



INGENICO GROUP

**Consolidated financial
statements**

December 31, 2015

I. CONSOLIDATED INCOME STATEMENTS

For the years ended December 31, 2015 and 2014

(in thousands of €)	Notes	2015	2014
REVENUE	4	2 197 283	1 607 339
Cost of sales	5.a.	(1 237 014)	(877 396)
GROSS PROFIT		960 269	729 943
Distribution and marketing costs		(202 576)	(157 408)
Research and development expenses		(156 698)	(114 640)
Administrative expenses		(212 453)	(166 408)
PROFIT FROM ORDINARY ACTIVITIES		388 542	291 487
Other operating income	5.b.	1 371	567
Other operating expenses	5.b.	(9 131)	(18 784)
PROFIT FROM OPERATING ACTIVITIES		380 782	273 270
Finance costs	9.a.	(102 700)	(67 967)
Finance income	9.a.	84 091	48 430
NET FINANCE COSTS		(18 609)	(19 537)
Share of profits in equity-accounted investees	11.a.	(2 626)	(1 379)
PROFIT BEFORE INCOME TAX		359 547	252 354
Income tax expense	10	(124 846)	(80 671)
NET PROFIT		234 701	171 683
Attributable to:			
- Ingenico Group SA shareholders		230 315	171 652
- non-controlling interests		4 386	31
EARNINGS PER SHARE (in €)	12.b.		
Net earnings:			
- basic earnings per share		3,81	3,16
- diluted earnings per share		3,76	2,94

II. Consolidated statements of comprehensive income

For the years ended December 31, 2015 and 2014

(in thousands of €)	Notes	2015	2014
Profit for the period attributable to Ingenico Group SA shareholders		230 315	171 652
Translation differences		23 572	35 165
Gains or losses of derivative hedging instruments ⁽¹⁾	9.c.	(393)	2 910
Gains or losses of available-for-sale financial assets		7 697	-
Actuarial gains/(losses) on defined benefit plans	6.c.	1 002	(6 518)
Income tax on gains/(losses) accounted in other comprehensive income		(3 617)	643
TOTAL GAINS/LOSSES ACCOUNTED IN OTHER COMPREHENSIVE INCOME AND ATTRIBUTABLE TO INGENICO GROUP SA SHAREHOLDERS⁽²⁾		28 261	32 200
Profit for the period and other comprehensive income attributable to Ingenico Group SA shareholders		258 576	203 852
Total comprehensive income attributable to non-controlling interests		4 386	31
Translation differences attributable to non-controlling interests		(988)	208
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		261 974	204 091
(in thousands of €)		2015	2014
Income tax on translation adjustments		(1 157)	(11)
Income tax on change in value of financial assets available for sale		(2 223)	-
Income tax on gains or losses on hedging instruments		136	(1 002)
Income tax on actuarial gains and losses on defined benefit plans		(373)	1 656
TAXES ON GAINS/LOSSES ACCOUNTED IN OTHER COMPREHENSIVE INCOME		(3 617)	643

2015:

(1) 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".

(2) All items recognized in "other comprehensive income", except for actuarial gains or losses, will subsequently be recycled to the consolidated income statement.

2014:

(1) 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".

(2) 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, 2015 and 2014

ASSETS

(in thousands of €)	Notes	2015	2014
Goodwill	7.a.	1 350 519	1 342 759
Other intangible assets	7.b.	508 524	544 553
Property, plant and equipment	7.c.	55 857	51 711
Investments in equity-accounted investees	11.a.	12 293	13 927
Financial assets		11 250	6 938
Deferred tax assets	10.c.	48 880	40 812
Other non-current assets	5.f.	31 316	27 616
TOTAL NON-CURRENT ASSETS		2 018 639	2 028 316
Inventories	5.d.	143 625	118 131
Trade and related receivables	5.e.	461 435	426 473
Receivables related to intermediation activities	5.j.	10 308	1 943
Other current assets	5.f.	32 475	35 155
Current tax assets	5.f.	7 441	9 319
Derivative financial instruments	9.c.	10 487	10 933
Funds related to intermediation activities	5.j.	256 159	308 225
Cash and cash equivalents	9.b.	919 882	426 393
TOTAL CURRENT ASSETS		1 841 812	1 336 572
TOTAL ASSETS		3 860 451	3 364 888

EQUITY AND LIABILITIES

(in thousands of €)	Notes	2015	2014
Share capital		60 991	57 437
Share premium account		722 397	575 227
Other reserves		681 931	416 971
Translation differences		40 677	24 204
Equity for the period attributable to Ingenico Group SA shareholders	12.a.	1 505 996	1 073 839
Non-controlling interests		4 858	2 100
TOTAL EQUITY		1 510 854	1 075 939
Non-current borrowings and long-term debt	9.b.	885 016	1 036 124
Provisions for retirement and benefit obligations	6.c.	17 024	18 104
Other long-term provisions	8	20 573	24 986
Deferred tax liabilities	10.c.	142 484	118 938
Other non-current liabilities	5.h.	97 691	36 084
TOTAL NON-CURRENT LIABILITIES		1 162 788	1 234 236
Short-term loans and borrowings	9.b.	286 922	154 460
Other short-term provisions	8	31 190	18 251
Trade and related payables	5.g.	438 579	413 498
Payables related to intermediation activities	5.j.	266 467	310 168
Other current liabilities	5.i.	134 560	126 214
Current tax liabilities	10.d.	27 605	28 521
Derivative financial instruments	9.c.	1 486	3 601
TOTAL CURRENT LIABILITIES		1 186 809	1 054 713
TOTAL LIABILITIES		2 349 597	2 288 949
TOTAL EQUITY AND LIABILITIES		3 860 451	3 364 888

IV. CONSOLIDATED CASH FLOW STATEMENTS
For the years ended December 31, 2015 and 2014

(in thousands of €)	Notes	2015	2014
Profit for the period		234 701	171 683
Adjustments for:			
- Share of profit of equity-accounted investees		2 626	1 379
- Income tax expense/(income)		124 846	80 671
- Depreciation, amortization and provisions		105 874	78 813
- Change in fair value		3 063	4 425
- Gains/(losses) on disposal of assets		1 729	525
- Net interest costs/(revenue)		12 910	15 419
Share-based payment expense(*)		17 557	10 463
Interest paid		(14 972)	(16 044)
Income tax paid		(137 475)	(92 527)
Cash flows from operating activities before change in net working capital		350 859	254 807
inventories		(24 212)	(9 915)
trade and other receivables		(32 833)	(27 583)
trade payables and other payables		43 075	77 419
Change in net working capital	5.c.	(13 970)	39 921
NET CASH FLOWS FROM OPERATING ACTIVITIES		336 889	294 728
Acquisition of non-current assets		(62 397)	(51 714)
Proceeds from sale of tangible and intangible fixed assets		683	626
Acquisition of subsidiaries, net of cash acquired	3	(3 711)	(799 991)
Disposal of subsidiaries, net of cash disposed of	3	-	5 644
Loans and advances granted and other financial assets		(4 593)	(1 120)
Loan repayments received		1 308	3 469
Interest received		9 457	10 154
CASH FLOWS FROM FINANCING ACTIVITIES		(59 253)	(832 932)
Proceeds from share capital issues		2 039	101
Purchase/(sale) of treasury shares		151	517
Proceeds from loans and borrowings	9.b.	755 509	1 041 350
Repayment of loans and borrowings	9.b.	(600 689)	(386 486)
Change in the Group's ownership interests in controlled entities	3	94 393	(14 797)
Changes in other financial liabilities		(498)	(5 416)
Changes in the fair value of hedging instruments		(390)	-
Dividends paid to shareholders		(29 858)	(19 796)
Tax on financing activities		(8 260)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		212 397	615 473
Effect of exchange rates fluctuations		(1 917)	5 401
CHANGE IN CASH AND CASH EQUIVALENTS		488 116	82 670
Cash and cash equivalents at beginning of the year		411 786	329 116
Cash and cash equivalents at year end ⁽¹⁾		899 902	411 786
		2015	2014
(1) CASH AND CASH EQUIVALENTS			
Short-term investments and short-term deposits (only for the portion classed as cash and cash equivalents)		295 081	67 075
Cash and cash equivalents		624 801	359 318
Bank overdrafts (included in short-term borrowings)		(19 980)	(14 607)
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		899 902	411 786

Funds collected in connection with intermediation activities are not included in the cash flow statement (see Note 5.j).

Total income tax paid is €145.7 million.

*Share-based payment expense of €17.6 million, including €8.2 million paid in equity instruments and €9.4 million paid in cash.

V. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2015 and 2014

(in thousands of €)	Share capital	Share premium account	Translation reserve	Effective portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total equity attributable to Ingenico SA Group shareholders	Non-controlling interests	Total equity
Balance at January 1, 2014	53 086	425 783	(10 947)	(2 009)	(7 167)	306 732	765 478	1 216	766 694
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
Total comprehensive income for the period			35 165	1 908		166 779	203 852	239	204 091
Dividends paid to shareholders ⁽¹⁾						(19 538)	(19 538)	(183)	(19 721)
Stock dividends paid to shareholders: payment of dividend in shares ⁽²⁾	398	22 289				(22 687)	-	-	-
Treasury shares ⁽³⁾						339	339		339
Share-based payments and exercise of stock options ⁽⁴⁾	398	(398)				4 432	4 432	111	4 543
Revaluation of put options ⁽⁵⁾						(6 586)	(6 586)	714	(5 872)
Dilutions						(6)	(6)	3	(3)
OCEANE bond conversions ⁽⁶⁾	3 555	127 553				(5 491)	125 617		125 617
Other			(14)			265	251		251
Balance at December 31, 2014	57 437	575 227	24 204	(101)	(7 167)	424 239	1 073 839	2 100	1 075 939
Profit for the period 2015						230 315	230 315	4 386	234 701
Other comprehensive income			23 572	(257)		4 946	28 261	(988)	27 273
Total comprehensive income for the period			23 572	(257)		235 261	258 576	3 398	261 974
Dividends paid to shareholders ⁽¹⁾						(29 283)	(29 283)	(589)	(29 872)
Stock dividends paid to shareholders ⁽²⁾	314	29 727				(30 041)	-	-	-
Treasury shares ⁽³⁾					133	12	145		145
Share-based payments and exercise of stock options ⁽⁴⁾	24	2 011				8 219	10 254		10 254
Remeasurement effect of put options ⁽⁵⁾						(3 627)	(3 627)		(3 627)
Dilutions ⁽⁶⁾				(7 099)		41 157	34 058	(51)	34 007
OCEANE bond conversions ⁽⁷⁾	3 216	115 432				(4 432)	114 216		114 216
OCEANE bond issue ⁽⁸⁾						48 143	48 143		48 143
Other						(325)	(325)		(325)
Balance at December 31, 2015	60 991	722 397	40 677	(358)	(7 034)	689 323	1 505 996	4 858	1 510 854

2015:

(1) Cash dividend of €1.0 per share paid on 10 June 2015.

