion of their bonds at face value plus interest accrued from the last interest payment date until the early redemption date.

### **Accelerated repayment at the option of the bondholders**

The OCEANE information memorandum contains the usual provisions for accelerated repayment at the option of the representative of all bondholders: if the Company fails to pay any interest due on the bonds when due; if the Company fails to repay, beyond a minimum threshold, any loans taken out or guaranteed by the Company or a major subsidiary; if the Company fails to perform any other obligation related to the bonds; in the event of liquidation or dissolution of the Company or the sale of all of its assets; or if the Company's ordinary shares are no longer admitted for trading on Euronext Paris or another regulated market in the European Union.

### **Equity and liability components of the OCEANE bond**

In accordance with the accounting principle set forth on page 45 of the 2010 Registration Document, Compound financial instruments, the fair values of the bond's liability and equity components were calculated on the issue date of the OCEANE bond, which was March 11, 2011.

The fair value of the liability classified as long-term debt was calculated on the issue date using the average market interest rate for a similar bond with no 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.

Given that the OCEANE bond was issued with a nominal interest rate of 2.75 percent, which was lower than the market interest rate (the comparable rate for the period, based on an interpolated mid-swap rate of 3.14 percent, was 5.89 percent), the fair value of the liability component at the issue date was €208.83 million and that of the equity component was €37.02 million, after deduction of the cost of the bondholders' put option and issuance costs (€4.14 million, prorated between the liability and equity components).

As of December 31, 2013, the carrying amount of the OCEANE's liability component was €227.1 million.

## **2) Bank borrowings**

### **Syndicated loan**

In March 2013, in connection with the Ogone acquisition, an add-on to the syndicated loan facility set up in August 2011 was negotiated. The facility is now structured as follows:

- A first tranche of €210 million, repayable over a 4-year period, fully drawn down in August 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 tranche of €140 million, repayable at maturity in August 2016, fully drawn down in March 2013.
- A revolving tranche of €150 million, repayable at maturity, of which €49.5 million was drawn down as of December 31, 2013.

In March 2013, Ingenico S.A. also put in place a five-year €35 million bilateral revolving credit facility with a bank. As of December 31, 2013, it was fully drawn.

The syndicated loan contracted in 2011 and the bilateral facility set up in March 2013 include 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 percent;
- Net debt must be less than 2.5 times EBITDA.

There are also a number of standard legal covenants.  
The ratios had been met as of December 31, 2013.

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

As of December 31, 2012, the Group's bank borrowings consisted solely of the €210 million amortizing portion of the syndicated loan put in place in August 2011.

## **3) Bank overdrafts**

As of December 31, 2013, bank overdrafts totaled €23.0 million, mainly for easycash GmbH.

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

## **4) Finance lease obligations**

As of December 31, 2013, finance lease obligations mainly involved easycash GmbH (€1.7 million) and Ingenico Italia (€1.9 million).

As of December 31, 2012, finance lease obligations mainly involved easycash GmbH (€4.7 million) and Ingenico Italia (€1.0 million).

*Principal features of financial liabilities*

**Interest rates and maturities**

2013

(in thousands of euros)	Carrying amount	Average annual rate	Less than 1 year	1 - 5 years	More than 5 years
Bond loans	227 098	2,75%	-	227 098	-
Bank borrowings	381 522	1,67%	53 487	328 035	-
Finance lease obligations	3 992	2,52%	1 804	2 188	-
Bank overdrafts	22 991		22 991	-	-
Other financial liabilities	6 005		2 900	3 088	17
Accrued interest on borrowings	6 880		6 880	-	-
<b>Total financial borrowings and debt</b>	<b>648 488</b>		<b>88 062</b>	<b>560 409</b>	<b>17</b>

2012

(in thousands of euros)	Carrying amount	Average annual rate	Less than 1 year	1 - 5 years	More than 5 years
Bond loans	220 264	2,75%	-	220 264	-
Bank borrowings	208 368	1,51%	52 500	155 868	-
Finance lease obligations	5 789	2,23%	3 601	2 188	-
Bank overdrafts	13 321		13 321	-	-
Other financial liabilities	4 408		1 345	3 063	-
Accrued interest on borrowings	6 878		6 878	-	-
<b>Total financial borrowings and debt</b>	<b>459 028</b>		<b>77 645</b>	<b>381 383</b>	<b>-</b>



## Breakdown by currency

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

(in thousands of euros)	2013	2012
Euro	648 331	459 008
U.S. Dollar	111	4
Other currencies	46	16
<b>Total financial borrowings and debt</b>	<b>648 488</b>	<b>459 028</b>

All amounts shown at their euro equivalent.

