



**INGENICO GROUP**

**Consolidated Financial  
Statements**

December 31, 2014

## I. CONSOLIDATED INCOME STATEMENTS

For the years ended December 31, 2014 and 2013

(in thousands of euros)	Notes	2014	2013
<b>REVENUE</b>	7	<b>1,607,339</b>	<b>1,370,934</b>
Cost of sales	8	(877,396)	(771,198)
<b>GROSS PROFIT</b>		<b>729,943</b>	<b>599,736</b>
Distribution and marketing costs		(157,408)	(142,584)
Research and development expenses		(114,640)	(102,342)
Administrative expenses		(166,408)	(146,450)
<b>PROFIT FROM ORDINARY ACTIVITIES</b>		<b>291,487</b>	<b>208,360</b>
Other operating income	9	567	1,024
Other operating expenses	9	(18,784)	(22,472)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>273,270</b>	<b>186,912</b>
Finance income	10	48,430	36,038
Finance expenses	10	(67,967)	(53,769)
<b>NET FINANCE COSTS</b>		<b>(19,537)</b>	<b>(17,731)</b>
Share of profits in equity-accounted investees	14	(1,379)	(176)
<b>PROFIT BEFORE INCOME TAX</b>		<b>252,354</b>	<b>169,005</b>
Income tax expense	11	(80,671)	(56,069)
<b>PROFIT FOR THE PERIOD</b>		<b>171,683</b>	<b>112,936</b>
Attributable to:			
- owners of Ingenico SA		171,652	114,074
- non-controlling interests		31	(1,138)
<b>EARNINGS PER SHARE(in euros)</b>	23		
<b>Net earnings:</b>			
- basic earnings per share		<b>3.16</b>	<b>2.17</b>
- diluted earnings per share		<b>2.94</b>	<b>2.07</b>

## II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2014 and 2013

(in thousands of euros)	Notes	2014	2013
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO INGENICO SA SHAREHOLDERS</b>		<b>171,652</b>	<b>114,074</b>
Translation differences		35,165	(27,797)
Remeasurement of derivative hedging instruments at fair value <sup>(1)</sup>		2,910	2,776
Actuarial gains/(losses) on defined benefit plans	26	(6,518)	(315)
Share of gains/(losses) of equity-accounted investees		-	-
Income tax on gains/(losses) accounted in other comprehensive income <sup>(2)</sup>		643	(757)
<b>TOTAL GAINS/LOSSES ACCOUNTED IN OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO INGENICO SA SHAREHOLDERS <sup>(3)</sup></b>		<b>32,200</b>	<b>(26,093)</b>
Total comprehensive income attributable to Ingenico SA shareholders		203,852	87,981
Total comprehensive income attributable to non-controlling interests		31	(1,138)
Translation differences attributable to non-controlling interests		208	(21)
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>204,091</b>	<b>86,822</b>

### 2014:

<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> Breakdown of income tax recognized in "Other comprehensive income":

- taxes on translation differences: (€11,000)
- taxes on gains or losses on hedging instruments: (€1,002,000)
- taxes on actuarial gains or losses on defined benefits plans: €1,658,000

<sup>(3)</sup> All items recognized in "Other comprehensive income", except for actuarial gains or losses, will subsequently be recycled to the consolidated income statement.

### 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> Breakdown of income tax recognized in "Other comprehensive income":

- 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>(3)</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, 2014 and 2013

<b>ASSETS</b>			
(in thousands of euros)	<b>Notes</b>	<b>2014</b>	<b>2013</b>
<b>NON-CURRENT ASSETS</b>			
Goodwill	12	1,342,759	849,321
Other intangible assets	12	544,553	179,538
Property, plant and equipment	13	51,711	39,201
Investments in equity-accounted investees	14	13,927	14,366
Financial assets	15	6,938	8,902
Deferred tax assets	11	40,812	34,123
Other non-current assets	16	27,616	24,650
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,028,316</b>	<b>1,150,101</b>
<b>CURRENT ASSETS</b>			
Inventories	17	118,131	101,983
Trade and related receivables	18	426,473	348,510
Receivables related to intermediation activities	32	1,943	-
Other current assets	20	35,155	30,240
Current tax receivables	20	9,319	6,771
Derivative financial instruments	25	10,933	1,236
Funds related to intermediation activities	32	308,225	-
Cash and cash equivalents	24	426,393	352,107
Assets classified as held for sale	21	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>1,336,572</b>	<b>840,847</b>
<b>TOTAL ASSETS</b>		<b>3,364,888</b>	<b>1,990,948</b>

<b>EQUITY AND LIABILITIES</b>			
(in thousands of euros)		<b>2014</b>	<b>2013</b>
Share capital		57,437	53,086
Share premium account		575,227	425,783
Retained earnings and other reserves		416,971	297,556
Translation reserve		24,204	(10,947)
<b>EQUITY FOR THE PERIOD ATTRIBUTABLE TO INGENICO SA SHAREHOLDERS</b>	22	<b>1,073,839</b>	<b>765,478</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>2,100</b>	<b>1,216</b>
<b>TOTAL EQUITY</b>		<b>1,075,939</b>	<b>766,694</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans and borrowings	24	1,036,124	560,426
Provisions for retirement benefit obligations	26	18,104	11,423
Other provisions	27	24,986	15,552
Deferred tax liabilities	11	118,938	48,507
Other non-current liabilities	28	36,084	24,568
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,234,236</b>	<b>660,476</b>
<b>CURRENT LIABILITIES</b>			
Short-term loans and borrowings	24	154,460	88,062
Other provisions	27	18,251	15,018
Trade and related payables	29	413,498	327,859
Payables related to intermediation activities	32	310,168	-
Other current liabilities	31	126,214	110,509
Current tax liabilities	30	28,521	17,887
Derivative financial instruments	25	3,601	4,443
Liabilities classified as held for sale	21	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,054,713</b>	<b>563,778</b>
<b>TOTAL LIABILITIES</b>		<b>2,288,949</b>	<b>1,224,254</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,364,888</b>	<b>1,990,948</b>

#### IV. CONSOLIDATED CASH FLOW STATEMENTS

For the years ended December 31, 2014 and 2013

(in thousands of euros)	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	171,683	112,936
Adjustments for:		
- Share of profit of equity-accounted investees	1,379	176
- Income tax expense/(income)	80,671	56,069
- Depreciation, amortization and provisions	78,813	71,306
- Change in fair value	4,425	2,834
- Gains/(losses) on disposal of assets	525	1,688
- Net interest costs/(revenue)	15,419	17,456
Share-based payment expense (*)	10,463	6,730
Interest paid	(16,044)	(16,328)
Income tax paid	(92,527)	(81,905)
<b>CASH FLOWS OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL</b>	<b>254,807</b>	<b>170,962</b>
Change in working capital		
Inventories	(9,915)	(5,385)
Trade and other receivables	(27,583)	(37,207)
Trade and other payables	77,419	80,758
<b>CHANGE IN NET WORKING CAPITAL</b>	<b>39,921</b>	<b>38,166</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>294,728</b>	<b>209,128</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of tangible and intangible fixed assets	(51,714)	(40,170)
Proceeds from sale of tangible and intangible fixed assets	626	678
Acquisition of subsidiaries, net of cash acquired	(799,991)	(368,487)
Disposal of subsidiaries, net of cash disposed of	5,644	9,191
Loans and advances granted and other financial assets	(1,120)	(2,117)
Loan repayments received	3,469	1,694
Interest received	10,154	7,230
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(832,932)</b>	<b>(391,981)</b>

(in thousands of euros)	2014	2013
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share capital issues	101	362
Purchase/(sale) of treasury shares	517	(709)
Proceeds from loans and borrowings	1,041,350	274,850
Repayment of loans and borrowings	(386,486)	(108,364)
Change in the Group's ownership interests in controlled entities	(14,797)	(3,151)
Changes in other financial liabilities	(5,416)	1,775
Changes in the fair value of hedging instruments	-	179
Dividends paid to shareholders	(19,796)	(12,472)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>615,473</b>	<b>152,470</b>
Effect of exchange rate fluctuations	5,401	(11,331)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>82,670</b>	<b>(41,714)</b>
Cash and cash equivalents at beginning of the year	329,116	370,830
Cash and cash equivalents at year end <sup>(1)</sup>	411,786	329,116

	2014	2013
<b>(1) CASH AND CASH EQUIVALENTS</b>		
Short-term investments and short-term deposits (only portion classified as cash)	67,075	87,024
Cash on hand	359,318	265,083
Bank overdrafts (included in short-term borrowings)	(14,607)	(22,991)
<b>TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>	<b>411,786</b>	<b>329,116</b>

Funds collected in connection with intermediation activities are not included in the cash flow statement (see Note 2, Accounting principles and methods).

\*Share-based payment expense of €10.5 million, including €4.4 million paid in equity instruments and €61 million paid in cash.

## V. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2014 and 2013

(in thousands of euros)	Share capital	Issue and contribution premiums	Translation differences	Effective portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total equity attributable to Ingenico SA shareholders	Non-controlling interests	Total equity
<b>Balance at January 1, 2013</b>	<b>52,488</b>	<b>402,431</b>	<b>16,956</b>	<b>(3,829)</b>	<b>(5,900)</b>	<b>227,206</b>	<b>689,354</b>	<b>(706)</b>	<b>688,648</b>
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>			<b>(27,797)</b>	<b>1,820</b>		<b>113,958</b>	<b>87,981</b>	<b>(1,159)</b>	<b>86,822</b>
Dividends paid to shareholders <sup>(1)</sup>						(12,771)	(12,771)		(12,771)
Stock dividends paid to shareholders <sup>(2)</sup>	582	23,186				(23,768)			
Treasury shares <sup>(3)</sup>					(1,267)	366	(901)		(901)
Share-based payments and exercise of stock options <sup>(4)</sup>	16	166				6,699	6,879	168	7,047
Remeasurement effect of put options <sup>(5)</sup>						(2,301)	(2,301)	(176)	(2,477)
Dilutions <sup>(6)</sup>			(119)			(1,547)	(1,666)	1,666	
Accretions <sup>(7)</sup>			13			(1,436)	(1,423)	1,423	
Other						326	326		326
<b>Balance at December 31, 2013</b>	<b>53,086</b>	<b>425,783</b>	<b>(10,947)</b>	<b>(2,009)</b>	<b>(7,167)</b>	<b>306,732</b>	<b>765,478</b>	<b>1,216</b>	<b>766,694</b>
Profit for the period						171,652	171,652	31	171,683
Other comprehensive income			35,165	1,908		(4,873)	32,200	208	32,408
<b>Total comprehensive income for the period</b>			<b>35,165</b>	<b>1,908</b>		<b>166,779</b>	<b>203,852</b>	<b>239</b>	<b>204,091</b>
Dividends paid to shareholders <sup>(1)</sup>						(19,538)	(19,538)	(183)	(19,721)
Stock dividends paid to shareholders <sup>(2)</sup>	398	22,289				(22,687)	-		-
Treasury shares <sup>(3)</sup>						339	339		339
Share-based payments and exercise of stock options <sup>(4)</sup>	398	(398)				4,432	4,432	111	4,543
Remeasurement effect of put options <sup>(5)</sup>						(6,586)	(6,586)	714	(5,872)
Dilutions						(6)	(6)	3	(3)
Conversions of OCEANES <sup>(6)</sup>	3,555	127,553				(5,491)	125,617		125,617
Other			(14)			265	251		251
<b>Balance at December 31, 2014</b>	<b>57,437</b>	<b>575,227</b>	<b>24,204</b>	<b>(101)</b>	<b>(7,167)</b>	<b>424,238</b>	<b>1,073,839</b>	<b>2,100</b>	<b>1,075,939</b>



2014:

<sup>(1)</sup> Cash dividend of €0.80 per share paid on June 11, 2014.

<sup>(2)</sup> Stock dividends financed through incorporation of reserves into share capital and issuance of 398,304 new shares.

<sup>(3)</sup> As of December 31, 2014, the company held 280,794 treasury shares bought back by virtue of authorizations granted at Shareholders' Meetings.

<sup>(4)</sup> 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 reduction in issue and contribution premiums reflects the issuance of new shares to meet obligations to beneficiaries of free share award plans that expired in 2014.

<sup>(5)</sup> Remeasurement of put options on Roam Data Inc. and Ingenico Holdings Asia Ltd. N.B.: These put options were for the remaining 1.16 percent non-controlling interests in Ingenico Holdings Asia Ltd.

<sup>(6)</sup> Conversion of 3,501,821 Ingenico 2011/2017 OCEANE bonds to 3,554,336 shares.

2013:

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

<sup>(2)</sup> Stock dividends financed through incorporation of reserves into share capital and issuance of 581,967 new shares.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> 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").

<sup>(6)</sup> 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.

<sup>(7)</sup> 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.

Index for the Notes to the Consolidated Financial Statements

1.	<b>THE GROUP</b>	10
2.	<b>ACCOUNTING PRINCIPLES AND METHODS</b>	10
3.	<b>FINANCIAL ASSETS AND LIABILITIES CLASSIFIED BY ACCOUNTING CATEGORY</b>	23
4.	<b>FINANCIAL RISK MANAGEMENT</b>	26
5.	<b>CONSOLIDATION SCOPE</b>	33
6.	<b>HIGHLIGHTS OF THE PERIOD</b>	36
7.	<b>SEGMENT REPORTING</b>	37
8.	<b>COSTS AND EXPENSES BY NATURE</b>	41
9.	<b>OTHER OPERATING INCOME AND EXPENSES</b>	42
10.	<b>NET FINANCE COSTS</b>	43
11.	<b>INCOME TAX</b>	44
12.	<b>GOODWILL AND OTHER INTANGIBLE ASSETS</b>	48
13.	<b>PROPERTY, PLANT AND EQUIPMENT</b>	58
14.	<b>INVESTMENTS IN EQUITY-ACCOUNTED INVESTEEES</b>	60
15.	<b>FINANCIAL ASSETS</b>	61
16.	<b>OTHER NON-CURRENT ASSETS</b>	61
17.	<b>INVENTORIES</b>	61
18.	<b>TRADE AND RELATED RECEIVABLES</b>	62
19.	<b>RECONCILIATION OF WORKING CAPITAL ITEMS PRESENTED IN THE BALANCE SHEET AND THE CASH FLOW STATEMENT</b>	63
20.	<b>CURRENT TAX RECEIVABLES AND OTHER CURRENT ASSETS</b>	65
21.	<b>ASSETS HELD FOR SALE AND LIABILITIES IN DISPOSAL GROUPS</b>	65
22.	<b>TOTAL EQUITY</b>	65
23.	<b>EARNINGS PER SHARE</b>	69
24.	<b>NET DEBT</b>	70
25.	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	76
26.	<b>PROVISIONS FOR RETIREMENT BENEFIT OBLIGATIONS</b>	79
27.	<b>OTHER PROVISIONS</b>	85
28.	<b>OTHER NON-CURRENT LIABILITIES</b>	87
29.	<b>TRADE PAYABLES AND RELATED ACCOUNTS</b>	87
30.	<b>CURRENT TAX PAYABLE</b>	88
31.	<b>OTHER CURRENT LIABILITIES</b>	88
32.	<b>FUNDS, RECEIVABLES AND PAYABLES RELATED TO INTERMEDIATION ACTIVITIES</b>	89
33.	<b>OFF-BALANCE SHEET COMMITMENTS</b>	90
34.	<b>RELATED PARTY TRANSACTIONS</b>	92
35.	<b>SUBSEQUENT EVENTS</b>	93
36.	<b>PRO FORMA FINANCIAL INFORMATION</b>	94

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. THE GROUP

These Consolidated Financial Statements present the operations and financial position of Ingenico SA (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 SA 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 SA 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 approved by the Board of Directors on February 18, 2015. They were submitted for approval to the shareholders at their ordinary Shareholders’ Meeting of May 6, 2015.