(2) Stock dividends financed through incorporation of retained earnings into share capital and issuance of 313,580 new shares.

(3) As of December 31, 2015, the company held 276,294 treasury shares bought back by virtue of authorizations granted at Shareholders' Meetings.

(4) Share-based payments:

- the increase in retained earnings and other reserves reflects fair value adjustments to free share awards recognized each year in "Profit from operating 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 2015.

(5) Revaluation of the put option held by Fosun, as described in Note 3 Highlights of the period.

(6) Including the transfer of 20% of the Group's Chinese companies to FOSUN, described in Note 3 Highlights of the period.

(7) Conversion of 3,169,040 Ingenico 2011/2017 OCEANE bonds to 3,216,566 shares.

(8) Issue of Ingenico 2015/2022 OCEANE described in Note 9.b Net Debt (Equity component of the debt is €73.3 million, deferred tax liability is €25.2 million).

2014:

(1) Cash dividend of €0.80 per share paid out on June 11, 2014.

(2) Stock dividends financed through incorporation of retained earnings into share capital and issuance of 398,304 new shares.

(3) At December 31, 2014, the company held 280,794 treasury shares bought back by virtue of authorisations granted at Shareholders' Meetings.

(4) Share-based payments:

- the increase in retained earnings and other reserves reflects fair value adjustments to free share awards recognized each year in "Profit from operating 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.

(5) Remeasurement of put options on Roam Data Inc. and Ingenico Holdings Asia Ltd. N.B.: This latest put option was for the remaining 1.16% non-controlling interests in Ingenico Holdings Asia Ltd.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. THE GROUP

These Consolidated Financial Statements present the operations and financial position of Ingenico group 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 Group is a global leader in seamless payment services, and offers payment solutions across all channels (in-store, mobile, online and cross-channel). Its offering is built around three brands: Ingenico Smart Terminals, Ingenico Payment Services, and Ingenico Mobile Solutions.

Ingenico Group SA is a company incorporated under French law, with its head 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, 2016. They will be submitted for approval to the shareholders at their Annual General Shareholders’ Meeting of April 29, 2016.

2. ACCOUNTING PRINCIPLES AND METHODS

The consolidated financial statements for fiscal year 2015 were prepared in accordance with IFRS (International Financial Reporting Standards) as published by the IASB (International Accounting Standards Board) and as adopted by the European Union on December 31, 2015. These standards are available on the European Commission’s website:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The new standards in effect as of January 1, 2015 and which concern the Group are as follows:

- IFRIC 21 – Taxes Levies
- Annual Improvements 2011-2013

The adoption of these standards did not result in material 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, 2015, but which are not yet mandatory. These concern:

- Amendments to IAS 19, Employee Contributions to Defined Benefit Plans.
- Annual Improvements 2010-2012;
- Amendments to IAS 1 - Disclosure Initiative
- Amendments to IFRS 11 - Acquisition of an interest in a joint operation.

In addition, the Group started an analysis of IFRS 15, which will be mandatory beginning January 1, 2018.

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 euros.

The financial statements were prepared on a historical cost basis, except for the following assets and liabilities, stated at fair value: derivative financial instruments, available for sale financial assets, cash and cash equivalents, and bank overdrafts. Assets and liabilities related to a business combination are measured at fair value at the acquisition date, with the fair value constituting the historical cost in the Group financial statements.

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 involve, mainly:

- asset impairment tests (Note 7);
- put option debt (Note 5);
- available for sale financial assets (Note 5);
- the methods and assumptions used in identifying intangible assets acquired as part of business combinations;
- the expenses related to share-based payments (Note 6);
- the determination of the useful lives of intangible assets (Note 7);
- the estimation of provisions, especially for litigation (Note 8);
- assets and liabilities arising from finance lease contracts (Note 5);
- the assumptions used in recognising deferred income tax assets (Note 10);
- in respect of revenue recognition, the allocation of revenue in proportion to the value of specific components of a multiple-element agreement (Note 5); and
- revenue presentation as gross or net in respect of service activities (Note 5).

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.

Translation of transactions denominated in foreign currencies

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 denominated in foreign currencies

The consolidated financial statements are presented in euros.

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. 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.

3. HIGHLIGHTS OF THE PERIOD

Sale of 20% of the Group's share capital in its Chinese activities

Description of the transaction

On May 7, 2015, the Group reached an agreement with Fosun (Fosun International Limited and affiliates), a premium Chinese investment group, to step up its growth strategy in China. The agreement gives Fosun a 20% interest in Ingenico Asia Holding Limited, the Group's holding company for its entities in China.

The transfer of interest was effective as of May 29, 2015.

Transaction price

The final transaction price was set at USD 104.6 million.

Put option owned by Fosun

Fosun owns a put option on the shares it purchased on May 7, 2015, which it may exercise at any time from May 7, 2020 up until June 30, 2021. The minimum strike price, at fair value, is USD 104.6 million, which was the transaction price set in 2015.

Impact of the transaction on the Group's consolidated financial statements

This sale of a non-controlling interest does not entail a loss of control over these Chinese entities, which are still fully consolidated in the Group's financial statements. The transaction has mainly two effects in accounting terms:

- A liability equal to the present value of the minimum strike price, i.e., €53.5 million, has been recognised for the put option.
- A €34.1 million gain on disposal, net of the put liability, has been recognised directly in equity attributable to Ingenico Group S.A. shareholders.

As of December 31, 2015, after undiscounting, the put of liability is €58.7 million in the balance sheet of the Group.

Redemption/conversion of OCEANE bonds issued in March 2011

On December 15, 2014, the Group announced its exercise of the early redemption option on January 15, 2015 on all of its bonds convertible into and/or exchangeable for new or existing shares (OCEANE) issued in March 2011 that were outstanding as of January 7, 2015. OCEANE bondholders had the option until January 6, 2015, to exercise their share option rights at a conversion rate of 1.015 Ingenico shares per OCEANE bond. For bondholders who had not exercised their share option rights, the early redemption was transacted at face value plus accrued coupon, or €37.48 per OCEANE bond. The bondholders who converted their bonds prior to December 31, 2014, did not receive coupon payments for the year, however the shares they received upon conversion entitled them to dividends paid in 2015 for 2014. Those who converted their bonds after January 1, 2015 did receive coupon payments for 2014, but the shares they received upon conversion did not entitle them to the dividends paid in 2015.

The right to conversion into Ingenico Group SA shares was exercised for 3,169,040 of the 3,175,529 OCEANE bonds outstanding as of December 31, 2014, resulting in the issuance of 3,216,566 shares. The 6,489 bonds that were not tendered for conversion were redeemed in cash for a total amount of €0.2 million.

Consequently, the Group's liability for these convertible bonds, which was €111.6 million as of December 31, 2014, no longer existed as of December 31, 2015.

New convertible bond issue

On June 26, 2015, the Group issued a new OCEANE bond, i.e. convertible into and/or exchangeable for new or existing Ingenico shares, maturing on June 26, 2022. The total principal amount of the issue is €500 million, or 2,904,443 bonds with a face value of €172.15 each. The bonds do not pay a coupon.

The accounting treatment for the new issue is described in Note 9.b. Net debt.

Organisational structure of the Group

After acquiring GlobalCollect in 2014, which enabled the Group to accelerate the worldwide implementation of its multi-channel strategy, the Group made the following changes to its organizational structure:

- The entities that came out of the GlobalCollect and Ingenico e-Commerce Solutions, previously Ogone, acquisitions now form the ePayments operating segment;
- The SEPA and EMEA operating segments have been partially merged to form the new Europe & Africa segment;
- Turkey, which was previously included in EMEA, is now part of the APAC & Middle East segment;
- Roam Data, a subsidiary previously included in Central Operations, is now part of the North America operating segment.

Those changes are reflected in Note 4 Segment reporting, and Note 7.a Goodwill.

4. SEGMENT REPORTING

Segments are profit centres whose performance can be fully measured.

The information presented below is based on the management reporting used by the Executive Committee, which is the main operating decision-maker as defined by IFRS 8.

During the first half of 2015, the Group reorganised its operating segments, as described in Note 3 Highlights of the period.

As of January 1, 2015, the Group's reportable segments are therefore as follows:

- Central Operations, a division that brings together the distribution of products and services to the Regions identified below;
- Europe & Africa (including France, United Kingdom, Spain, Germany, Benelux, Russia, Italy and Africa);
- APAC & the Middle East (Turkey, Australia, China, Indonesia, India, etc.);
- North America (United States, including Roam Data and Canada);
- Latin America (Brazil, Mexico, etc.);
- ePayments (subsidiaries from e-Commerce Solutions, formerly Ogone, and GlobalCollect acquisition).

Business activities are grouped geographically based on where those activities are carried out.

The segment information presented for fiscal year 2014 was restated to reflect this new structure.

Breakdown of revenue by business and segment and segment results

(in thousands of €)	2015						
	Europe & Africa	Asia Pacific	North America	Latin America	ePayments	Central Operations	Consolidated
External revenue	764 656	437 007	319 194	228 581	448 400	(555)	2 197 283
Terminals							1 532 270
Transactions							665 013
Profit from ordinary activities	58 682	65 751	29 086	9 323	38 126	187 574	388 542

(in thousands of €)	2014						
	Europe & Africa	Asia Pacific	North America	Latin America	ePayments	Central Operations	Consolidated
External revenue	728 959	326 402	190 055	204 481	158 066	(624)	1 607 339
Terminals							1 258 719
Transactions							348 620
Profit from ordinary activities	63 493	59 166	7 408	(4 057)	25 694	139 783	291 487

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

(in thousands of €)	2015						
	Europe & Africa	Asia Pacific	North America	Latin America	ePayments	Central Operations	Consolidated
Depreciation and amortization expenses	30 158	3 911	2 926	1 536	39 451	12 948	90 930
Additions to provisions, net of reversals and share-based payments	759	6 028	5 120	2 697	2 837	15 060	32 501

(in thousands of €)	2014						
	Europe & Africa	Asia Pacific	North America	Latin America	ePayments	Central Operations	Consolidated
Depreciation and amortization expenses	32 552	3 433	2 126	1 417	16 966	15 157	71 651
Additions to provisions, net of reversals and share-based payments	69	4 040	1 050	2 340	2 792	7 334	17 625

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

(in thousands of €)	2015						
	Europe & Africa	Asia Pacific	North America	Latin America	ePayments	Central Operations	Consolidated
Cost of acquisitions of intangible assets and property, plant and equipment	(15 185)	(2 087)	(4 861)	(1 858)	(18 066)	(20 340)	(62 397)

(in thousands of €)	2014						
	Europe & Africa	Asia-Pacific	North America	Latin America	ePayments	Central Operations	Consolidated
Cost of acquisitions of intangible assets and property, plant and equipment	(10 153)	(2 031)	(3 247)	(2 265)	(9 221)	(24 797)	(51 714)

5. INCOME OPERATIONAL INFORMATION

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

Independent of the Group's customer (retailer or end customer), 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. The Group operates in international markets and sales are predominantly made ex-works (EXW - Incoterms). Revenue is therefore recognized at the factory gate. When other Incoterms are used, the Group recognizes revenue when the risks inherent in the sale have been transferred to the buyer.