### *Change in financial borrowings and debt*

The change in financial borrowings and debt is broken down as follows:

<b>Balance at January 1, 2012</b>	<b>457 254</b>
New borrowings	15 035
Capitalized interests	7 214
Repayments	(18 704)
Net change on drawdowns on lines of credit	(6 259)
Translation differences	(82)
Other movements	4 564
Changes in consolidation scope	6
<b>Balance at December 31, 2012</b>	<b>459 028</b>
New borrowings	276 509
Capitalized interests	7 804
Repayments	(108 404)
Net change on drawdowns on lines of credit	9 673
Translation differences	(11)
Other movements	(9)
Changes in consolidation scope	3 898
<b>Balance at December 31, 2013</b>	<b>648 488</b>

## 2013

In 2013, the Group:

- Drew down €100 million on the revolving tranche of the syndicated loan facility set up in 2011;
- Repaid €50.5 million of that drawdown;
- Repaid €52.5 million, representing the amortizing portion of the syndicated loan;
- Set up new borrowings described earlier in this note.

These movements are reflected in new borrowings and repayments in this table.

Capitalized interest pertained to the convertible bond issue, the syndicated loan and the other borrowings set up in 2013.

New borrowings reported in changes in consolidation scope pertained to the acquisition of Ogone. They were partly repaid in 2013.

**2012**

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

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

***Undrawn credit facilities as of December 31, 2013***

The Group has a €150 million revolving loan facility, of which €49.5 million had been drawn down as of December 31, 2013 and of which €100.5 million was still available, and an unused bilateral loan facility of €37.5 million.

## 25. DERIVATIVE FINANCIAL INSTRUMENTS

### *Fair value of derivative instruments at the reporting date*

(in thousands of euros)	2013	2012
<b>Interest rate hedging instruments</b>		
Current assets	-	-
Current liabilities	(3 414)	(6 325)
<b>Foreign exchange hedging instruments</b>		
Current assets	1 236	1 506
Current liabilities	(1 029)	(1 541)
<b>Total</b>	<b>(3 207)</b>	<b>(6 360)</b>

### *Breakdown of instruments by hedging policy*

(in thousands of euros)	At January 1, 2013			At December 31, 2013
	Fair value of the derivative financial instruments	Variation through net income	Variation through equity	Fair value of the derivative financial instruments
<b>Instruments designated as cash flow hedges</b>				
Foreign exchange forward contracts	39	236	74	349
Foreign exchange options	14	(14)	-	-
Foreign exchange swaps	(165)	165	-	-
Interest rate swaps	(6 158)	42	2 702	(3 414)
Interest rate options (cap)	-	-	-	-
<b>Instruments not designated as cash flow hedges</b>				
Foreign exchange forward contracts	-	(317)	-	(317)
Foreign exchange options	-	-	-	-
Foreign exchange swaps	77	98	-	175
Interest rate swaps	-	-	-	-
Interest rate options (cap)	(167)	167	-	-
<b>Total</b>	<b>(6 360)</b>	<b>377</b>	<b>2 776</b>	<b>(3 207)</b>

Changes in the fair value of ineffective hedging instruments or the ineffective portions of effective hedging instruments are directly recognized in Net Finance Costs. For foreign exchange hedges, they mainly reflect the effect of interest rate differentials between the currency of the hedged items and the euro.

In accordance with IFRS 13, which came into effect on January 1, 2013, the Group takes default risk into account in measuring its hedging derivatives. At the reporting date, the impact of own and counterparty credit risk on the valuation of financial instruments held by the Group was immaterial.

In 2012, the Group had an interest rate cap that matured in 2013.

Interest rate caps are recognized at fair value when the contract is entered into, being the sum of their intrinsic value and their time value. The initial intrinsic 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, any fair-value adjustment to intrinsic value is recognized in equity, while any fair-value adjustment to time value is recognized in profit or loss.