### 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, 2014 were drawn up in accordance with the 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, 2014. 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, 2014 and which concern the Group are as follows:

- IFRS 10, Consolidated Financial Statements;
- IFRS 11, Joint Arrangements;
- IFRS 12, Disclosures of Interests in Other Entities;
- Amendments to transition guidance in IFRS 10, 11 and 12;
- The amendments to IAS 27, Separate Financial Statements, and IAS 28, Investments in Associates and Joint Ventures, further to the issue of IFRS 10, 11 and 12;
- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment Entities;
- Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities;
- Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets;
- Amendments to IAS 39, Novation of OTC Derivatives and Continuing Designation for Hedge Accounting;

During the period, the Group applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (revised in 2011) as well as the amendments to IFRS 10, IFRS 11 and IFRS 12 concerning transition arrangements. IAS 27 (revised in 2011) does not apply to the Group as it concerns only separate financial statements. The adoption of these standards did not result in any changes to the accounting methods of subsidiaries and associates.

In preparing these Consolidated Financial Statements, the Group did not apply in advance any standards, amendments or interpretations that have been adopted by the IASB or the IFRIC (International Financial Reporting Interpretations Committee) and the European Union as of December 31, 2014, but which are not yet mandatory. These concern:

- IFRIC 21, Taxes;
- Annual Improvements 2010-2012;
- Annual Improvements 2011-2013;
- Amendments to IAS 19, Employee Contributions to Defined Benefit Plans.

The adoption of IFRIC 21 is expected to have little significant impact on the consolidated financial statements.

The adoption of the other amendments to the standards is not expected to have a significant impact on the consolidated financial statements.

#### Basis of preparation

The Consolidated 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 of which the Group has taken 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. These estimates take into account economic information which may change in the future and which is uncertain. These estimates involve, in particular, 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. The Group controls an entity when it has power over that entity, is exposed to variable benefits from that entity and, due to its power over that entity, has the ability to influence the benefits that it draws from it.

The Group takes account of substantial voting rights in assessing control, i.e., rights that are currently exercisable or exercisable at the time that decisions on relevant business are taken.

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 which grants it rights to its net assets. The Group recognizes such interests using the equity method. 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.

## **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 ordinary 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 value. 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 closing rate. Income and expenses of foreign operations are translated into euros at the average rates for the period, except in cases of major fluctuations. Exchange differences resulting from conversions are recognized in other comprehensive income and accumulated in the reserves.

The translation rates for the main currencies used by the Group in 2014 and 2013 are as follows:

<b>Closing rate</b>	<b>2014</b>	<b>2013</b>
U.S. dollar	1.2141	1.3791
Canadian dollar	1.4063	1.4671
Australian dollar	1.4829	1.5423
British pound	0.7789	0.8337
Brazilian real	3.2207	3.2576
Chinese yuan	7.5358	8.3491
<b>Average rate</b>	<b>2014</b>	<b>2013</b>
U.S. dollar	1.3288	1.3282
Canadian dollar	1.4669	1.3685
Australian dollar	1.4724	1.3770
British pound	0.8064	0.8493
Brazilian real	3.1228	2.8669
Chinese yuan	8.1883	8.1655

## **Business combination**

### **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 using 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 difference between the cost of the business combination (the consideration paid for the shares, plus any costs directly attributable to the acquisition and share purchase commitments) and 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 under "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 income and 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 non-financial 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 acquisitions of non-controlling interests**

According to the revised IAS 27 standard, acquisitions of non-controlling interests are recognized as transactions with shareholders 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 SA shareholders". The unwinding of the discount to that liability and the effect of any changes in estimates are recognized in "Equity attributable to Ingenico SA shareholders", whereas for business combinations effected prior to January 2010, they are recognized in "Financial expenses" 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 non-controlling interests.

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 non-financial assets". Other intangible assets are amortized from the date they are available for use.

The estimated useful lives are as follows:

- Capitalized development costs ..... 3–10 years;
- License ..... 3 years\*;
- Customer relationships ..... 5–20 years;
- Other intangible assets ..... 5 years\*.

\* or contractual term

#### **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 operating activities - 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 in "Net finance costs" 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 if the carrying amount exceeds the net realizable value.

#### **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 "Other comprehensive income" 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, which 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.

#### **Funds, receivables and payables related to intermediation activities**

As part of its online payment services, the Group provides intermediation between consumers, credit card issuers, and merchants. Funds held on behalf of merchants, receivables against credit card issuers, and receivables and payables to merchants reflect the various stages and circumstances of the process whereby a consumer pays a merchant.

Funds held on behalf of merchants correspond to the cash surpluses that the Group holds when the amounts received, from credit card issuers or consumers in respect of purchases made, precede the obligation to pay the merchants. The changes in cash positions connected with these funds are excluded from the cash flow statement, thus permitting a clearer understanding of the Group's own cash flows (see Cash flow statement below).

Receivables related to intermediation activities comprise mainly:

- Group receivables against credit card issuers, in connection with transactions conducted on behalf of merchants but not yet settled,
- Group receivables against merchants in connection with advances made on unsettled transactions and transactions repayable to consumers.

Liabilities related to intermediation activities comprise mainly:

- Liabilities in connection with transactions for which the funds paid by credit card issuers or consumers have not yet been transferred to the merchants,
- Liabilities in connection with deposits made by merchants at the start of, or during, the client relationship with the Group.



### **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 share 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 another asset can be reversed if its recoverable value rises above its net carrying amount once again.

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).

Debt and equity at the end of the period reflect actual conversions of OCEANE bonds rather than conversion requests made during the period. In contrast, the accrued interest, recognized at the end of the period, reflects conversion requests made during the period, as these bonds will not bear interest.

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 when selling an asset or paid when transferring 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 hedging derivatives. 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 hedging 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 or principal 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 hedging 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 financial income and expenses".

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

If a derivative financial instrument is used to hedge 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 hedging 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 financial income and expenses".

## **Employee benefits**

### **Defined contribution plans**

Payments to defined contribution plans are expensed as incurred.

### **Defined benefits plans**

The Group's net obligation in respect of defined benefits 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 high-quality corporate 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, in accordance with the revised IAS 19 standard. To determine the return on plan assets, the Group uses the rate applied to determine the discounted present value of the obligation.

#### **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 high-quality corporate 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 share award plans granted is measured using standard measurement techniques which are adapted to the specific characteristics of each plan, with reference to the terms and conditions 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 for the portion corresponding to internal performance conditions.

The fair value of employees' share appreciation rights, which are settled in cash, is recognized in expenses as a counterparty to the increase in liabilities, over the course of the period in which the rights are vested. The liability is measured on every reporting date as well as on the settlement date at the fair value of the share appreciation rights. Any change in liability is recognized in "Profit for the period".

#### **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 goods 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.

### **Income**

#### **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 (where the Group is the lessor), revenue is recognized when the significant risks and rewards of ownership of the goods 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 in profit or loss by reference to the stage of completion of the contract activity. 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 based on their fair value.

## **Expenses**

### **Operating lease payments**

Operating lease payments (where the Group is the lessee) 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 financial expense and the reduction of the outstanding liability. The financial expense 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 interest expense**

Net interest expense includes 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, net**

Other financial income and expenses mainly consist of remeasurements of financial instruments (other than hedging 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 carried forward 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 it 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 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).

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 IFRIC definition of an income tax covered by IAS 12: in that it is calculated on a net amount of revenue and expense, which may be different from the amount shown in "Profit for the period";
- in order to ensure consistency with the treatment of similar foreign taxes.

### **Cash flow statement**

The presentation of the Group's cash flow statement excludes funds held by the Group on behalf of merchants as part of its online payment services. Such funds correspond to cash surpluses that the Group holds on behalf of merchants when the amounts received from credit card issuers or consumers precede the obligation to pay the merchants.

These funds cannot be used by the Group to finance its own cash requirements. Funds held on behalf of merchants are also subject to large periodic fluctuations depending on the day of the week on which the period ends. The cash flows relating to these funds are therefore not included in the Group's cash flow statement, resulting in a better representation of the nature and substance of these transactions and an improved understanding of the Group's independent cash flows (see Note 4.1 "Liquidity and counterparty Risk").

### **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.

The Regions and Central Operations profit centers have detailed performance measurements that allow for segment reporting.

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 resulting from the classification of an asset as held for sale are recognized in profit and loss. Gains and losses arising from subsequent measurements are treated the same way. 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 SA 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 SA 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)	2014						
	Assets & liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities at amortized cost	Assets & liabilities measured at fair value through equity	Derivative financial instruments designated for future cash flow hedges	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	6,938	-	-	-	6,938	6,938
Trade and other current receivables	-	419,575	-	-	-	419,575	419,575
Derivative financial instruments	10,841	-	-	-	92	10,933	10,933
Receivables related to intermediation activities	-	1,943	-	-	-	1,943	1,943
Other non-current assets	-	25,419	-	-	-	25,419	25,419
Funds related to intermediation activities	308,225					308,225	308,225
Cash and cash equivalents	426,393		-	-	-	426,393	426,393
<b>Total financial assets</b>	<b>745,459</b>	<b>453,875</b>	<b>-</b>	<b>-</b>	<b>92</b>	<b>1,199,426</b>	<b>1,199,426</b>
Convertible bond issue (OCEANE) (1)	-	-	111,628	-	-	111,628	279,561
Bond issue	-	-	456,702	-	-	456,702	468,360
Long-term loans	-	-	579,422	-	-	579,422	579,422
Other non-current liabilities	-	-	25,679	6,065	-	31,744	31,744
Short-term borrowings	-	-	42,832	-	-	42,832	42,832
Trade payables and other current liabilities	3,653	-	407,008	-	-	410,661	410,661
Payables related to intermediation activities	-	-	310,168	-	-	310,168	310,168
Derivative financial instruments	3,354	-	-	-	247	3,601	3,601
<b>Total financial liabilities</b>	<b>7,007</b>	<b>-</b>	<b>1,933,439</b>	<b>6,065</b>	<b>247</b>	<b>1,946,758</b>	<b>2,126,349</b>

<sup>(1)</sup>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)	2013						
	Assets & liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities at amortized cost	Assets & liabilities measured at fair value through equity	Derivative financial instruments designated for future cash flow hedges	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	352,107	-	-	-	-	352,107	352,106
<b>Total financial assets</b>	<b>352,639</b>	<b>379,486</b>	<b>-</b>	<b>-</b>	<b>704</b>	<b>732,829</b>	<b>732,829</b>
Convertible bond issue (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	5,072	-	323,901	10,513	-	339,486	339,486
Derivative financial instruments	674	-	-	-	3,769	4,443	4,443
<b>Total financial liabilities</b>	<b>5,746</b>	<b>-</b>	<b>993,287</b>	<b>13,928</b>	<b>3,769</b>	<b>1,016,730</b>	<b>1,198,019</b>

<sup>(1)</sup>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.

The asset and liability categories carried at fair value subsequent to their initial 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 market prices for similar assets and liabilities, or indirectly, by reference to inputs derived from quoted markets prices (Level 2);
- valuation techniques based on unobservable inputs are used (Level 3).

These assets and liabilities can correspond to any of the three levels of fair value set out below for 2014 and 2013.

The Group did not make any transfers between levels from 2013 to 2014.

	2014			
	Total	Level 1	Level 2	Level 3
Financial assets	6,938	-	6,938	-
Derivative financial instruments (1)	10,933	-	10,933	-
Funds related to intermediation activities	308,225	308,225		
Cash and cash equivalents	426,393	426,393	-	-
<b>Total financial assets</b>	<b>752,489</b>	<b>734,618</b>	<b>17,871</b>	<b>-</b>
Convertible bond issue (OCEANE)	279,561	279,561	-	-
Bond issue	468,360	468,360	-	-
Long-term loans	579,422	-	579,422	-
Other non-current liabilities	6,065	-	-	6,065
Short-term borrowings	42,832	-	42,832	-
Other current liabilities	3,653	-		3,653
Derivative financial instruments (1)	3,601	-	3,601	-
<b>Total financial liabilities</b>	<b>1,383,494</b>	<b>747,921</b>	<b>625,855</b>	<b>9,718</b>

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

	2013			
	Total	Level 1	Level 2	Level 3
Financial assets	8,902	-	8,902	-
Derivative financial instruments (1)	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>
Convertible bond issue (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	15,585	-	-	15,585
Derivative financial instruments (1)	4,443	-	4,443	-
<b>Total financial liabilities</b>	<b>853,220</b>	<b>408,387</b>	<b>425,833</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.

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 Level 3 non-current liabilities include a liability in relation to the non-controlling shareholder of Ingenico Holdings Asia Ltd. The latter holds 1.16 percent of this entity's share capital and a put option on all of their shares. This liability has been recognized at fair value.

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.

Other Level 3 current liabilities in 2013 include the Group's liability for a put option held by Mr. Will Graylin, a minority shareholder of Roam Data Inc., measured based on expert reports (see Note 6, "Highlights of the period").

## 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, 2014**

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, 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, 2014 was as follows:

in thousands of euros)	2014	2013
Cash and cash equivalents	426,393	352,107
Funds related to intermediation activities	308,225	
Financial assets	6,938	8,902
Trade receivables on the sales of goods and services	381,244	300,134
Finance lease receivables	46,480	40,116
Other operating receivables	14,790	12,783
Receivables related to intermediation activities	1,943	-
Other current assets	2,312	17,414
Other non-current assets	168	137
Derivative financial instruments (assets)	10,933	1,236
<b>Total</b>	<b>1,199,426</b>	<b>732,829</b>

To manage counterparty risk with respect to trade receivables, an impairment loss may be recognized for the entire amount or for a part of the amount of said receivables, 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 any receivables it considers fully or partially uncollectible. To protect against credit risk and reduce its exposure to non-payment, the Group determines the credit risk for each customer, and fixes specific credit limits and payment terms. 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 their impairment 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. The Group has 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.

Lastly, as part of its online payment services, the Group, primarily through Global Collect Services, which was acquired in 2014 (see Note 6, "Highlights of the period"), and Ingenico Payment Services GmbH, provides intermediation services between buyers, credit card issuers, and merchants. Funds held on behalf of merchants correspond to the cash surpluses that the Group holds when the amounts received from credit card issuers in respect of purchases made precede the obligation to pay the merchants. Deposits are also made by merchants at the start, or during the course, of the client relationship with the Group.

At Global Collect Services, all funds received on behalf of merchants or entrusted to the Group are isolated in a Dutch foundation that ring-fences them and protects buyers from any insolvency of Global Collect Services. Through this mechanism, registered and supervised by the Dutch central bank, the funds may not, under any circumstances, be distributed to founders and are only available for payment to merchants, after being invested if possible in zero- or low-risk financial products for which there is contractual accrual of interest to the Group.

It should also be noted that, on the one hand, the payment cycle for these activities is short term, as credit card issuers or consumers remit funds to the Group and the Group pays merchants within a period of no more than two weeks, and that on the other hand, almost all amounts are collected from credit card issuers and consumers prior to the obligation to pay merchants, which thus entails the recognition of funds collected as assets (receivables associated with intermediation activities and funds associated with intermediation activities), counterbalanced by an equivalent debt included in liabilities (payables associated with intermediation activities) (see Note 32, Funds, receivables and payables associated with intermediation activities).

#### **Financial liabilities as of December 31, 2014**

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

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 financing 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 unused bilateral loan facilities totaling €31.5 million;
- had net debt of €764.2 million as of December 31, 2014 and debt ratios low enough to keep its borrowing capacity unchanged.