Leasing

Terminals are available for lease in some markets. In most of these cases, these contracts are classified as finance leases under IAS 17. All revenue is thus recognized at the start of the lease. Sales are recognized when the 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 lease payments accruing to the lessor. The lease term is generally the lifetime of the terminal. 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 owed by the customer.

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, which is based on the 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 mainly made on the basis of a review of the sale or purchase contracts. 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.

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.

a. Costs and expenses by nature

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

Depreciation and amortization expense and impairment break down as follows:

(in thousands of €)	2015	2014
Provisions/(reversals)		
Amortization and impairment for intangible assets	66 968	53 322
Amortization and impairment for property, plant and equipment	23 960	18 267
Impairment of inventories	(2 266)	2 050
Impairment of trade receivables	4 994	8 549
Total	93 656	82 188

The acquisition of GlobalCollect in 2014 is the main reason for the increase in amortization expenses on intangible assets. With the acquisition having taken place in September 2014, the results for the period included just three months of amortization expenses related to the intangible assets identified during the allocation of the purchase price.

Provisions for inventory only concern inventory that is actually held and recognized. The Group has commitments to its suppliers (EMS) on firm price orders of parts or terminals, but these orders do not constitute inventory. However, when there is a risk of unsold parts or inventory ordered from suppliers, the Group recognizes a provision for risk, described in Note 8, "Other provisions." Upon recognition of the purchase of inventory from EMS, this provision for risk (liability) becomes a provision for inventory (asset) on the balance sheet.

Cost of sales breaks down as follows:

(in thousands of €)	2015	2014
Cost of terminals	(804 987)	(667 578)
Cost of services and software	(432 027)	(209 818)
Total cost of sales	(1 237 014)	(877 396)

The capitalized portion of development costs is as follows:

(in thousands of €)	2015	2014
Amount of development capitalized	12 792	14 877
Total R&D expenditure (costs and investment)*	169 490	129 517
Share of capitalized R&D expenditure (as a %)	8%	11%

* Net of a €3.3 million French research tax credit and €12.5 million in tax credits of a similar nature received outside of France having an equivalent impact on research and development expenses (respectively €3.7 million and €9.9 million in 2014).

The Group's R&D expenses mainly concern the following projects:

- At the head office (Central Operations region), development projects for new terminals and operating systems, as well as upgrading projects on already sold terminals.
- Also at Central Operations region, service projects related to payments, such as Axis. These are mainly software development expenses. At terminal distributor subsidiaries, R&D projects are in place to develop applications installed on the terminals, in accordance with local standards and regulations.
- At subsidiaries selling payment services (typically the ePayments region), R&D projects are generally aimed at improving the computer systems for transaction services.

In accordance with IAS 38, R&D expenses may only be capitalized for the development of new terminals. This is considered new product development, and not for upgrades, maintenance or adjustments of existing products or software

b. Other income & 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.

Other operating income and expenses are as follows:

(in thousands of €)	2015	2014
Restructuring and business combination costs	(6 910)	(13 596)
Disputes	-	(2 000)
Revaluation of earn-out payables	(46)	(2 057)
Other	(804)	(564)
Total	(7 760)	(18 217)

In 2015, other operating income and expenses mainly comprise the following:

- Costs of €6.9 million incurred in connection with the reorganization of the Group, of which:
 - A cost of €3.9 million incurred in connection with the reorganization of the Group,
 - Costs of €3.0 million incurred in connection with acquisitions and divestitures;
- Costs of €0.6 million for the scrapping of assets following a fire at a repair center in Italy.

In 2014, other operating income and expenses mainly comprised 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.

c. Reconciliation between the balance sheet and changes in working capital

Balance sheet	2015						December 31
	January 1	Net Change in working capital	Change in cash flows of non-working capital items	Changes in consolidation scope	Translation differences and other movements		
Inventories	(1)	118 131	24 212	-	-	1 282	143 625
Trade and related receivables		426 473	27 887	-	-	7 075	461 435
Other non-current assets		27 616	2 003	1 902	-	(205)	31 316
Other current assets		35 155	2 943	(604)	-	(5 019)	32 475
Trade and other receivables	(2)	489 244	32 833	1 298	-	1 851	525 226
Trade and related payables		413 499	36 538	3 927	-	(15 385)	438 579
Other non-current liabilities		36 084	4 910	5 859	53 993	(3 155)	97 691
Other current liabilities		126 214	1 627	(3 708)	-	10 427	134 560
Trade and other creditors	(3)	575 797	43 075	6 078	53 993	(8 113)	670 830
Change in net working capital	-(1)-(2)+(3)		(13 970)				

Balance sheet	2014						December 31
	January 1	Net Change in working capital	Change in cash flows of non-working capital items	Changes in consolidation scope	Translation differences and other movements		
Inventories	(1)	101 983	9 915	-	-	6 233	118 131
Trade and related receivables		348 510	28 259	-	34 819	14 885	426 473
Other non-current assets		24 650	1 804	862	158	142	27 616
Other current assets		30 240	(2 480)	(5 890)	22 471	(9 186)	35 155
Trade and other receivables	(2)	403 400	27 583	(5 028)	57 448	5 841	489 244
Trade and related payables		327 859	42 930	(2 462)	41 574	3 598	413 499
Other non-current liabilities		24 568	3 657	-	158	7 701	36 084
Other current liabilities		110 511	30 832	(13 418)	59	(1 770)	126 214
Trade and other creditors	(3)	462 938	77 419	(15 880)	41 791	9 529	575 797
Change in net working capital	-(1)-(2)+(3)		39 921				

d. 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.

(in thousands of €)	2015	2014
Raw materials and consumables	34 442	31 927
Finished products	128 866	107 952
Write-downs on raw materials and consumables	(10 515)	(11 033)
Impairments on finished products	(9 168)	(10 715)
Carrying amount	143 625	118 131

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

e. Trade and related receivables

Trade and related receivables are recognized initially at fair value and subsequently measured at amortized cost less any impairment losses. In general, the fair value corresponds to the face value, given the quick payment terms, except in the case of finance leases. A provision for impairment is recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the contractual terms of the receivable.

Trade and related receivables break down as follows:

(in thousands of €)	2015	2014
Trade receivables on the sales of goods and services	438 688	414 520
Finance lease receivables	25 196	22 749
Tax receivables other than current income tax	26 792	14 388
Other receivables	13 514	12 769
Write-downs for bad debt	(34 341)	(29 578)
Write-downs for finance lease receivables	(1 238)	(1 520)
Write-downs for other receivables	(7 176)	(6 855)
Total	461 435	426 473

The aging schedule of trade receivables is as follows:

(in thousands of €)	Closing price	Not due	2015		
			Overdue		
			<120 days	120-180 days	>180 days
Trade receivables	438 688	328 314	88 950	6 142	15 282
Impairment for trade receivables and related accounts	(34 341)	(702)	(20 045)	(1 387)	(12 207)
Net	404 347	327 611	68 905	4 755	3 075

(in thousands of €)	Closing price	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)
Net	384 942	321 753	57 299	3 056	2 834

Receivables more than 180 days overdue without write-downs (amounting to €3.6 million) are primarily attributable to clients of Fujian Landi (€3.0 million). None of these receivables are contentious, and the Group does not expect any difficulty in recovering the amounts due.

f. Other current and non-current assets

As of December 31, 2015 and 2014, Other current assets were as follows:

(in thousands of €)	2015	2014
Accrued income	16 704	13 337
Available for sale financial assets	7 983	112
Loans, guarantee instruments and other financial assets	7 788	21706
Total	32 475	35 155
Income tax receivables	7 441	9 319

In 2014, loans, guarantee instruments and other receivables included an escrow account in the amount of €13.7 million related to the acquisition of GlobalCollect. These funds were paid out during the first quarter of 2015.

Two Group subsidiaries, Ingenico Payment Services GmbH and GlobalCollect, have equity interests in the company Visa Europe. In November 2015, Visa Inc. announced its intention to redeem all Visa Europe shares and has mailed the purchase price to each of the shareholders. As a result, in the Group's financial statements, these Visa Europe shares are no longer measured at their historical purchase cost (€10 per share), but at their fair value of €8.0 million.

As of December 31, 2015 and 2014, Other Non-Current Assets were as follows:

(in thousands of €)	2015	2014
Receivables	1 021	387
Finance lease receivables	26 328	25 252
Tax receivables other than current income tax	-	8
Income tax receivables	2 902	1 225
Accrued income	1 065	744
Total	31 316	27 616

g. Trade payables and related accounts

Trade and related payables are recognized initially at fair value and subsequently measured at amortized cost.

(in thousands of €)	2015	2014
Trade payables	299 186	274 850
Other operating liabilities	139 393	138 648
<i>Customer advances</i>	<i>10 371</i>	<i>9 963</i>
<i>Other tax liabilities</i>	<i>21 312</i>	<i>13 844</i>
<i>Employee-related liabilities</i>	<i>107 710</i>	<i>114 565</i>
Total	438 579	413 498

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

h. Other non-current liabilities

(in thousands of €)	2015	2014
Tax, personnel and social security liabilities	10 515	4 340
Deferred income	28 193	25 513
Other liabilities	58 983	6 231
Total	97 691	36 084

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

- the increase in social liabilities, in connection with the long-term compensation plans in various Group subsidiaries;
- the increase in deferred income, in connection with the increase in sales with extended warranties;

- the recognition of the Fosun Group's put option for its 20% interest in the Group's Chinese companies (see Note 3 Highlights of the period).

In 2013, the Group increased the share capital of its subsidiary Ingenico Asia Holdings Ltd, issuing shares to an outside shareholder, High Champion Holdings Ltd. 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. In 2014, this liability was classified in "Other non-current liabilities". As of December 31, 2015, it is reclassified to "Other current liabilities", as it is now due in the next 12 months.

The valuation method used for the liabilities related to the put options is described in Note 9.d Financial assets and liabilities classified by accounting category.

i. Other current liabilities

Other current liabilities are broken down as follows:

(in thousands of €)	2015	2014
Deferred income	125 548	120 658
Other liabilities	9 012	5 556
Total	134 560	126 214

Deferred income mainly comes from subsidiary Fujian Landi, for goods invoiced but not yet delivered.

Other liabilities include the put option of minority shareholder High Champion Holdings Ltd., described in Note 5.h Other non-current liabilities.

In addition, as of December 31, 2014, Other liabilities included the earn-out payment on the acquisition of Ingenico Payment System LLC. Following its payment, this liability was removed from the Group's balance sheet.

j. 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 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.

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.

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.