The Group's derivatives contracts contain compensation clauses for each bank. In accordance with IFRS 7, a presentation of derivative assets and liabilities that includes such compensations would be as follows:

(in thousands of euros)	2013		
	Amounts in the balance sheet	Impact of compensation	Net amounts
FV of derivative financial instruments (assets)	1 236	(1 182)	54
FV of derivative financial instruments (liabilities)	(4 443)	1 182	(3 261)
<b>Net</b>	<b>(3 207)</b>		<b>(3 207)</b>

(in thousands of euros)	2012		
	Amounts in the balance sheet	Impact of compensation	Net amounts
FV of derivative financial instruments (assets)	1 506	(1 229)	277
FV of derivative financial instruments (liabilities)	(7 866)	1 229	(6 637)
<b>Net</b>	<b>(6 360)</b>		<b>(6 360)</b>

## 26. PROVISIONS FOR RETIREMENT BENEFIT OBLIGATIONS

The Group has defined benefit plans in the following countries:

- In France, retiring employees receive retirement indemnities (an end-of-career bonus) calculated on the basis of final pay, number of years with the Company and provisions in the various collective bargaining agreements.
- In the United Kingdom, the Group has a pension plan, but it is closed.
- In Germany, benefits under the Group's pension plan are calculated on the basis of the employee's final pay.
- In Italy, the Group pays retiring employees lump-sum termination indemnities (TFR) that are calculated as a fixed percentage of the salaries they earned throughout their careers.
- In Turkey, retirement indemnities are based on final pay.

These benefit obligations have been measured by independent actuaries.

There are no long-term healthcare commitments within the Group.

There are two categories of retirement benefit plans described as follows.

### 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).

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

(in thousands of euros)	2013						Total
	Funded	Unfunded					
	United-Kingdom	France	Germany	Italy	Turkey	Total	
<b>At January 1</b>	<b>500</b>	<b>4 414</b>	<b>4 512</b>	<b>1 978</b>	<b>270</b>	<b>11 174</b>	<b>11 674</b>
Business combination	-	29	-	-	-	29	29
Translation differences and other changes	(30)	-	-	-	(46)	(46)	(76)
Expense of the period	1	561	176	213	61	1 011	1 012
Benefits paid	-	(265)	(245)	(79)	-	(589)	(589)
Contributions to pension funds	(942)	-	-	-	-	-	(942)
Actuarial gains / losses	(112)	623	(154)	102	(144)	427	315
<b>At December 31</b>	<b>(583)</b>	<b>5 362</b>	<b>4 289</b>	<b>2 214</b>	<b>141</b>	<b>12 006</b>	<b>11 423</b>

(in thousands of euros)	2012						Total
	Funded	Unfunded					
	United-Kingdom	France	Germany	Italy	Turkey	Total	
<b>At January 1</b>	4 497	3 471	3 183	1 519	115	8 288	12 785
Business combination	-	-	-	-	-	-	-
Translation differences and other changes	131	-	-	-	1	1	132
Expense of the period	238	465	172	216	17	870	1 108
Benefits paid	-	(29)	(121)	(36)	-	(186)	(186)
Contributions to pension funds	(5 918)	-	-	-	-	-	(5 918)
Actuarial gains / losses	1 552	507	1 278	279	137	2 201	3 753
<b>At December 31</b>	<b>500</b>	<b>4 414</b>	<b>4 512</b>	<b>1 978</b>	<b>270</b>	<b>11 174</b>	<b>11 674</b>

*Movements in the present value of defined benefit obligations*

Present value of the defined benefit obligation (in thousands of euros)	2013		
	Total	Funded plans	Unfunded plans
<b>At January 1</b>	<b>33 239</b>	<b>22 065</b>	<b>11 174</b>
Current service costs	682	-	682
Interest on obligation	1 234	905	329
Actuarial gains/losses recognized in other comprehensive	1 110	683	427
Translation differences	(488)	(442)	(46)
Disbursements paid by the employer	(589)	-	(589)
Disbursements from plan assets	(299)	(299)	-
Business combination	29	-	29
<b>At December 31</b>	<b>34 918</b>	<b>22 912</b>	<b>12 006</b>