The maturities of the Group's financial liabilities as of December 31, 2014 were as follows:

(in thousands of euros)	2014				
	Carrying amount	Contractual cash flow	Less than 1 year	1 to 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Convertible bond issue	111,628	243	243	-	-
Bond issue	456,702	528,750	11,250	45,000	472,500
Bank borrowings	595,384	635,430	28,061	607,368	-
Finance lease obligations	1,578	1,578	751	827	-
Bank overdrafts	14,608	14,608	14,608	-	-
Other financial liabilities	4,732	4,732	1,521	3,211	-
Accrued interests	5,953	5,953	5,953		
Trade payables and other current liabilities	410,661	410,661	410,661	-	-
Payables related to intermediation activities	310,168	310,168	310,168	-	-
Other non-current liabilities	31,744	31,744	-	31,744	-
<b>Total</b>	<b>1,943,158</b>	<b>1,943,867</b>	<b>783,216</b>	<b>688,150</b>	<b>472,500</b>
<b>Derivative financial liabilities</b>					
Exchange rate instruments	1,628	1,628	1,628	-	-
Interest rate instruments	1,973	1,973	1,973	-	-
<b>Total</b>	<b>3,601</b>	<b>3,601</b>	<b>3,601</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, 2013 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>

#### 4.2 Market risk

##### Foreign exchange risk

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

	2014				
(in thousands of foreign currencies)	U.S. dollar	British pound	Yen	Canadian dollar	Australian dollar
Trade receivables	174,994	29,570	13,477	10,448	15,458
Trade payables	(177,804)	(16,571)	(534)	(11,999)	(4,329)
<b>Gross balance sheet exposure</b>	<b>(2,810)</b>	<b>12,999</b>	<b>12,943</b>	<b>(1,551)</b>	<b>11,129</b>
Estimated forecast sales	395,492	56,783	555,000	41,524	27,976
Estimated forecast purchases	(342,031)	(23,750)	-	-	-
<b>Gross exposure</b>	<b>50,651</b>	<b>46,032</b>	<b>567,943</b>	<b>39,973</b>	<b>39,105</b>
Foreign exchange derivative instruments					
Forward purchases	26,300	-	-	463	-
Forward sales	(4,791)	(19,146)	(555,000)	(14,600)	(2,297)
Options	-	-	-	-	-
<b>Net exposure</b>	<b>72,160</b>	<b>26,886</b>	<b>12,943</b>	<b>25,836</b>	<b>36,808</b>

	2013				
(in thousands of foreign currencies)	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>

**Sensitivity to foreign exchange risk**

			<b>2014</b>	
	<b>Impact on profit or loss</b>	<b>Impact on reserves of change in fair value</b>	<b>Impact on profit or loss</b>	<b>Impact on reserves of change in fair value</b>
(in thousands of euros)	10% appreciation of the euro		10% appreciation of foreign currency	
Trade receivables	(18,185)	-	22,226	-
Trade payables	16,289	-	(19,908)	-
Derivative financial instruments	525	(2,730)	(186)	2,424
<b>Total</b>	<b>(1,371)</b>	<b>(2,730)</b>	<b>2,132</b>	<b>2,424</b>

			<b>2013</b>	
	<b>Impact on profit or loss</b>	<b>Impact on reserves of change in fair value</b>	<b>Impact on profit or loss</b>	<b>Impact on reserves of change in fair value</b>
(in thousands of euros)	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>

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 hedging instruments. It also shows how those changes would impact the balance sheet and income statement.

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

	<b>2014</b>				
(in thousands of euros)		<b>Trade receivables</b>	<b>Trade payables</b>	<b>Derivative financial instruments</b>	<b>Total</b>
Impact on profit or loss of 10% appreciation of the euro	<b>USD</b>	(13,103)	13,314	2,145	2,356
	<b>GBP</b>	(3,451)	1,934	(1,119)	(2,636)
	<b>JPY</b>	(8)	-	6	(2)
	<b>CAD</b>	(675)	776	(403)	(302)
	<b>AUD</b>	(948)	265	(104)	(787)
	<b>Sub-total</b>	<b>(18,185)</b>	<b>16,289</b>	<b>525</b>	<b>(1,371)</b>
Impact on profit or loss of 10% depreciation of the euro	<b>USD</b>	16,015	(16,272)	(1,398)	(1,655)
	<b>GBP</b>	4,218	(2,364)	578	2,432
	<b>JPY</b>	10	-	6	16
	<b>CAD</b>	825	(948)	423	300
	<b>AUD</b>	1,158	(324)	205	1,039
	<b>Sub-total</b>	<b>22,226</b>	<b>(19,908)</b>	<b>(186)</b>	<b>2,132</b>



	2013				
(in thousands of euros)		Trade receivables	Trade payables	Derivative financial instruments	Total
Impact on profit or loss of 10% appreciation of the euro	USD	(8,105)	9,120	703	1,718
	GBP	(2,144)	1,274	(306)	(1,176)
	CAD	(1,395)	979	(342)	(758)
	AUD	(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 profit or loss of 10% depreciation of the euro	USD	9,906	(11,147)	(1,765)	(3,006)
	GBP	2,620	(1,557)	262	1,325
	CAD	1,706	(1,197)	569	1,078
	AUD	1,374	(482)	325	1,217
	<b>Sub-total</b>	<b>15,606</b>	<b>(14,383)</b>	<b>(609)</b>	<b>614</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 are the main instruments used.

During the year, the Group put in place an interest rate swap for 50 percent of the nominal value of the bond issued in 2014, or €225 million, with a 7-year life. This swap turns the Group's fixed-rate exposure into variable-rate exposure.

(in thousands of euros)	2014	2013
<b>Fixed-rate instruments</b>		
Convertible bond issue	111,628	227,098
Bond issue	456,702	-
Bank borrowings	-	156,457
Other	6,310	9,997
<b>Fixed-rate financial liabilities</b>	<b>574,640</b>	<b>393,552</b>
<b>Variable-rate instruments</b>		
Cash and cash equivalents	426,393	352,107
Funds related to intermediation activities	308,225	
Financial assets	6,938	8,902
Trade receivables on the sales of goods and services	381,244	300,134
Finance lease receivables	46,480	40,116
Trade receivables	14,790	12,783
Receivables related to intermediation activities	1,943	-
Other current assets	2,312	17,414
Other non-current assets	168	137
Derivative financial instruments (assets)	10,933	1,236
<b>Variable-rate financial assets</b>	<b>1,199,426</b>	<b>732,829</b>
Bank borrowings, finance leases, short-term borrowings	613,592	248,056
Payables related to intermediation activities	310,168	
<b>Variable-rate financial liabilities</b>	<b>923,760</b>	<b>248,056</b>
<b>Accrued interest on bank borrowings</b>	<b>5,953</b>	<b>6,880</b>

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

An increase of +50 basis points in the 1-month and 3-month Euribor would have reduced profit by €1.7 million and had an immaterial impact on equity.

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 or loss for the period as of December 31, 2014.

## **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	Consolidation method
			Ingenico SA	
<b>PARENT COMPANY</b>				
<b>INGENICO SA</b>	Paris	France		
<b>CONSOLIDATED SUBSIDIARIES</b>				
<b>DI Deutsche Ingenico Holding GmbH</b>	Ratingen <i>As well as the wholly owned subsidiaries Ingenico Payment Services GmbH, Credit &amp; Collections Service GmbH and Ingenico Marketing Solutions GmbH.</i>	Germany	100%	FC
<b>Ingenico GmbH</b>	Ratingen	Germany	100%	FC
<b>Ingenico Healthcare GmbH</b>	Flintbek	Germany	100%	FC
<b>Ingenico International (Pacific) Pty Ltd</b>	Warriewood	Australia	100%	FC
<b>Ingenico e-Commerce Solutions SPRL</b>	Woluwe-Saint-Lambert (Brussels) <i>As well as its wholly owned subsidiaries in Austria, Switzerland, Germany, the United States and United Kingdom, and its 99.99% owned subsidiary in India</i>	Belgium	100%	FC
<b>GCS Holding BV</b>	Hoofddorp <i>As well as its wholly owned subsidiaries</i>	Netherlands	100%	FC
<b>Global Collect BV</b>	Hoofddorp <i>As well as its wholly owned subsidiaries</i>	Netherlands	100%	FC
<b>Ingenico e-Commerce Solutions BV</b>	Amsterdam	Netherlands	100%	FC
<b>Ingenico Financial Solutions SA</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 and Chile</i>	Brazil	100%	FC
<b>Ingenico Iberia, S.L.</b>	Madrid <i>As well as its 99.99%* owned subsidiary in Spain</i>	Spain	100%	FC
<b>Ingenico (Latin America) Inc.</b>	Miami, Florida <i>As well as its 99.99%* owned subsidiary in Mexico</i>	U.S.	100%	FC
<b>Ingenico Corp.</b>	Wilmington, Delaware <i>As well as its wholly owned American and Canadian subsidiaries</i>	U.S.	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

Corporate name	Location	Country	% interest Ingenico SA	Consolidation method
<b>Ingenico Ventures SAS</b>	Paris <i>As well as its wholly owned American subsidiary Roam Data</i>	France	100%	FC
<b>Ingenico e-Commerce Solutions SAS</b>	Paris	France	100%	FC
<b>Ingenico (UK) Ltd.</b>	Dalgety Bay, Dunfermline <i>As well as its wholly owned subsidiaries in Ireland and the United Kingdom</i>	Great Britain	100%	FC
<b>Ingenico Holdings Asia II Limited</b>	Wanchai <i>As well as its subsidiaries in Thailand, PT. Ingenico International Indonesia* and Fixed &amp; Mobile Pte Ltd, held at 100%, 99.75%* and 30% respectively</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. held at 100% and 40% respectively</i>	Hong Kong	98.84%	FC
<b>Ingenico Hungary Kft.</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 and Latvian subsidiaries</i>	Luxembourg	100%	FC
<b>Ingenico Payment Systems Africa SARLAU</b>	Casablanca	Morocco	100%	FC
<b>Ingenico Software Services Philippines Inc.</b>	Makati City, Metro Manila	Philippines	100%	FC
<b>Ingenico CZ S.r.o.</b>	Prague	Czech Republic	100%	FC
<b>Ingenico LLC in liquidation</b>	Moscow	Russia	100%	FC
<b>Ingenico LLC</b>	Saint Petersburg	Russia	100%	FC
<b>Ingenico International (Singapore) Pte Ltd.</b>	Singapore <i>As well as its 0.25%* owned subsidiary PT. Ingenico International Indonesia</i>	Singapore	100%	FC
<b>Ingenico (Switzerland) SA</b>	Granges-Paccot	Switzerland	100%	FC
<b>Ingenico Ödeme Sistem Çözümleri AS</b>	Istanbul	Turkey	100%	FC
<i>*Wholly owned by the Group</i>				

## 6. HIGHLIGHTS OF THE PERIOD

### 6.1 Acquisition of GlobalCollect

#### Description of transaction

In September 2014, Ingenico gained effective control of Global Collect, recognized for its expertise in online payment services, particularly in online cross-border trade, thereby permitting major brands to sell their products over the internet worldwide. This acquisition is a significant step in the execution of the Group's strategy, allowing it to:

- Rebalance its geographical coverage towards the North American market throughout the entire payment value chain, while increasing its presence in the high growth markets of Asia-Pacific and Latin America.
- Access nearly 600 top-tier international e-merchants, with a strong presence in online goods and services;
- Enhance its value proposition with electronic collection and payment activities, considerably strengthening its presence in the ecosystem of card-not-present transactions;
- Accelerate the transformation of its business model to payment services.

Global Collect is regarded as a cash generating unit in its own right.

#### Acquisition price (see Note 12, Goodwill and other intangible assets)

The acquisition was completed in late September 2014. The cash outflow in 2014 amounted to €830.1 million, including the acquisition of shares for €665.0 million and the repayment of a financial debt of €165.1 million. The acquisition was financed via available cash and a syndicated loan contracted for €600 million.

The cash acquired amounted to €35.0 million.

(in millions of euros)	Cash outflows net of cash acquired
GlobalCollect	(795)
<b>Total</b>	<b>(795)</b>

#### Contribution to Group results (from October 1, 2014)

The net contribution of Global Collect to Group consolidated results was:

- €94.9 million to revenue;
- €16.7 million to "Profit from ordinary activities";
- €10.9 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".

#### Consolidation scope

To satisfy financial security rules, a foundation (Stichting Global Collect Trust) and its subsidiaries were created in 2005. Its purpose is to collect, convert and then pay the funds resulting from financial transactions to merchants. No capital link exists between Global Collect and the foundation and its subsidiaries. Despite the fact that the Group has no voting rights in Stichting Global Collect Trust, the nature of the agreements between the Group and these companies leads to the conclusion that the Group controls these entities, in accordance with IFRS 10, applicable from January 1, 2014. They are therefore fully consolidated in the Group financial statements.

## 6.2 Roam Data Inc.

Two events linked to the non-controlling interest in Roam Data Inc. occurred during the year.

- In 2013, Mr. Will Graylin, a non-controlling shareholder in Roam Data Inc., exercised his put option for 9 million of his Roam Data shares. After an initial payment in 2013 of €1.3 million, Roam Data Inc. paid to Mr. Graylin in 2014 the balance owed on this put option, i.e., €8.5 million.
- 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 non-controlling shareholders. On January 20, 2014, the Group exercised its call option, acquiring all the shares and stock options held by non-controlling shareholders as of that date. The valuation process for this call option, which provided for the intervention of three experts, has been completed. On December 31, 2014 the Group paid €6.3 million to the non-controlling shareholders of Roam Data Inc. The Group now wholly owns Roam Data Inc.

In the consolidated cash flow statements for fiscal year 2014, these transactions appear under "Change in the Group's ownership interests in controlled entities" in the amount of €14.8 million.

## 6.3 Other highlights

The subsidiary Ingenico Latvia Sia was created in Latvia on February 24, 2014 and Ingenico Investment Luxembourg SA was liquidated on March 20, 2014.

## 7. SEGMENT REPORTING

The criteria used to determine reportable segments are set out in Note 2, "Accounting principles and methods". 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.

On January 1, 2014 the Group modified its operational structure, regrouping existing activities into the geographic regions "Eastern Europe" and "Italy and Central Europe". As a result, the Italian, Polish and Hungarian subsidiaries, previously consolidated in the SEPA region, joined the EMEA region.

At the same time, "Health" activity was transferred from Central Operations to SEPA. Lastly, the entity E-Billing Solutions Private Ltd., located in India, formerly attached to SEPA, is now attached to Asia Pacific.

The reportable segments are therefore now as follows:

- SEPA (France, United Kingdom, Spain, Germany, Benelux, etc.);
- Asia-Pacific (China, Australia, Indonesia, India, etc.);
- North America (the U.S., Canada, etc.);
- Latin America (Brazil, Mexico, etc.);
- EMEA (Central and Eastern Europe, Italy, Turkey, Russian, Africa, etc.);
- Central Operations, a division which comprises Global Collect, the Group's cross-functional and support activities (in particular the distribution of products and services to the regions identified below), and the activities of certain subsidiaries that operate worldwide and whose development is coordinated from the head office (e.g. Roam Data Inc.);

The segment information presented for fiscal year 2013 was restated to reflect this new structure.