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.

in thousands of €	2015	2014
Receivables related to intermediation activities	10 308	1 943
Funds related to intermediation activities	256 159	308 225
TOTAL ASSETS	266 467	310 168
Payables related to intermediation activities	266 467	310 168
TOTAL LIABILITIES	266 467	310 168

6. EMPLOYEE BENEFITS AND EXECUTIVE COMPENSATION (RELATED PARTIES)

a. Payroll costs

Payroll costs are broken down as follows:

(in thousands of €)	2015	2014
Wages and salaries	338 181	269 375
Social security contributions	87 613	73 411
Service cost (operating component of retirement expenses)	1 626	863
Share-based payments	17 557	10 463
Total	444 977	354 112

b. Share-based payments

Fair value of free shares awarded

The Group has measured the fair value of the goods and services received during the year based on the fair value of the equity instruments granted (share price on the date of award).

Impact on financial statements

The fair value of 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 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 shares vested for the portion corresponding to internal performance conditions.

Other share-based payments

The Group may award some of its employees compensation indexed to the share price of Ingenico Group SA or to the shares of other Group entities, and settled in cash.

These share appreciation rights are measured at fair value. The fair value of the sums payable is recognized as an operating expense over course of the vesting period and offset by other liabilities. This liability is remeasured at fair value through profit or loss until it is settled.

(in thousands of €)	Date of board	2015				Options/ free shares outstanding at Dec 31.
		Options/Free shares outstanding at January 1	Options/shares granted during the year	Options exercised/ shares vested during the year	Other movements	
Free share awards Plan	June 22, 2012	5 500	-	(4 500)	(1 000)	-
Free share awards Plan	Octobre 29, 2014	31 200	-	-	(2 400)	28 800
Joint investment Plan	Octobre 29, 2014	199 470	-	-	(17 280)	182 190
Free share awards Plan	July 29, 2015	-	186 900	-	-	186 900
Free share awards Plan	October 22, 2015	-	2 000	-	-	2 000
Total		236 170	188 900	(4 500)	(20 680)	399 890

(in thousands of €)	Date of board	2014				Options/ free shares outstanding at Dec 31.
		Options/free shares outstanding at Jan. 1	Options/shares granted during the year	Options exercised/ shares vested during the year	Other movements	
Free share awards Plan	June 22, 2012	68 500	-	(63 000)	-	5 500
Free share awards Plan	Octobre 29, 2014	-	31 200	-	-	31 200
Joint investment Plan	June 22, 2012	317 384	-	(334 832)	17 448	-
Joint investment Plan	Octobre 29, 2014	-	199 470	-	-	199 470
Total		385 884	230 670	(397 832)	17 448	236 170

On July 29, 2015, the Board of Directors decided to establish a free share award plan for the Group's executives and managers. Share awards are dependent on performance and continuous service criteria. The maximum number of free shares to be awarded is 186,900.

On October 22, 2015, the Board of Directors decided to establish a free share award plan for the Group's executives and managers. The maximum number of free shares to be awarded is 2,000. Share awards are dependent on performance and continuous service criteria.

The main features of the compensation plans are described in Chapter 3 of the Reference Document.

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 (fulfilment of service conditions and possibly performance conditions), The Group recognized an expense of €8.2 million in operating profit for 2015 (against €4.4 million in 2014).

An expense was also booked in 2015 for other share-based payments in the amount of €9.4 million, against €6.0 million in 2014.

c. Provisions for retirement and benefit obligations

The Group's net obligation in respect of defined-benefit pension plans and other long-term benefits 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 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 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 beneficiaries estimated to be part of the plan at the time of retirement.

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

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 retirement benefits are recognized as a liability in the balance sheet under "Provisions for retirement benefit obligations".
- funded defined-benefit plans. Provisions for retirement benefits are also recognized as a liability in the balance sheet, minus the value of the assets.

The Group recognized the following provisions:

- Supplementary pension services (United Kingdom, Germany);
- Retirement or severance benefits (France, Italy, Turkey, the Netherlands);
- Seniority premiums (France, Netherlands).

These benefit obligations have been measured by independent actuaries.

No long-term obligation for medical plans exists in the Group.

Changes in provisions for retirement benefits and similar commitments break down as follows:

	2015						
	Unfunded plans						
	France	Germany	Italy	Turkey	Netherlands	Other	Total
(in thousands of €)	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	
At January 1	7 798	5 223	2 730	297	518	224	16 790
Assignment of obligation	-	-	-	-	(445)	-	(445)
Translation differences and other movements	-	-	-	(27)	-	6	(21)
Current service cost	1 052	167	147	38	4	218	1 626
Interest on obligation	119	81	39	23	-	9	271
Benefits paid	(441)	-	(58)	(24)	-	-	(523)
Revaluation of the net defined benefit liability	(1 260)	(376)	106	(91)	-	(38)	(1 659)
At December 31	7 268	5 095	2 964	216	77	419	16 039

	2015			2015
	Funded plans			Total
	United Kingdom	Total		Balance sheet provision
(in thousands of €)	Bonds	Assets		
At January 1	28 863	(27 549)	1 314	18 104
Assignment of obligation	-	-	-	(445)
Translation differences and other movements	1 785	(1 700)	85	64
Return on plan assets	-	(1 076)	(1 076)	(1 076)
Current service cost	-	-	-	1 626
Interest on obligation	1 107	-	1 107	1 378
Benefits paid	(2 468)	2 468	-	(523)
Contributions to pension funds	-	(1 102)	(1 102)	(1 102)
Revaluation of the net defined benefit liability	(371)	1 028	657	(1 002)
At December 31	28 916	(27 931)	985	17 024

In December 2015, a retirement benefits plan at subsidiary GlobalCollect was sold to an outside company. All risks associated with the plan having been divested, and the commitment is no longer included in the Group's balance sheet.

	2014						
	Unfunded plans						
	France	Germany	Italy	Turkey	Netherlands	Other	Total
(in thousands of €)	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	
At January 1	5 362	4 289	2 214	141	-	-	12 006
Business combination	-	-	-	-	473	-	473
Translation differences and other movements	-	(121)	-	11	-	8	(102)
Current service cost	569	116	150	23	5	-	863
Interest on obligation	163	(73)	66	15	5	202	378
Benefits paid	(189)	(121)	(123)	-	-	-	(433)
Revaluation of the net defined benefit liability	1 893	1 133	423	107	35	14	3 605
At December 31	7 798	5 223	2 730	297	518	224	16 790

(in thousands of €)	2014			2014
	Funded plans			Total
	United Kingdom		Total	Balance sheet provision
	Bonds	Assets		
At January 1	22 912	(23 496)	(584)	11 422
Business combination	-	-	-	473
Translation differences and other movements	1 760	(1 735)	25	(77)
Return on plan assets	-	(1 107)	(1 107)	(1 107)
Current service cost	-	-	-	863
Interest on obligation	1 061	-	1 061	1 439
Benefits paid	(330)	328	(2)	(435)
Contributions to pension funds	-	(992)	(992)	(992)
Revaluation of the net defined benefit liability	3 460	(547)	2 913	6 518
At December 31	28 863	(27 549)	1 314	18 104

Breakdown of fair value of plan assets

Plan investments	(in thousands of euros)	In %	Yield
Shares	19 116	68%	3,90%
Bonds	8 421	30%	3,90%
Other	394	2%	3,90%
Total	27 931	100%	3,90%

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.

Main actuarial assumptions

	Eurozone	Turkey	United Kingdom
Discount rate	2,05%	10,80%	3,90%
Expected future salary increases	1,5% to 2,9%	7,00%	N/A

Best estimate of plan contributions payable in 2016

Expected contributions for the fiscal year ended December 31, 2016 break down as follows:

(in thousands of €)	2016
Employer contributions	1 090
Plan participants' contributions	-

Sensitivity of assets and liabilities to the main assumptions as of December 31, 2015

A 1% increase or decrease in the discount rate or the inflation rate would not significantly change the value of net surplus/liability.

In the United Kingdom, if a fund is liquidated, any surplus of assets over liabilities would be returned to the Group.

d. Related party transactions

Total compensation and benefits paid to the Executive Committee in 2015 and 2014 break down as follows:

(in thousands of €)	2015	2014
Total compensation and benefits ⁽¹⁾	12 248	7 184
Free share awards ⁽²⁾	2 548	1 379
Total	14 796	8 563

⁽¹⁾ Includes all compensation paid during the period (gross salaries including variable compensation, bonuses and fringe benefits, incentive programs and profit sharing).

⁽²⁾ Service cost recognized in profit or loss under the free share awards plan

This shows only the compensation and benefits paid to members of the Executive Committee, whose role is to set Group strategy, create the conditions for implementation of that strategy and ensure that objectives are met. The Executive Committee is chaired by the Chairman & Chief Executive Officer.

In 2014, the Executive Committee had 12 members, following the departure of 2 directors.

The increase in total compensation in 2015 is jointly explained by the appointment of three new members, two of whom received exceptional compensation negotiated during the acquisition of GlobalCollect Group, some promotions, and a significant currency effect.

As of December 31, 2015, the Executive Committee includes 12 members, following the departure of 3 members.

7. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Goodwill impairment texts

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 5, "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.

Impairment of other non-financial assets

The carrying amounts of the Group's other 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 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 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 by discounting the expected future cash flows, based on a discount rate of the CGU to which the asset is assigned.

If the carrying amount exceeds its recoverable amount, an impairment is recognized in operating income.

a. Goodwill

Determination of goodwill

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, revalued accordingly in "Profit from operating activities – Other operating income and expenses";
- the net fair value of the net assets and liabilities at the acquisition date, 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 (earn-out, deferred payment) are measured at their acquisition-date fair value. Subsequently, those adjustments are measured at fair value at each future reporting date. Any revaluation is recognized in profit or loss in "Other operating income and expenses".

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 2015 the Group modified its operational structure, as explained in Note 3, "Highlights of the period".

The CGUs identified by the Group are now as follows:

- Central Operations, a division that brings together the distribution of products and services to the Regions identified below;
- Europe & Africa (including France, United Kingdom, Spain, Germany, Benelux, Russia, Italy and Africa);
- APAC & Middle East (Turkey, Australia, China, Indonesia, India, etc.);
- North America (United States, including Roam Data and Canada);
- Latin America (Brazil and Mexico, etc.);
- ePayments (subsidiaries from e-Commerce Solutions, formerly Ogone, and GlobalCollect acquisition).

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:

(in thousands of €)	2015	2014
At January 1	1 342 759	849 321
Investments	-	478 450
Translation differences	7 586	14 988
Adjustments	174	-
At December 31	1 350 519	1 342 759

Cash generating units (in thousands of euros)	2015			2014 restated		
	Gross amount	Total impairment losses	Net carrying amount	Gross amount	Total impairment losses	Net carrying amount
APAC & Middle East	83 027	-	83 027	79 494	-	79 494
North America	70 768	(21 392)	49 376	67 566	(21 392)	46 174
Latin America	3 577	-	3 577	4 789	-	4 789
Europe & Africa	246 704	(2 402)	244 302	246 240	(2 336)	243 904
ePayments	798 782	-	798 782	798 614	-	798 614
Central Operations	171 455	-	171 455	169 784	-	169 784
Total	1 374 313	(23 794)	1 350 519	1 366 487	(23 728)	1 342 759

In 2014, the increase in goodwill primarily resulted from the acquisition of GlobalCollect. In 2015, in the 12 months following the acquisition, a final goodwill adjustment was recorded for GlobalCollect.