Present value of the defined benefit obligation (in thousands of euros)	2012		
	Total	Funded plans	Unfunded plans
<b>At January 1</b>	<b>27 660</b>	<b>19 372</b>	<b>8 288</b>
Current service costs	504	-	504
Interest on obligation	1 300	933	367
Actuarial gains/losses recognized in other comprehensive	4 923	2 722	2 201
Translation differences	442	442	-
Disbursements paid by the employer	(186)	-	(186)
Disbursements from plan assets	(1 404)	(1 404)	-
<b>At December 31</b>	<b>33 239</b>	<b>22 065</b>	<b>11 174</b>

*Breakdown 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)	2013	2012
Unfunded plans	12 006	11 174
Funded plans	22 912	22 065
<b>Total</b>	<b>34 918</b>	<b>33 239</b>

*Movements in the fair value of plan assets*

Fair value of plan assets (in thousands of euros)	2013	2012
<b>At January 1</b>	<b>21 565</b>	<b>14 875</b>
Expected return on plan assets	904	695
Actuarial gains/(losses) recognized in other comprehensive income	795	1 170
Translation differences	(411)	311
Employer contributions	942	5 918
Benefits paid from funded plans	(299)	(1 404)
<b>At December 31</b>	<b>23 496</b>	<b>21 565</b>

### Breakdown of recognized assets and liabilities

(in thousands of euros)	2013	2012
<b>Assets and liabilities recognized</b>		
Present value of obligation	34 918	33 239
Fair value of plan assets	23 496	21 565
<b>Surplus/(deficit)</b>	<b>(11 422)</b>	<b>(11 674)</b>
Unrecognized past service cost	-	-
Assets not recognized (limitation effect)	-	-
<b>Net liability</b>	<b>(11 422)</b>	<b>(11 674)</b>

### Expense recognized in profit or loss

Expense recognized in profit or loss (in thousands of euros)	2 013	(Forecast) 2 014
Current service cost	682	782
Interest on obligation	1 234	1 399
Expected return on plan assets	(904)	(1 075)
<b>At December 31</b>	<b>1 012</b>	<b>1 106</b>

### Impact on statement of comprehensive income

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

(in thousands of euros)	2013	2012
<b>At January 1</b>	<b>7 235</b>	<b>3 350</b>
Actuarial gains/(losses) recognized in other comprehensive income	315	3 753
Translation differences	(74)	132
<b>Sub-total</b>	<b>7 476</b>	<b>7 235</b>
Adjustment (*)	-	144
<b>At December 31</b>	<b>7 476</b>	<b>7 379</b>

\*If the discount rate had been used as the expected rate of return on plan assets as of December 31, 2012, the actuarial loss would have been €7,379,000.

Because this difference can be considered immaterial, the prior-year amount has not been restated.

Actuarial gains/losses recognized in 2013 are as follows:

	In thousands of euros	% change
<b>Obligations</b>		
Experience	905	2,59%
Change in financial assumptions	205	0,59%
<b>Plan assets</b>		
Experience	(795)	(3,38)%
<b>Total</b>	<b>315</b>	

### Breakdown of plan assets

Plan investments	In thousands		
	of euros	In %	Yield
Equities	16 854	71,73%	4,50%
Bonds	6 433	27,38%	4,50%
Other	209	0,89%	4,50%
<b>Total</b>	<b>23 496</b>	<b>100,00%</b>	<b>4,50%</b>

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.

### Actuarial assumptions

	France	Germany	Italy	Turkey	United-Kingdom	Average rate, weighted by the DBO amount
Discount rate	3,05%	3,05%	3,05%	10,50%	4,50%	4,03%
Expected future salary increases	2,50%	1,50%	2,50%	7,00%	N/A	2,50%

### Sensitivity to changes in medical care trend rates

No plan benefits.

### Best estimate of plan contributions payable in 2014

Expected contributions in 2014:

	<b>In thousands</b>
Employer contributions	960
Plan participants' contributions	-

### Sensitivity of assets and liabilities to changes in the discount rate as of December 31, 2013

A one percentage-point change in the discount rate for all plans would have resulted in the following net liabilities as of December 31, 2013:

(in thousands of euros)	Discount rate +1%			Discount rate -1%		
	TOTAL	Funded plan	Unfunded plan	TOTAL	Funded plan	Unfunded plan
<b>Assets and liabilities</b>						
Present value of obligations	29 001	18 411	10 590	42 256	28 514	13 742
Fair value of plan assets	23 496	23 496	-	23 496	23 496	-
<b>Surplus/(deficit)</b>	<b>(5 505)</b>	<b>5 085</b>	<b>(10 590)</b>	<b>(18 760)</b>	<b>(5 018)</b>	<b>(13 742)</b>
Unrecognized past service cost	-	-	-	-	-	-
Assets not recognized (limitation effect)	-	-	-	-	-	-
<b>Net liability</b>	<b>(5 505)</b>	<b>5 085</b>	<b>(10 590)</b>	<b>(18 760)</b>	<b>(5 018)</b>	<b>(13 742)</b>

A one percentage-point increase or decrease in the inflation rate affecting all plans would have resulted in the following net liabilities as of December 31, 2013:

(in thousands of euros)	Inflation rate +1%			Inflation rate -1%		
	TOTAL	Funded plan	Unfunded plan	TOTAL	Funded plan	Unfunded plan
<b>Assets and liabilities</b>						
Present value of obligations	39 959	26 518	13 441	30 586	19 798	10 788
Fair value of plan assets	23 495	23 495	-	23 495	23 495	-
<b>Surplus/(deficit)</b>	<b>(16 464)</b>	<b>(3 023)</b>	<b>(13 441)</b>	<b>(7 091)</b>	<b>3 697</b>	<b>(10 788)</b>
Unrecognized past service cost	-	-	-	-	-	-
Assets not recognized (limitation effect)	-	-	-	-	-	-
<b>Net liability</b>	<b>(16 464)</b>	<b>(3 023)</b>	<b>(13 441)</b>	<b>(7 091)</b>	<b>3 697</b>	<b>(10 788)</b>

In the United Kingdom, the effect of a one-year change in the assumed mortality rate would be to increase or decrease the Group's net liability by €0.6 million.

According to a report by the U.K. actuary, IFRIC 14 had no impact on the consolidated financial statements as of December 31, 2013.

In France, the effect of a one percentage-point increase or decrease in the assumed rate of salary increase would be to increase the Group's net liability by €0.6 million or decrease it by €0.7 million.



The above changes in actuarial assumptions would result in the following movements in other comprehensive income as of December 31, 2013:

(in thousands of euros)	Discount rate +1%	Discount rate -1%
<b>At January 1, 2013</b>	<b>7 379</b>	<b>7 379</b>
Actuarial gains/(losses) recognized in other comprehensive income, net of any limitation	(5 603)	7 652
Translation differences	(152)	24
<b>At December 31, 2013</b>	<b>1 624</b>	<b>15 056</b>

## 27. OTHER PROVISIONS

(in thousands of euros)	Balance at January 1, 2013	Translation differences	Changes in consolidation scope	Additions	Reversals of amounts used	Reversal of unused amounts	Others movements	Balance at December 31, 2013
Provisions for warranties	12 130	(759)	-	13 156	(12 219)	32	115	12 455
Provisions for litigations and claims	7 350	(283)	-	3 762	(2 706)	(307)	201	8 017
Provisions for restructuring	762	(5)	-	810	(360)	-	-	1 207
Other provisions	11 062	(141)	1	7 919	(5 408)	(4 588)	46	8 891
<b>Total other provisions</b>	<b>31 304</b>	<b>(1 188)</b>	<b>1</b>	<b>25 647</b>	<b>(20 693)</b>	<b>(4 863)</b>	<b>362</b>	<b>30 570</b>

(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
<b>Total other provisions</b>	<b>33 460</b>	<b>(141)</b>	<b>9</b>	<b>25 103</b>	<b>(21 724)</b>	<b>(5 164)</b>	<b>(239)</b>	<b>31 304</b>

### (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 main legal disputes in which Ingenico is involved as the defendant are the following:

- 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 €62 million as of December 31, 2013 (covering principal from 2004 to 2009, interest and penalties). The "Tax War" currently pitting Brazilian States against each other may 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 as of December 31, 2013.

All notified ICMS-related assessments are still being contested in the administrative courts in Brazil.

As of December 31, 2013, Ingenico had not been notified of any final decision by the Brazilian administrative courts and consequently had not received any demand for payment.

- 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 Inc., 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., (ii) Roam Data Inc., (iv) Ingenico S.A., and (v) Ingenico Venture SAS.

The plaintiffs' 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 Inc.