Review of segment results

	2014						
(in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central Operations	Consolidated
<b>External revenue</b>	<b>580,839</b>	<b>290,710</b>	<b>177,299</b>	<b>204,481</b>	<b>246,931</b>	<b>107,079</b>	<b>1,607,339</b>
Profit from ordinary activities	32,915	55,107	14,080	(4,057)	43,650	149,792	291,487
Profit from operating activities							273,270
Financial income							48,430
Financial expenses							(67,967)
Share of profits in equity-accounted investees							(1,379)
Income tax							(80,671)
<b>Profit for the period</b>							<b>171,683</b>
<b>Attributable to Ingenico SA shareholders</b>							<b>171,652</b>

	2013						
(in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central Operations	Consolidated
<b>External revenue</b>	<b>520,780</b>	<b>243,499</b>	<b>124,052</b>	<b>189,432</b>	<b>214,651</b>	<b>78,520</b>	<b>1,370,934</b>
Profit from ordinary activities	39,653	38,129	2,892	14,976	31,177	81,533	208,360
Profit from operating activities							186,912
Financial income							36,038
Financial expenses							(53,769)
Share of profits in equity-accounted investees							(176)
Income tax							(56,069)
<b>Profit for the period</b>							<b>112,937</b>
<b>Attributable to Ingenico SA shareholders</b>							<b>114,076</b>

Breakdown of revenue by activity

(in thousands of euros)	2014	2013
Terminals	1,258,719	1,084,387
Transactions	348,620	286,549
<b>Total</b>	<b>1,607,339</b>	<b>1,370,936</b>

*Breakdown of depreciation and amortization expense and expenses with no impact on cash flow*

	2014						
(in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central Operations	Consolidated
Depreciation and amortization expense	40,603	3,187	1,195	1,417	2,201	23,048	71,651
Additions to provisions, net of reversals and share-based payments	661	4,486	727	2,340	9	9,402	17,625

	2013						
(in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central Operations	Consolidated
Depreciation and amortization expense	39,098	3,486	919	205	2,447	25,589	71,744
Additions to provisions, net of reversals and share-based payments	(1,030)	800	154	1,443	(887)	5,812	6,292

*Breakdown of segment assets and liabilities*

	2014						
(in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central Operations	Consolidated
Goodwill	554,989	65,961	18,382	4,789	22,611	676,027	1,342,759
Other non-group segment assets	398,612	293,568	90,181	107,342	111,362	953,062	1,954,127
Deferred tax assets							40,812
Current tax receivables							9,319
Finance receivables							6,938
Derivative financial instruments							10,933
Assets classified as held for sale							
<b>Total assets</b>	<b>953,601</b>	<b>359,529</b>	<b>108,563</b>	<b>112,131</b>	<b>133,973</b>	<b>1,629,089</b>	<b>3,364,888</b>
Other non-group segment liabilities	195,669	177,245	50,695	68,261	40,929	414,506	947,305
Total equity							1,075,939
Deferred tax liabilities							118,938
Current tax payable							28,521
Financial liabilities							1,190,584
Derivative financial instruments							3,601
Liabilities classified as held for sale							0
<b>Total liabilities</b>	<b>195,669</b>	<b>177,245</b>	<b>50,695</b>	<b>68,261</b>	<b>40,929</b>	<b>414,506</b>	<b>3,364,888</b>



	2013						
(in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central Operations	Consolidated
Goodwill	554,989	59,523	18,382	4,734	19,828	191,865	849,321
Other non-group segment assets	366,688	222,269	62,984	77,359	105,650	255,645	1,090,595
Deferred tax assets							34,123
Current tax receivables							6,771
Finance receivables							8,902
Derivative financial instruments							1,236
<b>Total assets</b>	<b>911,535</b>	<b>281,792</b>	<b>81,366</b>	<b>82,093</b>	<b>139,599</b>	<b>443,531</b>	<b>1,990,948</b>
Other non-group segment liabilities	165,919	124,817	32,852	44,410	43,537	93,394	504,929
Total equity							766,694
Deferred tax liabilities							48,507
Current tax payable							17,887
Financial liabilities							648,488
Derivative financial instruments							4,443
<b>Total liabilities</b>	<b>165,919</b>	<b>124,817</b>	<b>32,852</b>	<b>44,410</b>	<b>43,537</b>	<b>93,394</b>	<b>1,990,948</b>

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

	2014						
(in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central Operations	Consolidated
Acquisitions of intangible assets and property, plant and equipment - at cost	(13,068)	(1,810)	(2,523)	(2,265)	(2,954)	(29,094)	(51,714)

	2013						
(in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central Operations	Consolidated
Acquisitions of intangible assets and property, plant and equipment - at cost	(13,388)	(1,442)	(486)	(3,091)	(2,938)	(18,825)	(40,170)

## 8. COSTS AND EXPENSES BY NATURE

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

In 2014, the acquisition of Global Collect Group was the main reason for the increase in payroll costs, depreciation and amortization expenses and cost of sales. In addition, the Group reallocated the generic R&D costs of certain subsidiaries in 2014. These are now recognized in current operating expenses, instead of cost of sales. The impact of this reclassification is an additional operating expense of €9.7 million in 2014. The comparative information for fiscal year 2013 has not been changed. Finally, the growth in Group activity also contributed to this rise.

Payroll costs are broken down as follows:

(in thousands of euros)	2014	2013
Wages and salaries	269,375	233,389
Social security contributions	73,411	62,500
Service cost (operating component of retirement expenses)	863	682
Share-based payment	10,463	6,730
<b>Total</b>	<b>354,112</b>	<b>303,301</b>

Depreciation and amortization expense and impairment break down as follows:

(in thousands of euros)	2014	2013
Provisions/(reversals)		
Amortization and impairment for intangible assets	53,322	47,593
Amortization and impairment for property, plant and equipment	18,267	15,998
Goodwill impairment	-	7,879
Impairment of inventories	2,050	1,692
Impairment of trade receivables	8,549	1,791
Impairment of financial assets	-	(1,829)
<b>Total</b>	<b>82,188</b>	<b>73,124</b>

Cost of sales breaks down as follows:

(in thousands of euros)	2014	2013
Cost of terminals	(667,578)	(584,549)
Cost of services and software	(209,818)	(186,649)
<b>Total cost of sales</b>	<b>(877,396)</b>	<b>(771,198)</b>

The capitalized portion of development costs is as follows:

(in thousands of euros)	2014	2013
Amount of development capitalized	14,877	9,229
Total R&D expenditure (costs and investment)(*)	129,517	111,571
<b>Share of capitalized R&amp;D expenditure as %</b>	<b>11%</b>	<b>8%</b>

(\*) Net of a €3.7 million research tax credit and €9.9 million in tax credits of a similar nature received outside of France (respectively €2.9 million and €9.6 million in 2013).

## 9. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are as follows:

(in thousands of euros)	2014	2013
Restructuring and business combination costs	(13,596)	(8,781)
Disputes	(2,000)	-
Goodwill impairment	-	(7,879)
Gains/losses on disposal of assets or subsidiaries	-	(2,564)
Revaluation of earn-out payables	(2,057)	(2,899)
Other	(564)	675
<b>Total</b>	<b>(18,217)</b>	<b>(21,448)</b>

In 2014, other operating income and expenses mainly comprise the following:

- Restructuring costs of €13.6 million, including the following significant expenses:
  - A cost of €5.1 million incurred in connection with the reorganization of the Group;
  - Costs of €8.5 million incurred in connection with acquisitions and divestitures;
- An expense of €2.1 million for the revalued earn-out liability on the acquisition of Ingenico Payment Systems LLC;
- Other costs amounting to €2.6 million.

In 2013, other operating income and expenses mainly comprised the following:

- Restructuring costs of €8.8 million including the following significant expenses:
  - 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 revalued earn-out liability on the acquisition of Ingenico Payment Systems LLC.

## 10. NET FINANCE COSTS

	2014	2013
Interest expense on financial liabilities at amortized cost and bond loan	(27,826)	(23,668)
Interest rate hedge gains (cap)	-	210
Interest expense on finance lease contracts	(169)	(426)
<b>Total interest expense</b>	<b>(27,995)</b>	<b>(23,884)</b>
Income from cash and cash equivalents	6,314	3,877
Interest income on finance lease contracts	3,805	3,429
<b>Net interest expense</b>	<b>(17,876)</b>	<b>(16,578)</b>
Foreign exchange gains	37,651	28,372
Foreign exchange losses	(39,295)	(28,711)
<b>Foreign exchange gains and losses, net</b>	<b>(1,644)</b>	<b>(339)</b>
Financial component of retirement expenses and the cost of other post-employment benefits	(332)	(329)
Gains/(losses) on equity interests	-	58
Gains on discounting of non-current debts and receivables	466	-
Loss on discounting of non-current debts and receivables	(324)	(594)
Other financial income	194	92
Other financial income and expenses, net	(21)	(41)
<b>Other financial income and expenses, net</b>	<b>(17)</b>	<b>(814)</b>
<b>Net finance costs</b>	<b>(19,537)</b>	<b>(17,731)</b>
Total financial income	48,430	36,038
Total financial expenses	(67,967)	(53,769)

Net finance costs in 2014 are broken down as follows:

Interest expense was related to the borrowings described in Note 24, "Net debt". Interest expense on the OCEANE convertible bond was €7.7 million in 2014 (including a €0.5 million coupon).

Interest expense on the OCEANE convertible bond set up in 2014 was €6.3 million.

Interest expense on bank loans and drawdowns totaled €11.8 million. These borrowings are described in Note 24, "Net debt".

In 2014, the Group repaid the bank loans outstanding at December 31, 2013. An interest rate swap designated as a cash flow hedge was applied to the syndicated loan of August 2011. In the absence of underlying assets, this hedge was no longer considered effective and lost its classification as a cash flow hedge. The impact of the loss of effectiveness was the recycling of inventories at fair value from equity to profit or loss. It generated a net expense of €2.0 million in profit or loss.

Interest income on finance lease contracts (where the Group is the lessor) mainly involved Ingenico Payment Services GmbH (formerly Easycash GmbH), Ingenico SA and Ingenico Italia Spa.

Ingenico posted a net foreign exchange loss of €1.6 million for the period. This was the result of foreign exchange gains and losses on revaluation of loans and borrowings as well as on revaluations 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 unwinding the discount on non-current receivables and payables, corresponding to earn-outs on acquisitions and disposals.

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 (including a €6.9 million coupon). 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 Ingenico Payment Services GmbH (formerly Easycash GmbH), Ingenico SA 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 revaluation 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.

## 11. INCOME TAX

### Income tax charged on the earnings of consolidated companies

(in thousands of euros)	2014	2013
Current income tax France	(67,077)	(32,173)
Current income tax foreign	(34,350)	(44,000)
<b>Current income tax</b>	<b>(101,427)</b>	<b>(76,173)</b>
Deferred income tax France	9,574	4,328
Deferred income tax foreign	11,182	15,776
<b>Deferred income tax</b>	<b>20,756</b>	<b>20,104</b>
<b>TOTAL</b>	<b>(80,671)</b>	<b>(56,069)</b>

In 2014, income tax expense for the period consisted primarily of:

- current tax payable in France, China, the United Kingdom, the Netherlands and Russia;
- a credit to deferred tax expense from the recognition of deferred tax assets – mainly in France, the United States and Belgium – to account for temporary differences between the carrying amounts of assets and liabilities and their tax bases.

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 and their tax bases.

Current tax payable by the Group increased significantly in 2014, mainly reflecting the profit growth in France.

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 deferrable 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 probable that taxable profits of the relevant tax entities will be available against which the unused tax losses and tax credits can be utilized in the short term.

In accordance with Article 235 ter ZCA of the French Tax Code, the Group paid an additional tax of €0.6 million (€0.4 million in 2013) equal to 3 percent of the amount distributed, on dividend distributions to Ingenico SA shareholders other than stock dividends.

### Group tax reconciliation

In accordance with the provisions of the 2014 Finance Act, the current tax rate for French companies in the Group is now 38 percent in respect of 2014. As of December 31, 2014, the deferred tax rate in France was 38 percent for all temporary differences, which is the current tax rate applicable in 2015.

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)	2014	2013
<b>PROFIT FOR THE PERIOD (EXCL. SHARE OF PROFITS IN EQUITY-ACCOUNTED INVESTEEES)</b>	<b>173,062</b>	<b>113,113</b>
<b>INCOME TAX</b>	<b>(80,671)</b>	<b>(56,069)</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>253,733</b>	<b>169,182</b>
Tax rate in France	38.00%	38.00%
Theoretical tax expense	(96,419)	(64,289)
Difference between the French tax rate and that of foreign subsidiaries	25,553	19,591
Tax losses and temporary differences for the period not recognized as deferred tax assets	(6,206)	(6,147)
Prior period temporary differences and tax losses recognized as deferred tax assets in the period	5,450	2,904
Use of prior period tax losses not recognized as deferred tax assets	1,176	2,177
Tax credits	2,710	3,279
Effect of permanent differences and other	(12,935)	(13,584)
<b>TOTAL</b>	<b>(80,671)</b>	<b>(56,069)</b>
Effective tax rate	31.8%	33.1%

The reconciling items reflect the effect of tax rate differentials and changes as well as the tax effects 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 (10%), Singapore (17%), the United Kingdom (23%) and Russia (20%).

Permanent and other differences in 2014 were principally the following:

- tax deductibility of a loss on liquidation of a foreign subsidiary;
- the impact of the additional tax on dividend payments made in France;
- 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 temporary differences previously recognized as deferred tax assets

Permanent and other differences in 2013 included:

- the impact of the additional tax on dividend payments made in France;
- the non-deductibility of an impairment 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 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>
Deferred tax recognized in profit or loss	2,085	(737)	1,348	19,408	20,756
Deferred tax recognized in "Equity" and on "Business combinations"	18	3,504	3,522	(90,646)	(87,124)
Translation differences	453	1,441	1,894	722	2,616
Other movements	897	(971)	(75)	85	11
<b>AT DECEMBER 31, 2014</b>	<b>10,376</b>	<b>30,436</b>	<b>40,812</b>	<b>(118,938)</b>	<b>(78,125)</b>

As of December 31, 2014, the change in deferred tax recognized on business combinations included a €90.7 million deferred tax liability resulting from the allocation of the acquisition price for Global Collect Group (see Note 12, "Goodwill and other intangible assets").

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

In 2014, the change in deferred tax recognized in equity included a -€1.0 million decrease in deferred tax liabilities related to hedging instruments. Furthermore, the OCEANE conversions generated a net €2.9 million increase in deferred taxes, relating to the equity component of the bond (see Note 24, Net Debt).

In 2013, the change in deferred tax recognized in equity included a -€1.0 million decrease in deferred tax liabilities related to hedging instruments.

### Breakdown by type

(in thousands of euros)	2014	2013
<b>Deferred tax assets by type of temporary difference</b>		
Property, plant and equipment and intangible assets	7,824	6,303
Employee benefits	7,708	4,768
Inventories, receivables, payables and provisions	45,866	32,650
Unutilized tax losses and credits	10,376	6,923
Other (including financial instruments)	688	2,748
<b>DEFERRED TAX ASSETS</b>	<b>72,462</b>	<b>53,392</b>
Netting effect	(31,650)	(19,269)
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>40,812</b>	<b>34,123</b>

### Deferred tax liabilities by type of temporary difference

Property, plant and equipment and intangible assets	(120,294)	(41,042)
Employee benefits	(147)	(60)
Inventories, receivables, payables and provisions	(29,967)	(26,064)
Other (including financial instruments)	(180)	(610)
<b>DEFERRED TAX LIABILITIES</b>	<b>(150,588)</b>	<b>(67,776)</b>
Netting effect	31,650	19,269
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>(118,938)</b>	<b>(48,507)</b>
<b>NET TOTAL</b>	<b>(78,125)</b>	<b>(14,384)</b>

### Breakdown of unrecognized deferred tax assets

(in thousands of euros)	2014	2013
Deferred tax from tax losses and tax credits	24,537	19,487
Deferred tax from temporary differences	12,662	6,621
<b>TOTAL</b>	<b>37,199</b>	<b>26,108</b>

2014 (in thousands of euros)	Less than one year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Indefinite	Total
Tax losses and credits by expiry date	1,190	106	24	520	944	16,964	4,789	24,537



## 12. GOODWILL AND OTHER INTANGIBLE ASSETS

### Goodwill

(in thousands of euros)	2014	2013
<b>At January 1</b>	<b>849,321</b>	<b>551,176</b>
Investments	478,450	327,468
Impairment losses	-	(7,879)
Translation differences	14,988	(8,635)
Divestitures	-	(12,809)
<b>At December 31</b>	<b>1,342,759</b>	<b>849,321</b>

The Group conducts its business and structures its reporting on the basis of six operating segments considered its cash-generating units (CGUs), with the exception of the Central Operations segment which is divided into two 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.