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

Cash-generating units	2015						
	APAC Middle East	North America	Latin America	Europe & Africa	ePayments	Central Operations	Total
Net carrying amount of goodwill (in thousands of euros)	83 027	49 376	3 577	244 302	798 782	171 455	1 350 519
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	1,00%	1,00%	1,00%	1,52%	2,50%	1,00%	
Weighted average cost of capital used at December 31, 2015	9,0%	7,2%	15,1%	7,8%	7,6%	8,0%	

Cash-generating units	2014							
	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%	2,50%	
Weighted average cost of capital used at December 31, 2014	7,9%	9,5%	7,8%	15,5%	11,1%	8,0%	8,0%	

* In 2014, Roam Data activities were valued using fair value less cost to sell.

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.

Sensitivity of recoverable amounts

	2015				
	Discount rate		Perpetuity growth rate		Cash flow
	Rate applied (%)	Discount rate which makes recoverable amount equal carrying amount (%)	Rate applied (%)	Perpetuity growth rate which makes recoverable amount equal carrying amount (%)	Cash flow decrease required for recoverable amount to equal carrying amount (%)
Europe & Africa	7,8%	18,1%	1,5%	(19,8)%	(65)%
ePayments	7,6%	8,7%	2,5%	1,2%	(19)%

As of December 31, 2015, the recoverable amounts for APAC & Middle East, North America, Latin America and Central Operations were significantly greater than the carrying amounts. This precluded the need to increase the discount rate, decrease the perpetuity growth rate or reduce cash flow, which would have been necessary to ensure that their respective recoverable amounts equaled their respective 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.

	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	7,9%	5,9%	2,2%	(11.4)%	(54)%	
GlobalCollect	8,0%	2,9%	2,5%	(3.6)%	(36)%	

As of December 31, 2014, the recoverable amounts for Asia-Pacific, North America, Latin America and Central Operations were significantly greater than the carrying amounts. This precluded the need to increase the discount rate, decrease the perpetuity growth rate or reduce cash flow, which would have been necessary to ensure that their respective recoverable amounts equaled their respective carrying amounts.

b. Intangible assets

Intangible assets

Research and Development

Research costs are expensed as incurred.

Development costs for the production of new or substantially improved products and processes are recognized as an asset when the Group can demonstrate:

- 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).

Other development costs, net of subsidies, are expensed as incurred.

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.

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. Otherwise, they are expensed as incurred.

Depreciation and amortization

The straight-line method is used to amortize intangible assets over their estimated useful lives.

Intangible assets under development are not amortized, but are tested annually for impairment. Other intangible assets are amortized from the date they are available for use.

The estimated useful lives are as follows:

- capitalized development costs 3 to 10 years;

- licenses.....3 years*;
 - customer relations..... 5-20 years;
 - Other intangible assets 5 years*.
- * or contractual term.

Impairment losses

An impairment loss recognized in respect of a non-current asset can be reversed if its recoverable amount again becomes greater than its net carrying amount.

(in thousands of €)	2015				
	Licenses, trademarks, technology	Development expenses (incurred internally)	Customer relationships	Other intangible assets	Total
GROSS AMOUNT					
At January 1	172 354	109 695	480 566	18 438	781 053
Investments	8 228	6 772	-	17 852	32 852
Divestitures	(10 463)	(26 988)	-	(1 760)	(39 211)
Translation differences	430	543	665	(141)	1 497
Reclassifications and others	5 708	(2 322)	(2 745)	(11 936)	(11 295)
At December 31	176 257	87 700	478 486	22 453	764 896
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	(59 011)	(77 272)	(97 856)	(2 361)	(236 500)
Depreciation and amortization	(25 130)	(5 870)	(34 821)	(424)	(66 245)
Divestitures and impairment losses	10 453	26 265	-	1 337	38 055
Translation differences	(599)	(517)	(430)	60	(1 486)
Reclassifications and others	(1 659)	5 384	2 745	3 334	9 804
At December 31	(75 946)	(52 010)	(130 362)	1 946	(256 372)
NET CARRYING AMOUNT					
At January 1	113 343	32 423	382 710	16 077	544 553
At December 31	100 311	35 690	348 124	24 399	508 524

(in thousands of €)	Carrying amount at Dec. 31, 2015				
	GlobalCollect (2014)	Ogone (2013)	Easycash (2009)	Other	Total
Hardware and software technology	84 175	5 040	59	863	90 137
Long-term customer contracts	276 563	26 850	23 255	21 456	348 124
Total identified and allocated assets	360 738	31 890	23 314	22 319	438 261
Amortization for the period	(24 371)	(6 570)	(7 588)	(9 682)	(48 211)

At December 31, 2015, as at 31 December, 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.

(in thousands of €)	2014				
	Licenses, trademarks, technology	Development expenses (incurred internally)	Customer contracts	Other intangible assets	Total
GROSS AMOUNT					
At January 1	63 427	116 388	185 605	13 613	379 033
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	(1 406)	99	706
Reclassifications and others	5 871	(22 353)	1 367	(1 246)	(16 361)
At December 31	172 354	109 695	480 566	18 438	781 053
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	(40 613)	(84 519)	(72 683)	(1 680)	(199 495)
Depreciation and amortization	(16 669)	(9 750)	(25 079)	(734)	(52 232)
Divestitures and impairment losses	43	-	-	27	70
Translation differences	(1 151)	(720)	(94)	(25)	(1 990)
Reclassifications and others	(621)	17 717	-	51	17 147
At December 31	(59 011)	(77 272)	(97 856)	(2 361)	(236 500)
NET CARRYING AMOUNT					
At January 1	22 814	31 869	112 922	11 933	179 538
At December 31	113 343	32 423	382 710	16 077	544 553

(in thousands of €)	Carrying amount at December 31, 2014				
	GlobalCollect (2014)	Ogone (2013)	Easycash (2009)	Other	Total
Hardware and software technology	93 795	7 560	196	1 964	103 515
Long-term customer contracts	291 313	30 900	30 707	29 790	382 710
Other intangible assets	-	-	-	8	8
Total identified and allocated assets	385 108	38 460	30 903	31 762	486 233
Amortization for the period	(6 093)	(6 570)	(8 030)	(11 724)	(32 417)

c. Property, plant and equipment

Property, plant and equipment

Assets owned by the Group

Property, plant, and equipment are stated at cost, less any accumulated depreciation and impairment losses.

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 disposals are recognized in "Profit from operating activities – Other operating income and expenses" if they are unusual and significant.

Depreciation and 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.

(in thousands of €)	2015				
	Land and buildings	Plant and equipment	Other	Assets in progress	Total
GROSS AMOUNT					
At January 1	14 123	29 975	62 928	2 143	109 169
Investments	4 169	5 808	17 043	2 943	29 963
Divestitures	(1 320)	(2 424)	(16 829)	-	(20 573)
Translation differences	218	(1 057)	193	13	(633)
Other	178	215	326	(2 284)	(1 565)
At December 31	17 368	32 517	63 661	2 815	116 361
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	(7 180)	(20 857)	(29 421)	-	(57 458)
Depreciation and amortization	(2 269)	(4 583)	(17 101)	-	(23 953)
Divestitures and impairment losses	1 291	2 331	15 575	-	19 197
Translation differences	(163)	770	(250)	-	357
Other	-	(11)	1 364	-	1 353
At December 31	(8 321)	(22 350)	(29 833)	-	(60 504)
NET CARRYING AMOUNT					
At January 1	6 943	9 118	33 507	2 143	51 711
At December 31	9 047	10 167	33 828	2 815	55 857

(in thousands of €)	2014				
	Land and buildings	Plant and equipment	Other	Assets in progress	Total
GROSS AMOUNT					
At January 1	11 414	26 328	47 917	816	86 475
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)
At December 31	14 123	29 975	62 928	2 143	109 169
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	(5 666)	(19 169)	(22 438)	(1)	(47 274)
Depreciation and amortization	(1 770)	(3 880)	(12 378)	-	(18 028)
Divestitures and impairment losses	640	2 444	6 021	-	9 105
Translation differences	(385)	(240)	(817)	-	(1 442)
Other	1	(12)	191	1	181
At December 31	(7 180)	(20 857)	(29 421)	-	(57 458)
NET CARRYING AMOUNT					
At January 1	5 748	7 159	25 479	815	39 201
At December 31	6 943	9 118	33 507	2 143	51 711

* Related to the acquisition of GlobalCollect

8. OTHER PROVISIONS

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.

(in thousands of €)	Balance at January 1, 2015	Translation differences	Changes in consolidation scope	Additions	Reversals of amounts used	Reversal of unused amounts	Other movements	Balance at December 31, 2015
Provisions for warranties	15 073	133	-	20 224	(14 861)	(511)	(27)	20 031
Provisions for litigation and claims	10 296	(122)	-	994	(248)	(210)	(900)	9 810
Provisions for restructuring	584	-	-	-	(539)	-	(45)	-
Other provisions	17 284	(1 067)	-	16 178	(4 517)	(3 570)	(2 386)	21 922
Total other provisions	43 237	(1 056)	-	37 396	(20 165)	(4 291)	(3 358)	51 763

(in thousands of €)	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
Total other provisions	30 570	551	1 028	30 042	(19 593)	(3 070)	3 709	43 237

(i) Warranties

The sale of terminals is usually accompanied by a 12-month warranty. The provision for warranties on the balance sheet reflects the costs expected by the Group to meet its terminal repair obligations. This statistical calculation is based on historical data. Increases in provisions for warranties may therefore reflect one of two causes:

- Growth of sales accompanied by warranties; or
- An adjustment of the provision's calculation.

(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 2015 and prior years, Group companies were subject to tax audits and occasionally proposals for adjustments. The financial consequences of such additional tax assessments and taxes are recognized through provisions for the amounts that have been notified and accepted or are considered as presenting a probable outflow of resources which can 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.

- Tax disputes in Brazil

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 €53 million as of December 31, 2015 (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 Brazilian and international companies. Against this background, the tax authorities of the State of Sao Paulo have contested the deduction by Ingenico do Brazil of a portion of the ICMS tax on the sales invoices of its suppliers 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, 2015 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, 2015.

(iii) Other provisions

(in thousands of €)	2015	2014
Supplier inventory buyback commitments	2 769	2 355
Product quality risk	10 250	10 777
Employee indemnities and benefits	5 105	837
Customer sales indemnities	823	721
Other expenses	2 975	2 593
Total other provisions	21 922	17 284

The €3.6 million in reversals of unused amounts mainly relates to commitments to suppliers to purchase inventories and elimination of the French individual training entitlement ("DIF") and related provisions.

Other changes include in particular a €2.7 million provision for quality-related risks at Ingenico Do Brazil.