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. As the dispute developed, the plaintiffs have increased their claims, and the defendants have responded with counterclaims, including a claim for Mr. Will Graylin to pay Roam Data Inc. and Ingenico Venture SAS an indemnity for failure to meet his

obligations under the share sale agreement he entered into. No provision was recognized in the consolidated financial statements in respect of this claim.

- 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 as of December 31, 2013, divided between Ingenico S.A. and Ingenico CZ s.r.o. The procedure is still in progress.

- The disputes with Mr. Bonnemoy, based on an allegedly abusive contract termination and the use made of an asset guarantee, as described in the 2009 Registration Document, was heard by the Court of Appeals in 2013. The Court did not recognize Ingenico's claim regarding the use of the asset guarantee, but also dismissed Mr. Bonnemoy's claim of abusive termination of contract, and the latter has taken the case to the *Cour de Cassation*, France's highest court of appeal. Although management does not believe that a possible ruling against Ingenico would by itself have a material impact on the Company's financial position or results, the Group has still recognized a provision of €0.9 million.

### (iii) Other provisions

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

The €4.6 million of unused amounts reversed mainly relate to commitments to suppliers to purchase inventories and customer quality risks.

(in thousands of euros)	2013	2012
Supplier inventory buyback commitments	1 720	2 206
Product quality risk	4 390	4 728
Employee indemnities and benefits	773	1 005
Customer sales indemnities	93	955
Other expenses	1 915	2 167
<b>Total other provisions</b>	<b>8 891</b>	<b>11 061</b>

## 28. OTHER NON-CURRENT LIABILITIES

(in thousands of euros)	2013	2012
Trade payables	79	3
Current tax liabilities (over one year)	-	540
Tax, personnel and social security liabilities	234	990
Deferred income	20 789	19 089
Other liabilities	3 466	-
<b>Total</b>	<b>24 568</b>	<b>20 622</b>

In 2013, the Group increased the share capital of its subsidiary Ingenico Holdings Asia Ltd, issuing shares to an outside shareholder (see Note 6, Highlights of the Period). This minority shareholder has a put option to sell the shares it subscribed for in 2013 to the Group. Accordingly, the Group recognized a liability in connection with this put option, classified in Other Non-Current Liabilities. The valuation method used for this liability is described in Note 3, Financial Assets and Liabilities Classified by Accounting Category.

## 29. TRADE PAYABLES AND RELATED ACCOUNTS

(in thousands of euros)	2013	2012
Trade payables	222 904	202 389
Other operating liabilities	104 955	78 169
<i>Customer advances</i>	6 038	4 658
<i>Other tax liabilities</i>	22 739	17 547
<i>Employee-related liabilities</i>	76 164	55 964
<b>Total</b>	<b>327 859</b>	<b>280 559</b>

## 30. CURRENT TAX PAYABLE

As of December 31, 2013, current tax payable in under one year was composed chiefly of income tax payable on taxable profit at Group subsidiaries.

(in thousands of euros)	2013	2012
Germany	1 724	3 279
China	2 726	3 018
France	7 122	8 230
Italy	2 220	-
United Kingdom	2 344	3 098
Other countries	1 751	3 640
<b>TOTAL</b>	<b>17 887</b>	<b>21 265</b>

### 31. OTHER CURRENT LIABILITIES

Other liabilities are broken down as follows:

(in thousands of euros)	2013	2012
Other liabilities	29 349	22 180
Deferred income	81 160	63 628
<b>Total</b>	<b>110 509</b>	<b>85 808</b>

The increase in deferred income recorded was due mainly to amounts invoiced by the subsidiary Fujian Landi.

Other liabilities include:

- The Roam Data Inc. put option (see Note 6, Highlights of the Period).
- Earn-out payments in connection with the acquisition of Ingenico Payment Systems LLC and PT Ingenico International Indonesia assets (measured on the basis of discounted future cash flows or contractual agreements with the sellers of these companies, which provide the best estimate available to Group management);
- The liability for liquid investments related to the business activities of the subsidiary Tunz that do not meet the definition of cash or cash equivalents.