It should be noted that in 2014 the Group modified its operational structure, as explained in Note 7, Segment Reporting.

The CGUs identified by the Group are now 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 and for cross-functional and support services, such as Roam Data Inc.;
- SEPA (France, United Kingdom, Spain, Germany, Benelux, etc.);
- Asia-Pacific (Australia, China, Indonesia, India, etc.);
- North America (the U.S. and Canada);
- Latin America (Brazil and Mexico, etc.);
- EMEA (Central Europe, Italy, Turkey, Russia, Africa, etc.);
- Global Collect, world leader in integrated online payment services.

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)	2014		
	Gross amount	Total impairment losses	Net carrying amount
SEPA	557,229	(2,240)	554,989
Asia-Pacific	65,961	-	65,961
North America	39,774	(21,392)	18,382
Latin America	4,789	-	4,789
Central Europe / Middle East / Africa	22,707	(96)	22,611
Global Collect	478,450	-	478,450
Central Operations	197,577		197,577
<b>Total</b>	<b>1,366,487</b>	<b>(23,728)</b>	<b>1,342,759</b>

To take into account the changes in the Group operational structure, the information concerning 2013 has been restated as follows:

Cash generating units (in thousands of euros)	2013 restated		
	Gross amount	Total impairment losses	Net carrying amount
SEPA	557,157	(2,168)	554,989
Asia-Pacific	59,523	-	59,523
North America	39,774	(21,392)	18,382
Latin America	4,734	-	4,734
Central Europe / Middle East / Africa	19,924	(96)	19,828
Central Operations	191,865		191,865
<b>Total</b>	<b>872,977</b>	<b>(23,656)</b>	<b>849,321</b>

#### In 2014

The increase in goodwill results mainly from the acquisition of Global Collect.

#### Acquisition of Global Collect

##### *Transaction price*

The acquisition was completed in September 2014, for a total transaction price of €665 million.

##### *Goodwill*

A provisional allocation of the purchase price of Global Collect was made at the end of 2014 and will be finalized within 12 months of the takeover of the company.

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

- customer portfolio: valued at €295.0 million, to be amortized over 20 years;
- platform: valued at €96.2 million, to be amortized over 10 years;
- Deferred tax liabilities: €90.5 million.

The fair value at the acquisition date of other identifiable net assets was €114.1 million.

Goodwill therefore amounts to €478.4 million. The primary grounds for recognition of this goodwill were expected synergies with the Group, human capital and barriers to market entry.

Global Collect is a cash generating unit in its own right and is now part of the operating segment Central Operations.

The cost of acquisitions and purchases of assets totaled €8.5 million and were recognized in Other Operating Income and Expenses.

Impairment tests conducted in the fourth quarter of 2014 did not lead the Group to recognize any goodwill impairment as of December 31, 2014.

#### In 2013

The increase in goodwill was due primarily to acquisitions carried out in 2013: Ogone for €320.2 million and PT Integra for €7.3 million.

The impairment tests conducted in 2013 led the Group to recognize a €7.9 million goodwill impairment in respect of the CGU Fixed & Mobile Pte Ltd. The subsidiary was then partially sold, leading to a €12.8 million goodwill reduction.

### Goodwill impairment tests

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

The main assumptions used to calculate the recoverable amount of goodwill are as follows:

2014								
Segments	SEPA	Asia-Pacific	North America	Latin America	EMEA	Central Operations		Total
Cash-generating units	SEPA	Asia-Pacific	North America	Latin America	EMEA	GlobalCollect	Central Operations	Total
Net carrying amount of goodwill (in thousands of euros)	554,989	65,961	18,382	4,789	22,611	478,450	197,577	1,342,759
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	Value in use (*)	
Number of years over which cash flows are estimated	5 years	5 years	5 years	5 years	5 years	5 years	5 years	
Long-term growth rate	2.20%	1.00%	1.00%	1.00%	1.00%	2.50%	1.00%	
Weighted average cost of capital used at Dec. 31, 2014	7.87%	9.46%	7.78%	15.47%	11.14%	8.02%	8.02%	

(\*) Roam Data activities were valued using fair value less cost to sell.

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	228,069	849,321
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%	

The net carrying amount for goodwill have not been restated to reflect organizational changes.

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 weighted average cost of capital is a medium-term rate.

The changes in discount rate come from changes in the three 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 lead to 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 7 percent in the coming years.

### Sensitivity of recoverable amounts

	2014				
	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	7.87%	5.90%	2.20%	(11.4)%	(54)%
Asia-Pacific	9.46%	(a)	1.00%	(a)	(a)
North America	7.78%	(a)	1.00%	(a)	(a)
Latin America	15.47%	(a)	1.00%	(a)	(a)
EMEA	11.14%	(a)	1.00%	(a)	(a)
Global Collect	8.02%	2.90%	2.50%	(3.6)%	(36)%
Central Operations	8.02%	(a)	1.00%	(a)	(a)

(a) As of December 31, 2014, 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.

	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)%
Pacific	10.01%	*	1.00%	*	*
North America	9.22%	*	1.00%	*	*
Latin America	12.80%	*	1.00%	*	*
EMEA	18.92%	*	1.00%	*	*
Central Operations	10.31%	*	1.00%	*	*

(\*) 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.

## Other intangible assets

2014				
(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>63,427</b>	<b>116,388</b>	<b>199,218</b>	<b>379,033</b>
Investments	6,175	14,877	6,081	27,133
Divestitures	(1,236)	-	(109)	(1,345)
Changes in consolidation scope	96,887	,	295,000	391,887
Translation differences	1,230	783	(1,307)	706
Reclassifications and others	5,871	(22,353)	120	(16,361)
<b>At December 31</b>	<b>172,354</b>	<b>109,695</b>	<b>499,003</b>	<b>781,053</b>
<b>ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES</b>				
<b>At January 1</b>	<b>(40,613)</b>	<b>(84,519)</b>	<b>(74,363)</b>	<b>(199,495)</b>
Depreciation and amortization	(16,669)	(9,750)	(25,813)	(52,232)
Divestitures and impairment losses	43	-	27	70
Changes in consolidation scope	-	-	-	-
Translation differences	(1,151)	(720)	(119)	(1,990)
Reclassifications and others	(621)	17,717	51	17,147
<b>At December 31</b>	<b>(59,011)</b>	<b>(77,272)</b>	<b>(100,217)</b>	<b>(236,500)</b>
<b>NET CARRYING AMOUNT</b>				
<b>At January 1</b>	<b>22,814</b>	<b>31,869</b>	<b>124,855</b>	<b>179,538</b>
<b>At December 31</b>	<b>113,343</b>	<b>32,423</b>	<b>398,786</b>	<b>544,553</b>

Amortization expense on intangible assets identified during the allocation of the acquisition price for Global Collect acquired in 2014 was €6,093,000.

(in thousands of euros)	Global Collect			Ogone			SAGEM			EASYCASH			OTHERS (Moneyline, Turkey, Landi, Ingenico Prepaid Services, Fixed & Mobile, Ingenico Services Iberia, Xiring, Roam Data, Russia Distribution, PT Payment Solutions Indonesia)				Total amortization for the period			
	Carrying amount at December 31, 2013	Acquisitions	Amortization 2014	Carrying amount at December 31, 2014	Carrying amount at December 31, 2013	Amortization 2014	Carrying amount at December 31, 2014	Carrying amount at December 31, 2013	Amortization 2014	Carrying amount at December 31, 2014	Carrying amount at December 31, 2013	Amortization 2014	Carrying amount at December 31, 2014	Carrying amount at December 31, 2013	Acquisitions	Amortization 2014	Translation differences and other movements	Disposals	Carrying amount at December 31, 2014	
Intangible assets																				
Concessions, patents & similar rights																				
Hardware and software technology under development																				
Existing hardware and software technology	-	96,200	(2,405)	93,795	10,080	(2,520)	7,560	-	-	-	475	(279)	196	3,241		(1,287)	10	-	1,964	(6,491)
Software applications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brand name	-	-	-	-	-	-	-	-	-	-	-	-	-	1,170		(1,198)	36	-	8	(1,198)
Other intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term customer contracts	-	295,000	(3,688)	291,313	34,950	(4,050)	30,900	15,573	(3,664)	11,909	38,458	(7,751)	30,707	24,892		(5,510)	(1,500)		17,882	(24,663)
<b>Total intangible assets</b>	<b>-</b>	<b>391,200</b>	<b>(6,093)</b>	<b>385,108</b>	<b>45,030</b>	<b>(6,570)</b>	<b>38,460</b>	<b>15,573</b>	<b>(3,664)</b>	<b>11,909</b>	<b>38,933</b>	<b>(8,030)</b>	<b>30,903</b>	<b>29,303</b>	<b>-</b>	<b>(7,995)</b>	<b>(1 454)</b>	<b>-</b>	<b>19,854</b>	<b>(32,352)</b>
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	62		(65)	3	-	-	(65)
<b>Total identified and allocated assets</b>	<b>-</b>	<b>391,200</b>	<b>(6,093)</b>	<b>385,108</b>	<b>45,030</b>	<b>(6,570)</b>	<b>38,460</b>	<b>15,573</b>	<b>(3,664)</b>	<b>11,909</b>	<b>38,933</b>	<b>(8,030)</b>	<b>30,903</b>	<b>29,365</b>	<b>-</b>	<b>(8,060)</b>	<b>(1 451)</b>	<b>-</b>	<b>19,854</b>	<b>(32,417)</b>

As of December 31, 2014, there was no indication of impairment of 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.

<b>2013</b>				
(in thousands of euros)	<b>Licenses, trademarks, technology</b>	<b>Development expenses (incurred internally)</b>	<b>Other intangible assets</b>	<b>Total</b>
<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
Divestitures	(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>
Depreciation and amortization	(7,765)	(16,561)	(23,130)	(47,456)
Divestitures 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>NET 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.



	Ogone			SAGEM			EASYCASH			OTHERS (Moneyline, Turkey, Landi, Ingenico Prepaid Services, Fixed & Mobile, Ingenico Services Iberia, Xiring, Roam Data, Russia Distribution, PT Payment Solutions Indonesia)				Total amortization for the period			
(in thousands of euros)	Carrying amount at December 31, 2012	Acquisitions	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	Amortization 2013	Carrying amount at December 31, 2013	Carrying amount at December 31, 2012	Acquisitions	Amortization 2013	Translation differences and other movements	Disposals	Carrying amount at December 31, 2013	
Intangible assets																	
Concessions, patents & similar rights																	
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	(4,353)
Software applications	-	-	-	-	567	(567)	-	-	-	-	-	-	-	-	-	-	(567)
Brand name	-	-	-	-	-	-	-	-	-	-	1,365	-	(157)	(38)	-	1,170	(157)
Other intangible assets																	-
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)	24,892	(21,401)
<b>Total intangible assets</b>	<b>-</b>	<b>51,600</b>	<b>(6,570)</b>	<b>45,030</b>	<b>23,234</b>	<b>(7,661)</b>	<b>15,573</b>	<b>47,005</b>	<b>(8,073)</b>	<b>38,932</b>	<b>36,343</b>	<b>3,313</b>	<b>(7,604)</b>	<b>(1,140)</b>	<b>(1,609)</b>	<b>29,303</b>	<b>(29,908)</b>
Inventories	-	-	-	-	-	-	-	-	-	-	-	391	(324)	(5)	-	62	(324)
<b>Total identified and allocated assets</b>	<b>-</b>	<b>51,600</b>	<b>(6,570)</b>	<b>45,030</b>	<b>23,234</b>	<b>(7,661)</b>	<b>15,573</b>	<b>47,005</b>	<b>(8,073)</b>	<b>38,932</b>	<b>36,343</b>	<b>3,704</b>	<b>(7,928)</b>	<b>(1,145)</b>	<b>(1,609)</b>	<b>29,365</b>	<b>(30,232)</b>

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.

### 13. PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	2014				
	Land and buildings	Plant and equipment	Other	Assets in progress	Total
<b>GROSS AMOUNT</b>					
<b>At January 1</b>	<b>11,414</b>	<b>26,328</b>	<b>47,917</b>	<b>816</b>	<b>86,475</b>
Investments	1,872	5,478	13,498	1,347	22,195
Divestitures	(738)	(2,512)	(6,982)	(92)	(10,324)
Changes in consolidation scope *	890	-	6,637	2,091	9,618
Translation differences	612	371	1,144	19	2,146
Other	73	310	714	(2,038)	(941)
<b>At December 31</b>	<b>14,123</b>	<b>29,975</b>	<b>62,928</b>	<b>2,143</b>	<b>109,169</b>
<b>ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES</b>					
<b>At January 1</b>	<b>(5,666)</b>	<b>(19,169)</b>	<b>(22,438)</b>	<b>(1)</b>	<b>(47,274)</b>
Depreciation and amortization	(1,770)	(3,880)	(12,378)	-	(18,028)
Divestitures and impairment losses	640	2,444	6,021	-	9,105
Changes in consolidation scope	-	-	-	-	-
Translation differences	(385)	(240)	(817)	-	(1,442)
Other	1	(12)	191	1	181
<b>At December 31</b>	<b>(7,180)</b>	<b>(20,857)</b>	<b>(29,421)</b>	<b>-</b>	<b>(57,458)</b>
<b>NET CARRYING AMOUNT</b>					
<b>At January 1</b>	<b>5,748</b>	<b>7,159</b>	<b>25,479</b>	<b>815</b>	<b>39,201</b>
<b>At December 31</b>	<b>6,943</b>	<b>9,118</b>	<b>33,507</b>	<b>2,143</b>	<b>51,711</b>

\* Pertains to the Global Collect acquisition.

(in thousands of euros)	2013				
	Land and buildings	Plant and equipment	Other	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
Divestitures	(251)	(11,576)	(4,561)	(587)	(16,975)
Changes in consolidation scope *	817	8	2,992	-	3,817
Translation differences	(499)	(1,190)	(1,276)	(75)	(3,040)
Other	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>
Depreciation and amortization	(1,295)	(4,096)	(11,553)	11	(16,933)
Divestitures and impairment losses	229	12,472	4,411	-	17,112
Changes in consolidation scope	-	-	119	-	119
Translation differences	241	920	892	1	2,054
Other	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>NET 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>
*Pertains to the Ogone acquisition.					

## 14. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEEES

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

(in thousands of euros)	Mobile Payment Solutions N.V.	Fixed & Mobile Pte Ltd	Total
% interest at January 1, 2013	40.00%	100.00%	
% interest at December 31, 2013	39.54%	30.00%	
% interest at December 31, 2014	39.54%	30.00%	
<b>At January 1, 2013</b>	<b>9,000</b>	<b>-</b>	<b>9,000</b>
<b>Investment</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share of profit or loss	(239)	63	(176)
Translation differences	(33)	(109)	(142)
Change in consolidation method <sup>(1)</sup>	-	5,684	5,684
Sale	-	-	-
<b>At December 31, 2013</b>	<b>8,728</b>	<b>5,638</b>	<b>14,366</b>
Share of profit or loss	(1,740)	361	(1,379)
Translation differences	171	769	940
Change in consolidation method	-	-	-
<b>At December 31, 2014</b>	<b>7,159</b>	<b>6,768</b>	<b>13,927</b>

<sup>(1)</sup> Change in consolidation method following the loss of control in 2013. Now consolidated using the equity method.

### 2014

The Group holds 39.54 percent of its interests in Mobile Payment Solutions N.V. and 30 percent in Fixed & Mobile Pte Ltd.

#### Accounting method

As the Group's governance structure leads it to exercise significant influence over these companies, the equity method of consolidation was applied.

#### Impairment loss

As of December 31, 2014, no impairment loss on these investments was recognized in the Group's consolidated financial statements.

### 2013

During the second half of the year, 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.

#### Accounting method

As the Group's governance structure leads it to exercise significant influence over these companies, the equity method of consolidation was applied.