9. FINANCING AND FINANCIAL INSTRUMENTS

a. Net finance costs

(in thousands of €)	2015	2014
Interest expense on financial liabilities at amortized cost and bond loan	(20 541)	(27 826)
Interest expense on finance lease contracts	(179)	(169)
Total interest expense	(20 720)	(27 995)
Income from cash and cash equivalents	5 026	6 314
Interest income on finance lease contracts	4 458	3 805
Net interest expense	(11 236)	(17 876)
Foreign exchange gains	74 546	37 651
Foreign exchange losses	(79 227)	(39 295)
Foreign exchange gains and losses, net	(4 681)	(1 644)
Financial component of retirement expenses and the cost of other post-employment benefits	(302)	(332)
Gains/(losses) on equity interests	(571)	-
Gains on discounting of non-current debts and receivables	-	466
Loss on discounting of non-current debts and receivables	-	(324)
Other financial income	61	194
Other financial income and expenses, net	(1 880)	(21)
Other financial income and expenses, net	(2 692)	(17)
Net finance costs	(18 609)	(19 537)
Total financial income	84 091	48 430
Total financial expenses	(102 700)	(67 967)

Net finance costs in 2015 are broken down as follows:

- Loan interest expense related to the borrowings described in paragraph b. Interest expense on the new convertible bond (OCEANE) was €5.1 million. Interest expense of €0.6 million was recorded in January 2015 for the full conversion of the previous convertible bond issued in 2011.
- Interest expense on the 2014 bond and embedded swap was €9.4 million.
- Interest expense on bank loans totaled €4.6 million.

- Interest expense on commercial papers totaled €0.6 million.

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

The foreign exchange loss of €4.7 million is 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 concerns the impairment of non-consolidated securities and expenses related to retirement obligations (see Note 6.c "Employee benefits")

Net finance costs in 2014 are broken down as follows:

- Interest expense on the OCEANE convertible bond was €7.7 million (including a €0.5 million coupon).
- Interest expense on the bond set up in 2014 was €6.3 million.
- Interest expense on bank loans and drawdowns totalled €11.8 million.

In 2014, the Group repaid the bank loans outstanding as of December 31, 2013. An interest rate swap designated as a cash flow hedge was applied to the syndicated credit facility 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, Ingenico Group SA and Ingenico Italia Spa.

The Group posted a net foreign exchange loss of €1.6 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 and the cost of unwinding the discount on non-current receivables and payables, corresponding to earn-outs on acquisitions and disposals.

b. Net debt

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.

Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

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.

(in thousands of €)	2015	2014
“OCEANE” convertible bond issue	427 757	-
Bond issue	456 773	456 702
Bank borrowings	(3 008)	575 385
Finance lease obligations	520	827
Other financial liabilities	2 974	3 210
Non-current borrowings and long-term debt	885 016	1 036 124
“OCEANE” convertible bond issue	-	111 628
Bank and similar borrowings	-	20 000
Commercial papers	259 500	-
Finance lease obligations	679	751
Bank overdrafts	19 980	14 607
Other financial liabilities	1 279	1 521
Interest accrued but not due	5 484	5 953
Short-term loans and borrowings	286 922	154 460
Total financial borrowings and debt	1 171 938	1 190 584
Cash	624 801	359 318
Marketable securities and short-term deposits	295 081	67 075
Cash and cash equivalents	919 882	426 393
Net debt	252 056	764 191

As of December 31, 2015, long- and short-term bank borrowings and bond debt amounted to €1,171.9 million, including:

- €427.8 million in respect of an OCEANE convertible bond issued on June 26, 2015;
- €456.8 million in respect of a bond issued in May 2014;
- €259.5 million in respect of commercial papers;
- a negative €3 million corresponding to the unamortized capitalized interest on the €500 million syndicated credit facility which was undrawn at the reporting date.
- €5.5 million in interest accrued but not due on the convertible bond issued in 2014.

As of December 31, 2014, long- and short-term bank borrowings amounted to €1,190.6 million, including €111.6 million relating to an OCEANE convertible bond, now repaid, €456.7 million related to the bond, €575.4 million related to the above unused loan facility, and €5.9 million in interest accrued but not due.

1) Convertible bond issue

On January 15, 2015, the Group exercised its early redemption option on OCEANE bonds (convertible into and/or exchangeable into new or existing shares) issued in March 2011. The liability of €111.6 million is recorded in the consolidated financial statements of December 31, 2014.

On June 26, 2015 the Group completed a new issue of (OCEANE) bonds convertible into and/or exchangeable for new or existing Ingenico shares maturing on June 26, 2022 (ISIN: FR0012817542). The nominal amount of the bond was €500 million, representing 2,904,443 bonds, each with a nominal value of €172.15.

This OCEANE is classified as compound financial instrument and, as such, falls within the scope of IAS 32, which requires separate accounting in the balance sheet of the equity component (the call option the holder has to convert the bonds into shares) of the liability component (the contractual arrangement to deliver cash).

The fair value of the debt and the portion allocated to equity is calculated as of OCEANE's issue date, June 26, 2015.

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 nominal value and the fair value of the bond was recognized in equity under "Retained earnings and other reserves", net of deferred tax.

The OCEANE is a zero-coupon bond. The average market rate for a bond of equivalent maturity at issuance would have been 2.31%. The fair value of the liability component was €422.7 million upon issuance and €73.3 million for the option component, after taking into account the issuer's call option and the attribution of issuance costs (€4.1 million prorated between debt and equity).

After deduction of issuance costs and reclassification of the equity component of the bonds, the interest rate is 2.41 percent.

2) Bond issue

On May 20, 2014, Ingenico Group 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 was recognized at amortized cost. Issuance costs and the issue premium are amortized in profit or loss over the life of the bond.

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

3) Bank borrowings

In July 2014, the Group signed a syndicated credit facility and a syndicated loan for a total €600 million. These were used primarily in the acquisition GlobalCollect and was broken down as follows:

- A €500 million syndicated credit facility with an initial term of 5 years. At the end of December 2015, it was undrawn. As of end December 2014, it had been fully drawn for €500 million.
- A syndicated loan of €100 million, repayable over 5 years, which was repaid ahead of schedule in July 2015.

The loan has a variable interest rate based on the 1-month Euribor.

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

There are also a number of standard legal covenants.

These ratios had been met as of December 31, 2015.

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

4) Bank overdrafts

Bank overdrafts totalled €20.0 million, of which €19.7 million were primarily attributed to Ingenico Payment Services GmbH.

5) Finance lease obligations

At December 31, 2015, finance lease obligations (€1.2 million) mainly involved Ingenico Italia SpA.

Maturities of financial liabilities

(in thousands of €)	2015			
	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
“OCEANE” convertible bond issue	427 757	-	-	427 757
Bond issue	456 773	-	-	456 773
Bank borrowings	(3 008)	-	(3 008)	-
Finance lease obligations	1 199	679	520	-
Bank overdrafts	19 980	19 980	-	-
Other financial liabilities	263 753	260 779	2 974	-
Accrued interest on borrowings	5 484	5 484	-	-
Total financial borrowings and debt	1 171 938	286 922	486	884 530

(in thousands of €)	2014			
	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
“OCEANE” convertible bond issue	111 628	111 628	-	-
Bond issue	456 702	-	-	456 702
Bank borrowings	595 384	20 000	575 384	-
Finance lease obligations	1 578	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	-	-
Total financial borrowings and debt	1 190 584	154 460	579 422	456 702

Breakdown by currency

(in thousands of €)	2015	2014
Euro	1 171 662	1 190 167
US Dollar	276	328
Other currencies	-	89
Total financial borrowings and debt	1 171 938	1 190 584

Change in financial borrowings and debt

Balance at December 31, 2013	648 488
New borrowings	1 042 810
Repayments	(388 524)
Bond conversions	(122 731)
Capitalized interest	10 567
Net change on drawdowns of lines of credit	(8 416)
Change in fair value	8 947
Interest accrued but not due	(928)
Changes in consolidation scope	310
Other movements	61
Balance at December 31, 2014	1 190 584
New borrowings	682 230
Repayments	(600 689)
Bond conversions	(111 628)
Capitalized interest	7 864
Net change on drawdowns of lines of credit	5 335
Change in fair value	(445)
Changes in consolidation scope	-
Other movements	(1 313)
Balance at December 31, 2015	1 171 938

2015

In 2015, the Group:

- Issued a convertible bond (OCEANE) for €495.9 million, net of issuance costs. As explained above, the portion of the loan reclassified in equity amounted to €73.3 million.
- Issued/redeemed commercial papers worth €259.5 million net.
- Repaid the syndicated credit line (€100 million) and the syndicated loan (€500 million) taken out in 2014.

Conversions of OCEANE bonds issued in 2011 reduced debt by €111.6 million.

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

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

2014

In 2014, the Group:

- repaid €157.5 million (repayable tranche) of the 2011 syndicated credit facility, including €140 million (tranche repayable in full) and €49.5 million (revolving tranche);
- issued €450 million bond;
- 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.

Undrawn credit facilities as of December 31, 2015

The Group has undrawn loan facilities totaling €500 million.

c. Derivative financial instruments

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.

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.

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 finance costs".

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 finance costs".

Fair value of derivative instruments at the reporting date

(in thousands of €)	2015	2014
Interest rate derivative instruments		
Current assets	9 225	9 681
Current liabilities	(496)	(1 973)
Foreign exchange derivative instruments		
Current assets	1 262	1 252
Current liabilities	(990)	(1 628)
Total	9 001	7 332

Breakdown of instruments by hedging policy

(in thousands of €)	Balance at	Balance at		
	January 1, 2015	Variation through net income	Variation through equity	December 31, 2015
	Fair value of the derivative financial instruments			Fair value of the derivative financial instruments
Instruments designated as cash flow hedges				
Foreign exchange forward contracts	(155)	161	17	23
Foreign exchange options	-	48	(489)	(441)
Instruments not designated as cash flow hedges				
Foreign exchange forward contracts	174	(139)	-	35
Foreign exchange swaps	(395)	1 050	-	655
Interest rate swaps	7 708	1 021	-	8 729
Total	7 332	2 141	(472)	9 001

(in thousands of €)	Balance at	Balance at		
	January 1, 2014	Variation through net income	Variation through equity	December 31, 2014
	Fair value of the derivative financial instruments			Fair value of the derivative financial instruments
Instruments designated as cash flow hedges				
Foreign exchange forward contracts	349	41	(545)	(155)
Interest rate swaps	(3 414)	-	3 414	-
Instruments not designated as cash flow hedges				
Foreign exchange forward contracts	(317)	491	-	174
Foreign exchange swaps	175	(570)	-	(395)
Interest rate swaps	-	7 708	-	7 708
Total	(3 207)	7 670	2 869	7 332

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 2014, the Group put in place an interest rate swap for 50% 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.

Also in 2014, the Group repaid bank loans with an embedded interest rate swap, classified as a cash-flow hedge. In the absence of underlying liabilities, this hedge was no longer considered effective and lost its classification as a cash flow hedge.