## 32. OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)

2013 2012

### COMMITMENTS RECEIVED

Miscellaneous guarantees	4 215	1 307
Net asset warranty of unlimited duration as part of acquisition of an 83.86% interest in Roam Data Inc. (USD 700,000).	508	531
Net asset warranty as part of Ingeserve Co. Ltd acquisition, expiring on May 21, 2015.	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
Net asset warranty as part of PT Ingenico International Indonesia acquisition (USD 4.5 million), with the following durations:		
- Tax warranties until January 2018	3 263	
- Corporate warranties of unlimited duration		
Net asset warranty as part of Ogone acquisition in a total amount of €89.3 million (not including the special warranty). The durations are as follows:	89 325	
- Tax warranties expire on December 31, 2016		
- Corporate warranties of unlimited duration		
- Other warranties expire in September 2014		
- An additional special warranty for tax losses on the acquisition of the holding company in Luxembourg, expiring on December 31, 2016.	750	

### 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 made in cash or Ingenico shares.

As part of the disposal of Fixed & Mobile Pte Ltd, 16,650 shares in the company were provided to the Group as security for its receivable and the loan granted to the acquirers. The security interest will terminate when both amounts have been paid in full.

### COMMITMENTS GIVEN

Miscellaneous guarantees	18 816	18 904
Net asset warranty as part of Sagem Denmark disposal in 2009:		
- Tax warranty valid until expiration of time limit for tax claims (May 2015)	20 254	20 254

As of December 31, 2013, the Group had the following commitments in connection with its business activities:

- Approximately €110.2 million in firm price orders placed by the Group with its manufacturers as of December 31, 2013;
- Future payments under non-cancellable operating leases.

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

(in thousands of euros)	2013	2012
Commitments given on non-cancelable leases	72 341	88 031
<b>Total</b>	<b>72 341</b>	<b>88 031</b>

The following table presents the breakdown by maturity and segment of commitments given by the Group under non-cancellable operating leases as of December 31, 2013:

<b>2013</b>							
(in thousands of euros)	Central Operations	SEPA	Asia- Pacific	North America	Latin America	EMEA	<b>Total</b>
Y+1	7 743	6 043	918	994	757	-	16 455
Y+2	6 690	3 058	479	756	194	-	11 176
Y+3	6 534	1 640	135	701	196	-	9 207
Y+4	6 248	1 184	-	3 659	166	-	11 257
Y+5 and following	23 591	469	-	19	166	-	24 245
<b>Total</b>	<b>50 807</b>	<b>12 394</b>	<b>1 533</b>	<b>6 129</b>	<b>1 479</b>	<b>-</b>	<b>72 341</b>

The following table presents the breakdown by maturity and segment of commitments given by the Group under non-cancellable operating leases as of December 31, 2012:

<b>2012</b>							
(in thousands of euros)	Central Operations	SEPA	Asia- Pacific	North America	Latin America	EMEA	<b>Total</b>
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	-	3 606	711	-	35 527
<b>Total</b>	<b>55 160</b>	<b>19 158</b>	<b>2 945</b>	<b>6 758</b>	<b>4 012</b>	<b>-</b>	<b>88 031</b>

Ingenico is entitled, in connection with its business activities, to receive future minimum rental income in respect of non-cancellable operating leases amounting to €5.9 million in 2013 and €5.1 million in 2012.

### 33. RELATED PARTY TRANSACTIONS

Total compensation and benefits paid to the Management Board in 2013 and 2012 break down as follows.

(in thousands of euros)	2013		2012	
	Amounts due for the period	Amounts paid during fiscal year	Amounts due for the period	Amounts paid during fiscal year
Fixed compensation	4 570	4 539	2 921	3 725
Variable compensation	2 975	3 128	2 671	2 157
Benefits	211	211	141	141
Free share awards (service cost recognized)	2 768	-	1 901	-
<b>Total</b>	<b>10 524</b>	<b>7 878</b>	<b>7 634</b>	<b>6 023</b>

As recommended by the AMF (*Autorité des Marchés Financiers*), the note on executive compensation has been recast in 2013 to provide disclosures that are both more detailed and more indicative of how the Company operates. Accordingly, it shows only the compensation and benefits paid to members of the Management Board, whose role is to set Group strategy, create the conditions for implementation of that strategy and ensure that objectives are met. The Management Board is chaired by the Chairman and Chief Executive Officer. As of December 31, 2013, it had fourteen members.

### 34. SUBSEQUENT EVENTS

In connection with its move in 2012 to a controlling interest in Roam Data Inc., the Group obtained a call option on all the shares still held by that company's minority shareholders. On January 20, 2014, the Group exercised its call option, acquiring all the shares and stock options held by minority shareholders as of that date.