#### Impairment loss

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

## 15. FINANCIAL ASSETS

As of December 31, 2014 and 2013, financial assets included security deposits and guarantees, equity interests in non-consolidated companies and related receivables.

(in thousands of euros)	2014	2013
Loans and advances to subsidiaries and associates	4,118	6,163
Other non-current financial assets	2,820	2,739
<b>TOTAL</b>	<b>6,938</b>	<b>8,902</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.

In 2014, the Group was repaid USD 3.5 million.

## 16. OTHER NON-CURRENT ASSETS

As of December 31, 2014 and 2013, Other Non-Current Assets were as follows:

(in thousands of euros)	2014	2013
Trade receivables and related accounts	387	142
Finance lease receivables	25,252	23,840
Tax receivables other than current income tax	8	16
Income tax receivables	1,225	438
Accrued income	744	214
<b>Total</b>	<b>27,616</b>	<b>24,650</b>

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

## 17. INVENTORIES

(in thousands of euros)	2014	2013
Raw materials and consumables	31,927	23,429
Finished products	107,952	97,757
Write-downs on raw materials and consumables	(11,033)	(8,039)
Write-downs on finished products	(10,715)	(11,164)
<b>Carrying amount</b>	<b>118,131</b>	<b>101,983</b>

The increase in the Group's inventories is consistent with the growth in its business.

## 18. TRADE AND RELATED RECEIVABLES

Trade and related receivables break down as follows:

(in thousands of euros)	2014	2013
Suppliers: advances and down-payments	3,169	4,298
Trade receivables on the sales of goods and services	414,520	329,988
Finance lease receivables	22,749	17,215
Employee-related receivables	449	194
Tax receivables other than current income tax	14,388	18,974
Other receivables	9,151	3,420
Write-downs for bad debt	(29,578)	(24,635)
Write-downs for finance lease receivables	(1,520)	(939)
Write-downs for other receivables	(6,855)	(5)
<b>Total</b>	<b>426,473</b>	<b>348,510</b>

The increase in trade receivables is explained by the integration of Global Collect and the increase in business activity.

The aging schedule of trade receivables is as follows:

(in thousands of euros)	Close	Not due	2014		
			Overdue		
			< 120 days	120 - 180 days	> 180 days
Trade receivables	414,520	322,278	75,901	5,236	11,105
Impairment for trade receivables and related accounts	(29,578)	(525)	(18,602)	(2,180)	(8,271)
<b>Net</b>	<b>384,942</b>	<b>321,753</b>	<b>57,299</b>	<b>3,056</b>	<b>2,834</b>

Receivables more than 180 days overdue without write-downs (amounting to €2.8 million) are primarily attributable to Ingenico Payment Services GmbH (formerly Easycash) (€1.1 million) and Fujian Landi (€1.2 million). None of these receivables are contentious, and the Group does not expect any difficulty in recovering the amounts due.

(in thousands of euros)	Close	Not due	2013		
			Overdue		
			< 120 days	120 - 180 days	> 180 days
Trade receivables	329,988	243,898	72,154	2,512	11,425
Impairment for trade receivables and related accounts	(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 Ingenico Payment Services GmbH (former Easycash) (€2.4 million), Fujian Landi (€1.0 million) and Ingenico SA (€0.7 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

2014						
Balance sheet data		January 1	Changes in consolidation scope	Net Change in working capital	Translation differences and other movements	December 31
<b>Inventories</b>		<b>101,983</b>				<b>118,131</b>
<b>Working capital items</b>		101,983	-	9,915	6,233	118,131
<b>Changes in inventories in the cash flow statement</b>	<b>(1)</b>	<b>101,983</b>	<b>-</b>	<b>9,915</b>	<b>6,233</b>	<b>118,131</b>
<b>Other non-current assets</b>		<b>24,650</b>				<b>27,616</b>
<b>Working capital items</b>	<b>Other non-current assets</b>	24,212	158	1,804	217	26,391
<i>Non-WC items</i>	<i>Other non-operating receivables</i>	438				1,225
<b>Trade and related receivables</b>		<b>348,510</b>				<b>426,473</b>
<b>Working capital items</b>	<b>Trade receivables</b>	295,379	31,959	21,134	26,795	375,267
<b>Working capital items</b>	<b>Other operating receivables</b>	53,131	2,860	7,125	(11,910)	51,206
<i>Non-WC items</i>	<i>Other non-operating receivables</i>					
<b>Other current assets</b>		<b>30,240</b>				<b>35,155</b>
<b>Working capital items</b>	<b>Other operating receivables</b>	12,825	8,770	(2,480)	(93)	19,022
<i>Non-WC items</i>	<i>Other non-operating receivables</i>	17,415				16,133
<b>Change in receivables in the cash flow statement</b>	<b>(2)</b>	<b>385,547</b>	<b>43,747</b>	<b>27,583</b>	<b>15,009</b>	<b>471,886</b>
<b>Other non-current liabilities</b>		<b>24,568</b>				<b>36,084</b>
<b>Working capital items</b>	<b>Trade payables</b>	21,153	158	3,657	5,050	30,018
<i>Non-WC items</i>	<i>Other non-operating liabilities</i>	3,415				6,065
<b>Trade and related payables</b>		<b>327,859</b>				<b>413,498</b>
<b>Working capital items</b>	<b>Trade payables</b>	222,903	19,321	36,739	(5,028)	273,935
<b>Working capital items</b>	<b>Other current liabilities</b>	104,956	18,953	6,190	8,551	138,650
<i>Non-WC items</i>	<i>Other non-operating liabilities</i>					913
<b>Other liabilities</b>		<b>110,511</b>				<b>126,214</b>
<b>Working capital items</b>	<b>Other liabilities</b>	93,842	59	30,832	(2,176)	122,557
<i>Non-WC items</i>	<i>Other non-operating liabilities</i>	16,669				3,657 <sup>a)</sup>
<b>Change in liabilities in the cash flow statement</b>	<b>(3)</b>	<b>442,854</b>	<b>38,490</b>	<b>77,419</b>	<b>6,397</b>	<b>565,160</b>
<b>Change in net working capital</b>	<b>-(1)-(2)+(3)</b>	<b>(44,676)</b>	<b>(5,257)</b>	<b>39,921</b>	<b>(14,845)</b>	<b>(24,857)</b>

<sup>(a)</sup> Pertains mainly to the earn-out related to the acquisition of Ingenico Payment System LLC (see Note 31, Other Liabilities).



2013						
Balance sheet data		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	Other non-current assets	20,081	-	4,289	(158)	24,212
Non-WC items	Other non-operating receivables	1,075				438
<b>Trade and related receivables</b>		<b>332,224</b>				<b>348,510</b>
Working capital items	Trade receivables	303,176	1,115	25,647	(34,559)	295,379
Working capital items	Other operating receivables	29,048	294	2,391	21,398	53,131
Non-WC items	Other non-operating receivables					
<b>Other current assets</b>		<b>20,111</b>				<b>30,240</b>
Working capital items	Other operating receivables	12,123	593	4,878	(4,769)	12,825
Non-WC items	Other non-operating receivables	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	Trade payables	20,082	-	3,584	(2,513)	21,153
Non-WC items	Other non-operating liabilities	541				3,415
<b>Trade and related payables</b>		<b>280,559</b>				<b>327,859</b>
Working capital items	Trade payables	206,998	1,025	32,706	(17,826)	222,903
Working capital items	Other current liabilities	73,561	3,002	24,703	3,736	104,956
Non-WC items	Other non-operating liabilities	50				
<b>Other liabilities</b>		<b>85,808</b>				<b>110,511</b>
Working capital items	Other liabilities	66,901	11,413	19,763	(4,235)	93,842
Non-WC items	Other non-operating liabilities	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).

## 20. CURRENT TAX RECEIVABLES AND OTHER CURRENT ASSETS

(in thousands of euros)	2014	2013
Prepayments	13,337	12,826
Loans, guarantee instruments and other receivables	21,818	17,414
<b>Total</b>	<b>35,155</b>	<b>30,240</b>
<b>Current tax receivables</b>	<b>9,319</b>	<b>6,771</b>

As of December 31, 2014, loans, guarantee instruments and other receivables no longer included cash and equivalents related to the business of the subsidiary Tunz (see Note 32, Funds Held on Behalf of Merchants).

In 2014, they included an escrow account in the amount of €13.7 million relating to the acquisition of Global Collect. These funds are expected to be paid out during the first quarter of 2015.

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. This receivable was settled in 2014.

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.

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

As of December 31, 2014, there were no assets held for sale or liabilities in disposal groups.

## 22. TOTAL EQUITY

### Number of outstanding shares

	2014	2013
Shares issued at January 1	53,086,309	52,487,658
Shares issued in connection with dividend distributions <sup>1)</sup>	398,304	581,967
Shares issued in connection with the conversion of OCEANE bonds into shares <sup>2)</sup>	3,554,336	-
Shares issued in connection with options exercised and shares acquired	397,832	16,684
Shares issued at the end of the period	57,436,781	53,086,309
Treasury shares at the end of the period	280,794	280,794
<b>Shares outstanding at the end of the period</b>	<b>57,155,987</b>	<b>52,805,515</b>
<sup>1)</sup> see Note "Change in equity".		
<sup>2)</sup> Conversion of 3,501,821 Ingenico 2011/2017 OCEANE bonds to 3,554,336 shares.		

As of December 31, 2014, Ingenico SA's authorized share capital consisted of 57,436,781 shares with a par value of €1 each.

On May 7, 2014, the Board of Directors approved the payment of stock dividends through incorporation of reserves into the share capital. This distribution was carried out on June 10, 2014. A total of 398,304 shares were subscribed for.

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.

In accordance with the contractual provisions of the OCEANE convertible bond issue, every dividend distribution changes the bond-to-share conversion ratio. The ratio in effect for conversions requested in 2014 is 1.015 shares per bond.

#### Treasury shares

(in euros)	2013	Acquisitions	Divestitures	Other	2014
Number of shares	280,794	1,686,323	(1,686,323)	-	280,794
Average purchase price	25.53	71.41	71.41	-	25.53
<b>Total</b>	<b>7,167,308</b>	<b>120,425,660</b>	<b>(120,425,660)</b>	<b>-</b>	<b>7,167,308</b>
(in euros)	2012	Acquisitions	Divestitures	Other	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>

#### Shares repurchased to be awarded or retired

In 2014, the Board used two delegations granted by the shareholders:

- the delegation of May 7, 2014, which replaced the delegation of April 29, 2013 (with implementation authorized by the Board on May 7, 2014).
- the delegation of April 29, 2013, which replaced the delegation of May 3, 2012 (with implementation authorized by the Board on April 29, 2011).

The portfolio of treasury shares held to be awarded under free share award plans or to reduce the share capital totaled 280,794 shares as of December 31, 2013. As of December 31, 2014, there were 280,794 treasury shares at an average purchase price of €25.53.

As of December 31, 2013, the portfolio of treasury shares was 280,794 at an average purchase price of €25.53, reflecting the buyback of 37,000 shares during the year and the use of 447 shares to meet obligations to beneficiaries of free share awards.

#### Treasury shares repurchased under the liquidity contract

In 2014, 1,686,323 shares were repurchased at an average price of €71.41 and 1,686,323 shares were sold at an average price of €71.41.

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, 2014 or December 31, 2013.

#### Plans in force as of December 31, 2014

The main features of the plans applicable as of December 31, 2014 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.

No new stock option subscription plans were set up in 2014.

As all tranches were fully subscribed at the end of 2013, there were no further options outstanding as of December 31, 2014.

#### **b) Free share awards**

The Annual General 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.

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.

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). The purchase period for this plan expired on June 22, 2014 and 63,000 shares were created for the 68 remaining beneficiaries.

As of December 31, 2014, there were 5,500 free shares outstanding that were awarded for 2013 in connection with the plan adopted in October 2013, affecting 6 beneficiaries.

On October 29, 2014, the Board resolved to grant 31,200 free shares (the maximum that may be awarded, subject to continued presence and to intrinsic performance linked to consolidated EBITDA as of December 31, 2015 and the relative stock market performance.)

A total of 68,500 free share awards were outstanding as of December 31, 2013. During the period, 31,200 free shares were awarded and 63,000 were vested. As a result, a total of 36,700 free shares were outstanding as of December 31, 2014.

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

##### **First 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 purchase period for this plan expired on June 22, 2014 and 334,832 shares were thus created for the 41 remaining beneficiaries.

##### **Second plan**

On October 29, 2014, the Board of Directors also decided to set up a joint investment plan, intended for the 51 key managers in the Group.

The plan consisted of an agreement with the beneficiaries, under which a maximum of 199,470 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).

With regard to the joint investment plan, Ingenico measured the fair value on the basis of the likelihood of achieving internal results and external performance conditions. The IFRS 2 expense is revalued on the basis of changes in internal performance and the condition of presence within the Group on the reporting date for each period.

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

	2014						
	Options/Free shares outstanding at Jan. 1	Options/Shares granted during the year	Options/shares exercised during the year	Options/shares canceled or expired, other movements	Options/Free shares outstanding at Dec. 31	Weighted average life (in years)	Weighted average exercise price (in €)
Tranche H	-	-	-	-	-	-	-
Free share awards	68,500	31,200	63,000	-	36,700	-	-
Joint investment plan	317,384	199,470	334,832	17,448	199,470	-	-
<b>Total</b>	<b>385,884</b>	<b>230,670</b>	<b>397,832</b>	<b>17,448</b>	<b>236,170</b>		

	2013						
	Options/Free shares outstanding at Jan. 1	Options/Shares granted during the year	Options/shares exercised during the year	Options/shares canceled or expired, other movements	Options/Free shares outstanding at Dec. 31 <sup>(1)</sup>	Weighted average life (in years)	Weighted average exercise price (in €)
Tranche H	16,684	-	16,684	-	-	8	€10.97
Free share awards	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>		

### 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.

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

#### In fiscal year 2014

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 €4,432,000 in Profit from Ordinary Activities for 2014. This included a €247,000 expense related to stock-option plans put in place by the new Group subsidiary Roam Data Inc.

### In fiscal year 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.

## 23. EARNINGS PER SHARE

### Basic earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to Ingenico SA 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.

	2014	2013
Net profit or loss attributable to Ingenico SA shareholders (in thousands of euros)	171,652	114,074
Weighted average number of ordinary shares	54,257,111	52,534,237
<b>Basic earnings per share (in euros)</b>	<b>3.16</b>	<b>2.17</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, 2014, dilutive instruments comprised free share awards, and OCEANE-type bonds (convertible into or exchangeable for new or existing shares).

(in thousands of euros)	2014	2013
<b>Net profit or loss attributable to Ingenico SA shareholders</b>	<b>171,652</b>	<b>114,074</b>
Interest expense related to OCEANE bond loan (net of income tax)	4,542	9,127
<b>Diluted net profit or loss attributable to Ingenico SA shareholders</b>	<b>176,194</b>	<b>123,201</b>
<b>Weighted average number of existing shares</b>	<b>54,257,111</b>	<b>52,534,237</b>
Impact of dilutive instruments:		
- free shares granted	78,987	321,775
- conversion of convertible bonds	5,664,997	6,677,350
<b>Diluted weighted average number of ordinary shares</b>	<b>60,001,095</b>	<b>59,533,362</b>
<b>Diluted earnings per share (in euros)</b>	<b>2.94</b>	<b>2.07</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.