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 €)	2015		
	Gross amounts in the balance sheet	Impact of compensation	Net amounts
FV of derivative financial instruments (assets)	10 487	(844)	9 643
FV of derivative financial instruments (liabilities)	(1 486)	844	(642)
Net position	9 001	-	9 001

(in thousands of €)	2014		
	Gross 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)
Net position	7 332	-	7 332

d. Financial assets and liabilities classified by accounting category

Asset and liability categories (in thousands of €)	2015						
	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	-	7 154	-	4 096	-	11 250	11 250
Trade and other current receivables	-	442 253	-	7 983	-	450 236	450 236
Derivative financial instruments	10 198	-	-	-	289	10 487	10 487
Receivables related to intermediation activities	-	10 308	-	-	-	10 308	10 308
Other non-current assets	-	27 143	-	-	-	27 143	27 143
Funds related to intermediation activities	256 159	-	-	-	-	256 159	256 159
Cash and cash equivalents	919 882	-	-	-	-	919 882	919 882
Total financial assets	1 186 239	486 858	-	12 079	289	1 685 465	1 685 465
Convertible bond issue (OCEANE) (1)	-	-	427 757	-	-	427 757	541 853
Bond issue	-	-	456 773	-	-	456 773	453 825
Long-term loans	-	-	486	-	-	486	486
Other non-current liabilities	-	-	28 449	58 726	-	87 175	87 175
Short-term borrowings	-	-	286 922	-	-	286 922	286 922
Trade payables and other current liabilities	-	-	436 080	6 764	-	442 844	442 844
Payables related to intermediation activities	-	-	266 467	-	-	266 467	266 467
Derivative financial instruments	779	-	-	-	707	1 486	1 486
Total financial liabilities	779	-	1 902 934	65 490	707	1 969 910	2 081 058

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

Asset and liability categories (in thousands of €)	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
Total financial assets	745 459	453 875	-	-	92	1 199 426	1 199 426
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
Total financial liabilities	7 007	-	1 933 439	6 065	247	1 946 758	2 126 349

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

The fair value of bonds and convertible bonds corresponds to the product of the number of bonds outstanding times their quoted price on December 31, 2015.

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 in the tables below for 2015 and 2014.

The Group did not make any transfers between levels from 2014 to 2015.

(in thousands of €)	2015			
	Total	Level 1	Level 2	Level 3
Financial assets	11 250	-	7 154	4 096
Other current assets	7 983	-	-	7 983
Derivative financial instruments (1)	10 487	-	10 487	-
Funds related to intermediation activities	256 159	256 159	-	-
Cash and cash equivalents	919 882	919 882	-	-
Total financial assets	1 205 761	1 176 041	17 641	12 079
OCEANE bonds	541 853	541 853	-	-
Bond issue	453 825	453 825	-	-
Long-term loans	486	-	486	-
Other non-current liabilities	58 726	-	-	58 726
Short-term borrowings	286 922	-	286 922	-
Other current liabilities	6 764	-	-	6 764
Derivative financial instruments (1)	1 486	-	1 486	-
Total financial liabilities	1 350 062	995 678	288 894	65 490

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

Financial assets and liabilities in Level 2 are recognized according to their category: derivative financial instruments are measured at fair value; borrowings at amortized cost; and all other assets and liabilities at contract value.

Other Level 3 current assets include the valuation of Visa Europe shares held by the Group (see Note 5.d Current and non-current assets).

Other Level 3 non-current liabilities include a put option liability in relation to the non-controlling shareholders of Ingenico Holding Asia Ltd. These two shareholders hold 20% and 1.16%, respectively, of the company's share capital and a put option on all of their shares in the Group. These liabilities are recorded at fair value.

(in thousands of €)	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	-	-
Total financial assets	752 489	734 618	17 871	-
OCEANE bonds	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 loans	42 832	-	42 832	-
Other current liabilities	3 653	-	-	3 653
Derivative financial instruments (1)	3 601	-	3 601	-
Total financial liabilities	1 383 494	747 921	625 855	9 718

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

In 2014, other Level 3 current liabilities also included an earn-out liability on the acquisition of Ingenico Systems LLC, which was measured on the basis of discounted future cash flow, as provided for in the Group's agreement with the entity's sellers.

Also in 2014, other non-current liabilities included a liability in relation to the minority shareholder of Ingenico Holding Asia Ltd. The latter held a 1.16% of the company's share capital and a put option on all of their shares in the Group. This liability was recognized at fair value.

e. Financial risk management

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, 2015

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, 2015 was as follows:

(in thousands of €)	2015	2014
Cash and cash equivalents	919 882	426 393
Funds related to intermediation activities	256 159	308 225
Financial assets	11 250	6 938
Trade receivables on the sales of goods and services	401 092	381 244
Finance lease receivables	50 286	46 480
Other operating receivables	15 141	14 790
Receivables related to intermediation activities	10 308	1 943
Other current assets	10 046	2 312
Other non-current assets	814	168
Derivative financial instruments (assets)	10 487	10 933
Total	1 685 465	1 199 426

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 5.e, "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 GlobalCollect Services, acquired in 2014, 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 GlobalCollect 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 GlobalCollect 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 5.j, "Funds, receivables and payables associated with intermediation activities").

Financial liabilities as of December 31, 2015

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:

- issue debt securities or new shares;
- restructure or refinance all or part of its debt;
- reduce or delay new investments;
- dispose of assets.

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 €500 million;
- had net debt of €252.1 million as of December 31, 2015 and debt ratios low enough to keep its borrowing capacity unchanged.

The maturities of the Group's financial liabilities as of December 31, 2015 were as follows:

(in thousands of €)	2015				
	Carrying amount	Contractual cash flow	Less than 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
Convertible bond issue	427 757	500 000	-	-	500 000
Bond issue	456 773	517 500	11 250	45 000	461 250
Bank borrowings	(3 008)	-	-	-	-
Finance lease obligations	1 199	1 199	679	520	-
Bank overdrafts	19 980	19 980	19 980	-	-
Other financial liabilities	263 753	263 753	260 779	2 974	-
Interest accrued but not due	5 484	5 484	5 484	-	-
Trade payables and other current liabilities	442 844	442 844	442 844	-	-
Payables related to intermediation activities	266 467	266 467	266 467	-	-
Other non-current liabilities	87 175	87 175	-	87 175	-
Total	1 968 424	2 104 402	1 007 483	135 669	961 250
Derivative financial liabilities					
Exchange rate instruments	990	990	990	-	-
Interest rate instruments	496	496	496	-	-
Total	1 486	1 486	1 486	-	-

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 9.b Net debt.

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

(in thousands of €)	2014				
	Carrying amount	Contractual cash flow	Less than 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
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	-
Interest accrued but not due	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	-
Total	1 943 158	1 943 867	783 216	688 150	472 500
Derivative financial liabilities					
Exchange rate instruments	1 628	1 628	1 628	-	-
Interest rate instruments	1 973	1 973	1 973	-	-
Total	3 601	3 601	3 601	-	-

Market risk

Foreign exchange risk

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

Foreign-currency denominated purchases and sales for which there is no "natural" hedge may be covered by a hedge instrument.

The Group uses financial instruments such as swaps, forward purchase and sale contracts, or exchange 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.

The foreign exchange rates used by the Group at December 31, 2015 are as follows:

Closing rate	2015	2014
US Dollar	1,0887	1,2141
Canadian dollar	1,5116	1,4063
Australian dollar	1,4897	1,4829
Pound sterling	0,7340	0,7789
Brazilian real	4,3117	3,2207
Chinese yuan	7,0608	7,5358

Average rate	2015	2014
US Dollar	1,1096	1,3288
Canadian dollar	1,4176	1,4669
Australian dollar	1,4765	1,4724
Pound sterling	0,7260	0,8064
Brazilian real	3,6916	3,1228
Chinese yuan	6,9730	8,1883

Sensitivity to foreign exchange risk

(in thousands of foreign currencies)	2015				
	US Dollar	Pound sterling	Yen	Canadian dollar	Australian dollar
Trade receivables	204 956	23 954	37 757	8 086	25 210
Trade payables	(184 278)	(14 513)	(786)	(11 607)	(9 105)
Gross balance sheet exposure	20 678	9 441	36 971	(3 521)	16 105
Estimated forecast sales	458 703	60 781	541 743	30 044	46 381
Estimated forecast purchases	(389 222)	(16 944)	-	-	-
Gross exposure	90 159	53 278	578 714	26 523	62 486
Foreign exchange derivative instruments	-	-	-	-	-
Forward purchases	11 300	-	-	361	-
Forward sales	(13 200)	(8 482)	(541 743)	(5 974)	(7 600)
Options	-	-	-	-	-
Net exposure	88 259	44 796	36 971	20 910	54 886

(in thousands of foreign currencies)	2014				
	US Dollar	Pound sterling	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)
Gross balance sheet exposure	(2 810)	12 999	12 943	(1 551)	11 129
Estimated forecast sales	395 492	56 783	555 000	41 524	27 976
Estimated forecast purchases	(342 031)	(23 750)	-	-	-
Gross exposure	50 651	46 032	567 943	39 973	39 105
Foreign exchange derivative instruments					
Forward purchases	26 300	-	-	463	-
Forward sales	(4 791)	(19 146)	(555 000)	(14 600)	(2 297)
Options	-	-	-	-	-
Net exposure	72 160	26 886	12 943	25 836	36 808

(in thousands of €)	2015			
	Impact on reserves for		Impact on reserves	
	Impact on profit or loss	change in fair value	Impact on profit or loss	for change in fair value
	10% appreciation of the euro in relation to foreign currencies		10% appreciation of foreign currency in relation to the euro	
USD	(17 114)	-	20 918	-
GBP	(2 967)	-	3 626	-
CAD	(486)	-	594	-
AUD	(1 538)	-	1 880	-
Trade receivables	(22 105)	-	27 018	-
USD	15 388	-	(18 807)	-
GBP	1 798	-	(2 197)	-
CAD	698	-	(853)	-
AUD	556	-	(679)	-
Trade payables	18 440	-	(22 536)	-
USD	4 236	-	(3 393)	-
GBP	2 894	-	(2 392)	-
CAD	(894)	-	891	-
AUD	(167)	-	205	-
Derivative financial instruments	6 069	-	(4 689)	-
Total	2 404	-	(207)	-

(in thousands of €)	2014			
	Impact on		Impact on reserves	
	profit or loss	for change in fair value	profit or loss	for change in fair value
	10% appreciation of the euro in relation to foreign currencies		10% appreciation of foreign currency in relation to the euro	
USD	(13 103)	-	16 015	-
GBP	(3 451)	-	4 218	-
CAD	(675)	-	825	-
AUD	(948)	-	1 158	-
Trade receivables	(18 177)	-	22 216	-
USD	13 314	-	(16 272)	-
GBP	1 934	-	(2 364)	-
CAD	776	-	(948)	-
AUD	265	-	(324)	-
Trade payables	16 289	-	(19 908)	-
USD	2 145	-	(1 398)	-
GBP	(1 119)	(1 777)	578	1 433
CAD	(403)	(658)	423	523
AUD	(104)	-	205	-
Derivative financial instruments	519	(2 435)	(192)	1 956
Total	(1 369)	(2 435)	2 116	1 956

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.