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)	2014	2013
"OCEANE" convertible bond issue	-	227,098
Bond issue	456,702	-
Bank borrowings	575,385	328,035
Finance lease obligations	827	2,188
Other financial liabilities	3,210	3,105
<b>Non-current borrowings and long-term debt</b>	<b>1,036,124</b>	<b>560,426</b>
"OCEANE" convertible bond issue	111,628	-
Bank and similar borrowings	20,000	53,487
Finance lease obligations	751	1,804
Bank overdrafts and other financial liabilities	16,128	25,891
Interest accrued but not due	5,953	6,880
<b>Short-term financial liabilities</b>	<b>154,460</b>	<b>88,062</b>
<b>Total financial borrowings and debt</b>	<b>1,190,584</b>	<b>648,488</b>
Cash	359,318	265,083
Marketable securities and short-term deposits	67,075	87,024
<b>Cash and cash equivalents</b>	<b>426,393</b>	<b>352,107</b>
<b>Net debt</b>	<b>764,191</b>	<b>296,381</b>

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

As of December 31, 2014, long- and short-term bank borrowings and bond debt amounted to €1,169.7 million, including:

- €111.6 million in respect of an OCEANE convertible bond issued in March 2011;
- €456.7 million corresponding to the new bond issue in May 2014 (see the Bond section) ;
- €595.4 million corresponding to the syndicated loan signed in July 2014 and described below (see the paragraph "Bank borrowings");
- €6.0 million in interest accrued but not due on the convertible bond issued in 2014.

As of December 31, 2013, long- and short-term bank borrowings amounted to €615.5 million, including €227.1 million relating to an OCEANE convertible bond issued, €381.5 million corresponding to the bank loans described above, now repayable, and €6.9 million in interest accrued but not due.

#### **1) Bond issue**

On May 20, 2014, Ingenico SA issued a bond maturing on May 20, 2021. The nominal amount of the bond was €450 million representing 4,500 bonds each with a nominal value of €100,000. The bonds pay an annual coupon

of 2.5 percent. The debt is recognized at amortized cost, issuance costs and issue premium are amortized in profit or loss over the life of the bond.

This transaction was accompanied by an information memorandum approved by the Autorité des Marchés Financiers under visa number 14-210 on May 16, 2014.

#### ***Redemption at maturity***

The bonds will be redeemed in full on May 20, 2021, at face value.

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

The Company may redeem all or some of the bonds early at any time before May 20, 2021, either by repaying the entire loan at a compensatory redemption price described in the prospectus of the transaction, or by buying the bonds on the stock market and canceling them.

A clause providing for the redemption of the entire bond issue at their face value plus accrued interest, exists should French tax laws change significantly. These conditions are described in the prospectus of the transaction.

#### ***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.

## ***2) Convertible 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.

This transaction 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 1.015 shares per bond, subject to adjustments.

The Company may, at its discretion, 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.

On December 15, 2014, the Group announced the exercise of the early redemption option on January 15, 2015, on all OCEANE bonds convertible and/or exchangeable into new or existing shares outstanding on January 7,



2015. OCEANE bondholders had the option until January 6, 2015, to exercise their stock option rights at a conversion rate of 1.015 Ingenico shares per OCEANE bond. For bondholders who did not exercise their stock option rights, the early redemption would be transacted at face value plus accrued coupon, or €37.479492 per OCEANE bond. As of the date of unwinding, almost all bondholders had exercised their conversion options and the amount repaid amounted to €0.2 million.

#### ***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 in the paragraph on Compound financial instruments under Accounting principles and methods, 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, 2014, the carrying amount of the OCEANE's liability component was €111.6 million.

During full year 2014, 3,501,821 bonds were converted to Ingenico shares at bondholders' request. The reduction in debt recognized amounted to €122.7 million over the period with a corresponding entry in equity (see Note 35 "Subsequent events").

### **3) Bank borrowings**

#### **Syndicated loan 2011 (repaid)**

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 tranche of €210 million, repayable over a 4-year period, with a principal of €157.5 million as of December 31, 2013;
- a tranche of €140 million, repayable in full in August 2016, fully drawn down as of December 31, 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 SA also put in place a five-year €35 million bilateral revolving credit facility with a bank, fully drawn down as of December 31, 2013.

In June and July 2014, the Group repaid these debts in full as part of its comprehensive bank debt restructuring prior to drawing on the new syndicated facility.

#### Syndicated loan 2014

In July 2014, the Group signed a syndicated loan facility for a total €600 million, which was used primarily to acquire Global Collect and was broken down as follows:

- a €500 million revolving tranche with an initial term of 5 years. This tranche is renewable for two years at the Group's request. It was fully drawn down as of December 31, 2014;
- a €100 million tranche, repayable over 5 years, fully drawn down as of December 31, 2014.

In connection with the syndicated loan facility signed in 2014, the Group is committed to satisfying certain financial ratios which are tested annually, based on pro forma consolidated accounts. Net debt on December 31, 2014 must be less than 3.5 times EBITDA. After that date, and at every financial publication, net debt must be less than 3 times EBITDA.

There are also a number of standard legal covenants.

The ratios had been met as of December 31, 2014.

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

#### 4) Bank overdrafts

As of December 31, 2014, bank overdrafts totaled €14.6 million, mainly for Ingenico Payment Services GmbH (formerly Easycash GmbH).

As of December 31, 2013, bank overdrafts totaled €23.0 million, mainly for Ingenico Payment Services GmbH (formerly Easycash GmbH).

#### 5) Finance lease obligations

As of December 31, 2014, finance lease obligations mainly involved Ingenico Italia (€1.2 million).

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

#### Principal features of financial liabilities

##### Interest rates and maturities

(in thousands of euros)	2014				
	Carrying amount	Average annual rate	Less than 1 year	1 - 5 years	More than 5 years
"OCEANE" convertible bond issue	111,628	2.75%	111,628	-	-
Bond issue	456,702	2.50%	-	-	456,702
Bank borrowings	595,384	1.38%	20,000	575,384	-
Finance lease obligations	1,578	3.70%	751	827	-
Bank overdrafts	14,607		14,607	-	-
Other financial liabilities	4,732		1,521	3,211	-
Accrued interest on borrowings	5,953		5,953	-	-
<b>Total financial borrowings and debt</b>	<b>1,190,584</b>		<b>154,460</b>	<b>579,422</b>	<b>456,702</b>

	2013				
(in thousands of euros)	Carrying amount	Average annual rate	Less than 1 year	1 - 5 years	More than 5 years
"OCEANE" convertible bond issue	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>

#### Breakdown by currency

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

(in thousands of euros)	2014	2013
Euro	1,190,167	648,331
U.S. Dollar	328	111
Other currencies	89	46
<b>Total financial borrowings and debt</b>	<b>1,190,584</b>	<b>648,488</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 December 31, 2012</b>	<b>459,028</b>
(in thousands of euros)	
New borrowings	276,509
Capitalized interest	7,804
Repayments	(108,404)
Net change on drawdowns of 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>
New borrowings	1,042,810
Capitalized interest	10,567
Bond conversions	(122,731)
Repayments	(388,524)
Net change on drawdowns of lines of credit	(8,416)
Interest accrued but not due	(928)
Translation differences	37
Change in fair value	8,947
Other movements	24
Changes in consolidation scope	310
<b>Balance at December 31, 2014</b>	<b>1,190,584</b>

#### **2014**

In 2014, the Group:

- repaid: €157.5 million (repayable tranche) of the 2011 syndicated loan facility, including €140 million (tranche repayable in full) and €49.5 million (renewable tranche);
- issued: €450 million bond issue;
- signed: a new €600 million bank loan.

Conversions of OCEANE bonds reduced debt by €122.7 million.

Capitalized interest relates to the bond issue, the convertible bond issue, and the bank loans described above.

Changes in fair value relate to the recognition of the bond issued in 2014.

#### **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.

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.

*Undrawn credit facilities as of December 31, 2014*

The Group has unused bilateral loan facilities totaling €31.5 million;

**25. DERIVATIVE FINANCIAL INSTRUMENTS**

*Fair value of derivative instruments at the reporting date*

(in thousands of euros)	<b>2014</b>	<b>2013</b>
<b>Interest rate derivative instruments</b>		
Current assets	9,681	-
Current liabilities	(1,973)	(3,414)
<b>Foreign exchange derivative instruments</b>		
Current assets	1,252	1,236
Current liabilities	(1,628)	(1,029)
<b>Total</b>	<b>7,332</b>	<b>(3,207)</b>

*Breakdown of instruments by hedging policy*

(in thousands of euros)	Balance at January 1, 2014			Balance at December 31, 2014
	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	349	41	(545)	(155)
Foreign exchange options	-	-	-	-
Foreign exchange swaps	-	-	-	-
Interest rate swaps	(3,414)	-	3,414	-
Interest rate options (cap)	-	-	-	-
<b>Instruments not designated as cash flow hedges</b>				
Foreign exchange forward contracts	(317)	491	-	174
Foreign exchange options	-	-	-	-
Foreign exchange swaps	175	(570)	-	(395)
Interest rate swaps	-	7,708	-	7,708
Interest rate options (cap)	-	-	-	-
<b>Total</b>	<b>(3,207)</b>	<b>7,670</b>	<b>2,869</b>	<b>7,332</b>

Changes in the fair value of ineffective hedging instruments or the ineffective portions of effective hedging instruments are directly recognized in net financial income and expenses. 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.

During the year, the Group put in place an interest rate swap for 50 percent of the nominal value of the bond issued in 2014, or €225 million, with a 7-year life. This swap turns part of the Group's fixed-rate exposure into variable-rate exposure. This hedge is recognized as a fair value hedge, changes in the fair value of the derivative are recognized in profit and loss, as are changes in the fair value of its underlying asset.

Moreover, in 2014, the Group repaid the bank loans outstanding at December 31, 2013. An interest rate swap designated as a cash flow hedge was applied to the syndicated loan of August 2011. In the absence of underlying liabilities, this hedge was no longer considered effective and lost its classification as a cash flow hedge. The impact of this loss of effectiveness was the recycling of an expense of €2.6 million from equity to 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)	2014		
	Amounts in the balance sheet	Impact of compensation	Net amounts
FV of derivative financial instruments (assets)	10,933	(2,214)	8,718
FV of derivative financial instruments (liabilities)	(3,601)	2,214	(1,387)
<b>Net position</b>	<b>7,332</b>		<b>7,332</b>

(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 position</b>	<b>(3,207)</b>		<b>(3,207)</b>

## 26. PROVISIONS FOR RETIREMENT BENEFIT OBLIGATIONS

The Group has defined benefit pension plan obligations 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.
- In the Netherlands, there is a pension plan in addition to a system of benefits based on length of service (or service milestones).

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 benefits plans*

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

- 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, Germany, Italy, Turkey and the Netherlands.
- funded defined benefit plans: this system exists in the United Kingdom. Provisions for retirement benefits are also recognized as a liability in the balance sheet, minus the value of the assets.



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

		2014								
(in thousands of euros)	Funded plans	Unfunded plans							Total	
	United-Kingdom	France	Germany	Italy	Turkey	Netherlands	Other	Total		
<b>At January 1</b>	<b>(583)</b>	<b>5,362</b>	<b>4,289</b>	<b>2,214</b>	<b>141</b>	<b>-</b>	<b>-</b>	<b>12,006</b>	<b>11,423</b>	
Business combination	-	-	-	-	-	473	-	473	473	
Translation differences and other movements	25	-	(121)	-	11	-	8	(102)	(77)	
Expense of the period	(49)	732	43	216	38	10	202	1,241	1,192	
Benefits paid	-	(189)	(121)	(123)	-	-	-	(433)	(433)	
Contributions to pension funds	(992)	-	-	-	-	-	-	-	(992)	
Revaluation of the net defined benefit liability	2,913	1,893	1,133	423	107	35	14	3,605	6,518	
<b>At December 31</b>	<b>1,314</b>	<b>7,798</b>	<b>5,223</b>	<b>2,730</b>	<b>297</b>	<b>518</b>	<b>224</b>	<b>16,790</b>	<b>18,104</b>	

		2013								
(in thousands of euros)	Funded plans	Unfunded plans							Total	
	United-Kingdom	France	Germany	Italy	Turkey	Netherlands	Other	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>-</b>	<b>-</b>	<b>11,174</b>	<b>11,674</b>	
Business combination	-	29	-	-	-	-	-	29	29	
Translation differences and other movements	(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)	
Revaluation of the net defined benefit liability	(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>-</b>	<b>-</b>	<b>12,006</b>	<b>11,423</b>	

*Movements in the present value of defined benefit obligations*

Present value of the defined benefit obligation (in thousands of euros)	2014		
	Total	Funded plan	Unfunded plan
<b>At January 1</b>	<b>34,918</b>	<b>22,912</b>	<b>12,006</b>
Current service cost	863	-	863
Interest on obligation	1,439	1,061	378
Revaluation of the net defined benefit liability	7,065	3,460	3,605
Translation differences	1,658	1,760	(102)
Disbursements paid by the employer	(433)	-	(433)
Disbursements from plan assets	(330)	(330)	-
Business combination	473	-	473
<b>At December 31</b>	<b>45,653</b>	<b>28,863</b>	<b>16,790</b>

Present value of the defined benefit obligation (in thousands of euros)	2013		
	Total	Funded plan	Unfunded plan
<b>At January 1</b>	<b>33,239</b>	<b>22,065</b>	<b>11,174</b>
Current service cost	682	-	682
Interest on obligation	1,234	905	329
Revaluation of the net defined benefit liability	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>

*Movements in the fair value of plan assets*

Fair value of plan assets (in thousands of euros)	2014	2013
<b>At January 1</b>	<b>23,496</b>	<b>21,565</b>
Return on plan assets	1,107	904
Revaluation of the net defined benefit liability	547	795
Translation differences	1,735	(411)
Employer contributions	992	942
Benefits paid from funded plans	(328)	(299)
<b>At December 31</b>	<b>27,549</b>	<b>23,496</b>

*Breakdown of recognized assets and liabilities*

<b>(in thousands of euros)</b>	<b>2014</b>	<b>2013</b>
<b>Assets and liabilities</b>		
Present value of obligations	45,653	34,918
Fair value of plan assets	27,549	23,496
<b>Surplus/(deficit)</b>	<b>(18,104)</b>	<b>(11,422)</b>
Unrecognized past service cost	-	-
Assets not recognized (limitation effect)	-	-
<b>Net liability</b>	<b>(18,104)</b>	<b>(11,422)</b>

*Expense recognized in profit or loss*

<b>Expense recognized in profit or loss (in thousands of euros)</b>	<b>Fiscal year 2014</b>	<b>(Forecast)</b>
		<b>Fiscal year 2015</b>
Current service cost	863	1,121
Interest on obligation	1,439	1,331
Return on plan assets	(1,107)	(1,032)
<b>At December 31</b>	<b>1,195</b>	<b>1,420</b>

*Impact on statement of comprehensive income*

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

<b>(in thousands of euros)</b>	<b>2014</b>	<b>2013</b>
<b>At January 1</b>	<b>7,476</b>	<b>7,235</b>
Revaluation of the net defined benefit liability	6,518	315
Translation differences	(35)	(74)
<b>At December 31</b>	<b>13,959</b>	<b>7,476</b>

Actuarial gains/losses recognized in 2014 are as follows:

	<b>In thousands of euros</b>	<b>(in %)*</b>
<b>Bonds</b>		
Experience	755	1.62%
Change in financial assumptions	6,310	13.82%
<b>Plan assets</b>		
Experience	(547)	(1.99)%
<b>Total</b>	<b>6,518</b>	
* as percentage of the value of the provision or of the assets		

#### *Breakdown of fair value of plan assets*

Plan investments	In thousands of euros	In %	Yield
Shares	18,960	68.82%	3.70%
Bonds	8,169	29.65%	3.70%
Other	420	1.52%	3.70%
<b>Total</b>	<b>27,549</b>	<b>100.00%</b>	<b>3.70%</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	Netherlands	Other	Average rate, weighted by the DBO amount
Discount rate	1.50%	1.50%	1.50%	8.10%	3.70%	1.50%	N.A.	2.93%
Expected future salary increases	2.50%	1.50%	2.50%	7.00%	N.A.	3.00%	N.A.	2.54%

#### *Sensitivity to changes in medical care trend rates*

No plan benefits.

#### *Best estimate of plan contributions payable in 2015*

Expected contributions for the fiscal year ended December 31, 2015:

(in thousands of euros)	<b>2015</b>
Employer contributions	1,027
Plan participants' contributions	-

*Sensitivity of assets and liabilities to the main assumptions as of December 31, 2014*

A one percentage-point increase or decrease in the discount rate affecting all plans would result in the following net liabilities:

(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	38,000	23,320	14,680	55,168	35,774	19,394
Fair value of plan assets	27,549	27,549	-	27,549	27,549	-
<b>Surplus/(deficit)</b>	<b>(10,451)</b>	<b>4,229</b>	<b>(14,680)</b>	<b>(27,619)</b>	<b>(8,225)</b>	<b>(19,394)</b>
Unrecognized past service cost	-	-	-	-	-	-
Assets not recognized (limitation effect)	-	-	-	-	-	-
<b>Net liability</b>	<b>(10,451)</b>	<b>4,229</b>	<b>(14,680)</b>	<b>(27,619)</b>	<b>(8,225)</b>	<b>(19,394)</b>

A one percentage-point increase or decrease in the inflation rate affecting all plans would result in the following net liabilities:

(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	52,706	33,867	18,839	39,724	24,632	15,092
Fair value of plan assets	27,549	27,549	-	27,549	27,549	-
<b>Surplus/(deficit)</b>	<b>(25,157)</b>	<b>(6,318)</b>	<b>(18,839)</b>	<b>(12,175)</b>	<b>2,917</b>	<b>(15,092)</b>
Unrecognized past service cost	-	-	-	-	-	-
Assets not recognized (limitation effect)	-	-	-	-	-	-
<b>Net liability</b>	<b>(25,157)</b>	<b>(6,318)</b>	<b>(18,839)</b>	<b>(12,175)</b>	<b>2,917</b>	<b>(15,092)</b>

According to a report by the U.K. actuary, IFRIC 14 had no impact on the consolidated financial statements as of December 31, 2014.

A one percentage-point increase or decrease in the discount rate affecting all plans would result in the following movements in other comprehensive income as of December 31, 2014:

	Discount rate +1%	Discount rate -1%
<b>(in thousands of euros)</b>		
<b>At January 1</b>	<b>7,476</b>	<b>7,476</b>
Revaluation of the net defined benefit liability	(1,174)	15,994
Translation differences	(155)	273
<b>At December 31</b>	<b>6,147</b>	<b>23,743</b>

## 27. OTHER PROVISIONS

(in thousands of euros)	Balance at January 1, 2014	Translation differences	Changes in consolidation scope	Additions	Reversals of amounts used	Reversal of unused amounts	Other movements	Balance at December 31, 2014
Provisions for warranties	12,455	1,010	-	14,003	(12,273)	(85)	(37)	15,073
Provisions for litigation and claims	8,017	107	1,028	3,354	(2,064)	(420)	274	10,296
Provisions for restructuring	1,207	(3)	-	504	(1,125)	-	1	584
Other provisions	8,891	(563)	-	12,181	(4,131)	(2,565)	3,471	17,284
<b>Total other provisions</b>	<b>30,570</b>	<b>551</b>	<b>1,028</b>	<b>30,042</b>	<b>(19,593)</b>	<b>(3,070)</b>	<b>3,709</b>	<b>43,237</b>

(in thousands of euros)	Balance at January 1, 2013	Translation differences	Changes in consolidation scope	Additions	Reversals of amounts used	Reversal of unused amounts	Other movements	Balance at December 31, 2013
Provisions for warranties	12,130	(759)	-	13,156	(12,219)	32	115	12,455
Provisions for litigation 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>

### (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.

- Commercial disputes

Commercial disputes are regularly reviewed by the Legal Department and are covered by provisions if the Group considers that it is probable that an outflow of resources will be necessary to cover the risk incurred and that such an outflow can be reliably estimated. Reversals of unused amounts chiefly reflect the resolution of such 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.

- Tax disputes

During fiscal year 2014 and prior years, Group companies were subject to tax audits and occasionally proposals for adjustments. The financial consequences of these income tax adjustments and other taxes are recorded as provisions for any reported amounts that are accepted or deemed to present a probable outflow of resources and may be reliably estimated. The Group periodically reviews the assessment of this risk as audits or litigations progress, and is of the opinion that there are no ongoing audits that will have a material impact on its financial position or liquidity.

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 €67 million as of December 31, 2014 (covering principal, interest and penalties from 2004 to 2009). 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. All notified ICMS-related assessments are still being contested in the administrative courts in Brazil. As of December 31, 2014, Ingenico had not been notified of any final decision by the Brazilian administrative courts and consequently had not received any demand for payment. In addition, the subsidiary, on the advice of tax experts, 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, 2014.

- Other disputes

A settlement agreement signed in November 2014 closed the dispute with Mr. Will Graylin, minority shareholder of Roam Data Inc.

**(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 €2.6 million of unused amounts reversed mainly relate to commitments to suppliers to purchase inventories and customer quality risks.

Other changes include in particular a €3.1 million provision for quality-related risks at Ingenico Do Brazil.

(in thousands of euros)	2014	2013
Supplier inventory buyback commitments	2,355	1,720
Product quality risk	10,777	4,390
Employee indemnities and benefits	837	773
Customer sales indemnities	721	93
Other expenses	2,593	1,915
<b>Total other provisions</b>	<b>17,284</b>	<b>8,891</b>

## 28. OTHER NON-CURRENT LIABILITIES

(in thousands of euros)	2014	2013
Trade payables	-	79
Tax, personnel and social security liabilities	4,340	234
Deferred income	25,513	20,789
Other liabilities	6,231	3,466
<b>Total</b>	<b>36,084</b>	<b>24,568</b>

The increase in other non-current liabilities is principally due to:

- the increase in social security liabilities, in connection with the long-term compensation plans in various Group subsidiaries;
- the increase in deferred income, mainly at the subsidiary Ingenico Do Brazil, in connection with the increase in sales with extended warranties;
- the revaluation of the put option on Ingenico Asia Holding Ltd. shares, recognized in other liabilities.

In 2013, the Group increased the share capital of its subsidiary Ingenico Asia Holdings Ltd, issuing shares to an outside shareholder. 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)	2014	2013
Trade payables	274,850	222,904
Other operating liabilities	138,648	104,955
<i>Customer advances</i>	9,963	6,038
<i>Other tax liabilities</i>	13,844	22,739
<i>Employee-related liabilities</i>	114,565	76,164
<b>Total</b>	<b>413,498</b>	<b>327,859</b>

The increase in trade payables is consistent with the increase in business.



### 30. CURRENT TAX PAYABLE

As of December 31, 2014, current tax payable in under one year was composed chiefly of income tax payable on taxable profit at Group subsidiaries.

(in thousands of euros)	2014	2013
Germany	2,584	1,724
China	3,649	2,726
France	16,552	7,122
Italy	-	2,220
United Kingdom	2,523	2,344
Other countries	3,213	1,751
<b>TOTAL</b>	<b>28,521</b>	<b>17,887</b>

### 31. OTHER CURRENT LIABILITIES

Other current liabilities are broken down as follows:

(in thousands of euros)	2014	2013
Deferred income	120,658	81,160
Other liabilities	5,556	29,349
<b>Total</b>	<b>126,214</b>	<b>110,509</b>

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

The reduction in other liabilities is due to:

- Earn-out payments on the purchase of PT Ingenico International Indonesia assets;
- Partial earn-out payment in connection with the acquisition of Ingenico Payment System LLC;
- Payment of the put option on Roam Data Inc. shares;
- The transfer to special accounts of the liquid investments related to the business of the subsidiary Tunz (see Note 32, Funds, receivables and payables related to intermediation activities).

As of December 31, 2014, other liabilities included mainly the earn-out connected with the acquisition of Ingenico Payment System LLC.

### 32. FUNDS, RECEIVABLES AND PAYABLES RELATED TO INTERMEDIATION ACTIVITIES

(in thousands of euros)	2014
Receivables related to intermediation activities	1,943
Funds related to intermediation activities	308,225
<b>TOTAL ASSETS</b>	<b>310,168</b>
Payables related to intermediation activities	310,168
<b>TOTAL LIABILITIES</b>	<b>310,168</b>

### 33. OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	2014	2013
<b>COMMITMENTS RECEIVED</b>		
Various guarantees	3,770	4,215
Net asset warranty as part of the acquisition of an 83.86% interest in Roam Data Inc.: unlimited duration (commitment: USD 700,000).	577	508
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. Unlimited duration and amount.	unlimited	unlimited
Net asset warranty as part of Paycom acquisition. With the following durations: on July 1, 2021 for corporate warranties, on December 31, 2015 for tax warranties.	12,381	12,381
Net asset warranty as part of PT Payment Indonesia acquisition. Total net asset warranties amount to USD 4.5 million. expiry dates as follows: - tax until January 2018 - corporate : unlimited duration - other warranties: until July 2014	3,706	3,263
Net asset warranty as part of Ogone acquisition. The net asset warranty (not including the special warranty) totaled €89.3 million, expiry dates as follows: - tax until December 31, 2016 - corporate : unlimited duration - other warranties until September 2014 - an additional special warranty for tax losses on the acquisition of the holding company in Luxembourg, expiring on December 31, 2016.	89,325	89,325
	750	750
Net asset warranty received as part of GlobalCollect acquisition. The net asset warranty for a maximum of €20 million expires on September 30, 2015.	20,000	
<b>OTHER COMMITMENTS RECEIVED</b>		
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.		
<b>COMMITMENTS GIVEN</b>		
Various guarantees	20,631	18,816
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
<b>OTHER COMMITMENTS GIVEN</b>		
The Group has committed to contributing €14 million to an investment fund. The first cash call was subscribed in the amount of €112,000 and is recorded in the balance sheet.		

In 2014, the Group had the following commitments in connection with its business activities:

- approximately €137.4 million in firm price orders placed by the Group with its manufacturers as of December 31, 2014;
- future payments under non-cancelable operating leases.

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

(in thousands of euros)		2014	2013
Commitments given on non-cancelable leases		94,950	72,341
<b>Total</b>		<b>94,950</b>	<b>72,341</b>

The following table presents the breakdown by maturity and segment of commitments given by the Group under non-cancelable operating leases as of December 31, 2014:

							2014
(in thousands of euros)	Central Operations	SEPA	Asia-Pacific	North America	Latin America	EMEA	Total
Y+1	12,461	4,649	2,181	402	264	-	19,957
Y+2	9,851	3,112	1,119	404	-	-	14,487
Y+3	9,222	2,378	390	310	-	-	12,300
Y+4	9,060	1,493	17	275	-	-	10,845
Y+5 and following	24,952	8,996	14	3,398	-	-	37,361
<b>Total</b>	<b>65,547</b>	<b>20,628</b>	<b>3,723</b>	<b>4,790</b>	<b>264</b>	<b>-</b>	<b>94,950</b>

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

							2013
(in thousands of euros)	Central Operations	SEPA	Asia-Pacific	North America	Latin America	EMEA	Total
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>

Ingenico is entitled, in connection with its business activities, to receive future minimum rental income in respect of non-cancelable operating leases amounting to €3.5 million in 2014 and €5.9 million in 2013.

### 34. RELATED PARTY TRANSACTIONS

Total compensation and benefits paid to the Management Board in 2014 and 2013 break down as follows.

(in thousands of euros)	2014		2013	
	Amounts due for the period	Amounts paid during fiscal year	Amounts due for the period	Amounts paid during fiscal year
Fixed compensation	3,858	3,860	4,570	4,539
Variable compensation	3,885	3,116	2,975	3,128
Benefits	208	208	211	211
Free share awards (service cost recognized)	1,379		2,768	
<b>Total</b>	<b>9,330</b>	<b>7,184</b>	<b>10,524</b>	<b>7,877</b>

As recommended by the AMF (Autorité des Marchés Financiers), the note on executive compensation had 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 & Chief Executive Officer.

As of December 31, 2014, the Management Board has been reduced to 12 members, which explains the reduction in total compensation.

### 35. SUBSEQUENT EVENTS

On December 15, 2014, the Group announced the exercise of the early redemption option on January 15, 2015, on all OCEANE bonds convertible and/or exchangeable into new or existing shares outstanding on January 7, 2015. OCEANE bondholders had the option until January 6, 2015, to exercise their stock option rights at a conversion rate of 1.015 Ingenico shares per OCEANE bond. For bondholders who had not exercised their stock option rights, the early redemption was transacted at face value plus accrued coupon, or €37.48 per OCEANE bond.

Bonds converted prior to December 31, 2014 will not detach the coupon for that year, but the shares resulting from conversion will be entitled to a dividend paid in 2015 for fiscal year 2014. Bonds converted after January 1, 2015 will detach the coupon for fiscal year 2014, but the shares resulting from conversion will not be entitled to the dividend paid in 2015.

The convertible bond liability which amounted to €111.6 million as of December 31, 2014 consequently totally disappeared as of January 15, 2015, leading to an issuance of 3,216,566 shares and a €0.2 million redemption in cash relating to the 6,489 OCEANE bonds that had not been converted as of January 7, 2015.

After this transaction, Group net debt amounted to €652.6 million.

On January 15, 2015, the Group announced new appointments to its Executive Committee, intended to address the changes in scope. The changes in the structure of the Group that will be introduced in the first quarter of 2015, will focus on the following:

- The creation of a new global operational unit dedicated to online payments;
- The grouping of all technological solutions and platforms under a single structure;
- Refocusing four geographic regions: Europe, Africa; Asia Pacific, Middle East; Latin America, North America;
- The creation of Ingenico Labs to support Group-wide innovation;
- The retirement of Patrice Durand, EVP Finance & Operations, after the publication of the 2014 fiscal year results. He will be replaced by Pierre-Antoine Vacheron, EVP Strategy, Performance & Finance.

### 36. PRO FORMA FINANCIAL INFORMATION

The pro forma consolidated income statement for the fiscal year ended December 31, 2014 takes into account only the consolidation of Global Collect. It was prepared in order to present the consolidated income statement for the Ingenico Group for the fiscal year ended December 31, 2014 as if the acquisition of Global Collect had taken place on January 1, 2014. It was published for illustration purposes only. As such, it is not necessarily representative of the Ingenico Group's financial position or performance in the event that the acquisition of Global Collect had taken place at a date prior to its effective implementation. Nor does it presuppose the Group's financial position or performance in future fiscal years.

(in thousands of euros)	2014
<b>REVENUE</b>	<b>1,846,424</b>
Cost of sales	(1,051,937)
<b>GROSS PROFIT</b>	<b>794,487</b>
Distribution and marketing costs	(181,841)
Research and development expenses	(117,013)
Administrative expenses	(186,049)
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>309,584</b>
Other operating income/(expenses)	(19,798)
<b>PROFIT FROM OPERATING ACTIVITIES</b>	<b>289,786</b>
Net financial expenses	(28,005)
<b>FINANCIAL INCOME</b>	<b>(28,005)</b>
Share of profits in equity-accounted investees	(1,379)
<b>PROFIT BEFORE INCOME TAX</b>	<b>260,402</b>

The pro forma income statement has been drawn up on the basis of the Ingenico Group's consolidated financial statements to which the following restatements have been applied:

- Inclusion of the various interim balances of Global Collect for the period between January 1, 2014 and the acquisition date (September 30, 2014). The accounting principles and methods adopted are identical to those adopted for the preparation of the Group's consolidated financial statements for the fiscal year ended December 31, 2014;
- Inclusion of the additional depreciation charge on identified intangible assets measured at fair value when allocating the acquisition price;
- Inclusion of the IFRS 2 expense corresponding to share plans whose right vesting period falls in the first quarter of 2015;
- Inclusion of the theoretical additional financial expense and cancellation of financing costs for a debt with the former Global Collect shareholder.
- Cancellation of transaction costs borne by Global Collect.