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.

In 2014, the Group put in place an interest rate swap for 50% 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 €)	2015	2014
Convertible bond issue	427 757	111 628
Bond issue	456 773	456 702
Bank borrowings	(3 008)	-
Finance lease obligations	1 199	1 578
Other financial liabilities	263 753	4 732
Fixed-rate financial liabilities	1 146 474	574 640
Bank borrowings	-	595 385
Bank overdrafts	19 980	14 608
Interest rate swaps	(8 735)	(7 708)
Other financial liabilities	-	-
Marketable securities and short-term deposits	(295 081)	(67 075)
Variable-rate financial liabilities (assets)	(283 836)	535 210

Sensitivity to interest rate risk

A decrease of 50 basis points in the 1-month and 3-month Euribor would have reduced profit by €0.2 million and had an immaterial impact on equity.

An increase of 50 basis points in the 1-month and 3-month Euribor would have increased profit by €0.2 million and had an immaterial impact on equity.

10. INCOME TAX

Income 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 case 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 recognized for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. 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;

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 Group classifies the CVAE tax as income tax.

a. Income tax expense

(in thousands of €)	2015	2014
Current income tax France	(78 544)	(67 077)
Current income tax foreign	(58 236)	(34 350)
Current income tax	(136 780)	(101 427)
Deferred income tax France	(3 721)	9 574
Deferred income tax foreign	15 655	11 182
Deferred income tax	11 934	20 756
Total	(124 846)	(80 671)

In 2015, income tax expense for the period consisted primarily of:

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

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

- Current tax payable in France, China, the United Kingdom, the Netherlands and Russia.
- The 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.

The current tax payable by the Group increased significantly in 2015, mainly reflecting the profit growth in France and the United States.

In accordance with Article 235 ter ZCA of the French Tax Code, the Group paid an additional tax of €0.9 million (€0.6 million in 2014) equal to 3% of the amount distributed, on dividend distributions to Ingenico Group SA shareholders other than stock dividends.

b. Group tax reconciliation

In accordance with the provisions of the 2015 Finance Act, the current tax rate for French companies in the Group is now 38% in respect of 2015. As of December 31, 2015, the deferred tax rate in France was 34.43%. Indeed, from 2016, the applicable income tax rate in France is 34.43%.

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 €)	2015	2014
Profit before income tax (excl. share of profits in equity-accounted investees)	362 173	253 733
Tax rate in France	38,00%	38,00%
Theoretical tax expense	(137 625)	(96 419)
Difference between the French tax rate and that of foreign subsidiaries	26 619	25 553
Tax losses and temporary differences for the period not recognized as deferred tax assets	(4 580)	(6 206)
Prior period temporary differences and tax losses recognized as deferred tax assets in the pe	861	5 450
Use of prior period tax losses not recognized as deferred tax assets	396	1 176
Tax credits	3 249	2 710
Effect of permanent differences and other	(13 766)	(12 935)
Total	(124 846)	(80 671)
Effective tax rate	34,5%	31,8%

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.

In 2015, permanent differences and other differences included:

- The impact of the French QPFC and withholding taxes related to dividends received from subsidiaries by Ingenico Group SA;
- The impact of the additional tax on dividend payments made in France;
- The effect of classifying the French CVAE tax as an income tax;
- The non-deductibility of the payroll expense arising from the award of stock options and free shares;
- Changes in temporary differences previously recognized as deferred tax assets.

Other permanent differences in 2014 included:

- 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;
- The non-deductibility of the payroll expense arising from the award of stock options and free shares;
- Changes in temporary differences previously recognized as deferred tax assets.

c. Deferred taxes

Change in deferred tax assets and liabilities

(in thousands of €)	Deferred tax assets from tax losses	Deferred tax assets from temporary differences	Total deferred tax assets	Total deferred tax liabilities	Total deferred tax, net
AT DECEMBER 31, 2013	6 923	27 199	34 123	(48 507)	(14 384)
Deferred tax recognized in profit or loss	2 085	(737)	1 348	19 408	20 756
Deferred tax recognized in "Equity" and "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
AT DECEMBER 31, 2014	10 376	30 436	40 812	(118 938)	(78 126)
Deferred tax recognized in profit or loss	(4 175)	12 189	8 014	3 920	11 934
Deferred tax recognized in "Equity" and "Business combinations"	-	325	325	(25 896)	(25 571)
Translation differences	(44)	(227)	(271)	136	(135)
Other movements	-	-	-	(1 706)	(1 706)
AT DECEMBER 31, 2015	6 157	42 723	48 880	(142 484)	(93 604)

As of December 31, 2015, the change in deferred taxes recognized in equity included the tax liability related to the OCEANE 2015 issue premium amounting to €25.2 million.

As of December 31, 2014, the change in deferred taxes recognized on business combinations included a €90.7 million deferred tax liability resulting from the allocation of the acquisition price for the GlobalCollect Group.

In 2014, the change in deferred taxes 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 9.b Net Debt).

Breakdown by type

(in thousands of €)	2015	2014
Deferred tax assets by type of temporary difference		
Property, plant and equipment and intangible assets	8 627	7 824
Employee benefits	9 042	7 708
Inventories, receivables, payables and provisions	57 780	45 866
Unutilized tax losses and credits	6 157	10 376
Other (including financial instruments)	1 229	688
DEFERRED TAX ASSETS	82 835	72 462
Netting effect	(33 955)	(31 650)
TOTAL DEFERRED TAX ASSETS	48 880	40 812
Deferred tax liabilities by type of temporary difference		
Property, plant and equipment and intangible assets	(113 151)	(120 294)
Employee benefits	(284)	(147)
Inventories, receivables, payables and provisions	(62 824)	(29 967)
Other (including financial instruments)	(180)	(180)
DEFERRED TAX LIABILITIES	(176 439)	(150 588)
Netting effect	33 955	31 650
TOTAL DEFERRED TAX LIABILITIES	(142 484)	(118 938)
NET TOTAL	(93 604)	(78 125)

Breakdown of unrecognized deferred tax assets

(in thousands of €)	2015	2014
Deferred tax from tax losses and tax credits of less than 1 year	-	1 190
Deferred tax from tax losses and tax credits of between 2 and 5 years	1 379	1 594
Deferred tax from tax losses and tax credits of over 5 years	29 176	21 753
Deferred tax from temporary differences	2 416	12 662
Total	32 971	37 199

d. Current tax payable

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

(in thousands of €)	2015	2014
France	12 879	16 552
Outside of France	14 726	11 969
Total	27 605	28 521

11. EQUITY-ACCOUNTED INVESTEEES AND NON-CONTROLLING INTERESTS

a. Employee profit-sharing within associate companies

(in thousands of €)	Mobile Payment Solutions NV	Fixed & Mobile Pte Ltd	Total
% interest at January 1, 2014	39,54%	30,00%	
% interest at December 31, 2014	39,54%	30,00%	
% interest at December 31, 2015	31,54%	27,30%	
At January 1, 2014	8 728	5 638	14 366
Share of profit or loss	(1 740)	361	(1 379)
Translation differences	171	769	940
Balance at Dec. 31, 2014	7 159	6 768	13 927
Share of profit or loss	(1 073)	732	(341)
Impairment loss	(2 285)	-	(2 285)
Translation differences	-	740	740
Accretion	-	252	252
At December 31, 2015	3 801	8 492	12 293

On December 31, 2014, an impairment loss was recognized on the investment in Mobile Payment Solutions N.V.

b. Non-controlling interests

The share of profit or loss attributable to non-controlling shareholders is recognized in equity attributable to non-controlling profit-sharing as is the share of dividends payable to minority shareholders.

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".

The reduction of the Group's interest in its Chinese companies in 2015 led to a corresponding increase in the share of profit or loss attributable to non-controlling interests. This transaction is described in Note 3 "Highlights for the period. As such, the share of profit or loss attributable to non-controlling interests came to €4.4 million at December 31, 2015, against €31 thousands on December 31, 2014.

Name of subsidiary	Location	At December 31, 2015		Balance at Dec. 31, 2014	
		Percentage of capital and voting rights held by non-controlling interests	Profit for the period - Share of non-controlling interests (in thousands of €)	Percentage of share capital and voting rights held by non-controlling interests	Profit for the period - Share of non-controlling interests (in thousands of €)
Ingenico Holdings Asia Limited	Hong Kong	21,16%	(67)	1,16%	(28)
Fujian Landi Commercial Equipment Co., Ltd.	China	21,16%	4 784	1,16%	460
Ingenico Electronic Equipment Co., Ltd.	China	21,16%	379	1,16%	4
ZTE Ingenico N.V.	Netherlands	8,46%	(710)	0,46%	(20)
Roam Data Inc.	United States	-	-	-	(385)
Non-controlling interests			4 386		31

In 2014, the Group acquired the remaining non-controlling interest in its subsidiary Roam Data Inc. As of December 31, 2014, the subsidiary was wholly-owned by the Group but contributed to the profit or loss of non-controlling interests.

12. EQUITY AND EARNINGS PER SHARE

Treasury shares

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

a. Total equity

Number of outstanding shares

	2015	2014
Issued on January 1	57 436 781	53 086 309
Shares issued in connection with dividend distributions ⁽¹⁾	313 580	398 304
Shares issued in connection with the conversion of OCEANE bonds into shares ⁽²⁾	3 216 566	3 554 336
Shares issued in connection with options exercised and shares acquired	-	397 832
Shares issued in connection with a capital increase reserved for employees	23 673	-
Shares issued at the end of the period	60 990 600	57 436 781
Treasury shares at the end of the period	276 294	280 794
Shares outstanding at the end of the period	60 714 306	57 155 987

⁽¹⁾ See Chapter 5. "Consolidated statements of changes in equity"

⁽²⁾ Conversion of 3,169,040 2011-2015 OCEANE bonds

As of December 31, 2015, Ingenico Group SA's authorized share capital consisted of 60,990,600 shares with a par value of €1.0 each.

Treasury shares

(in €)	2014	Acquisitions	Divestitures	2015
Number of securities	280 794	571 303	(575 803)	276 294
Average purchase price	25,53	106,56	106,82	25,46
Total	7 167 308	60 877 401	(61 010 052)	7 034 657

(in €)	2013	Acquisitions	Divestitures	2014
Number of securities	280 794	1 686 323	(1 686 323)	280 794
Average purchase price	25,53	71,41	71,41	25,53
Total	7 167 308	120 425 660	(120 425 660)	7 167 308

Shares repurchased to be awarded or retired

The portfolio of treasury shares held to be awarded under free share award plans or to reduce the share capital totaled 276,294 shares as of December 31, 2015. As of December 31, 2014, there were 280,794 treasury shares at an average purchase price of €25.46. As presented in Note 6.b, 4,500 shares were used during the period.

Treasury shares repurchased under the liquidity contract

In 2015, 571,303 shares were repurchased at an average price of €106.56 and 571,303 shares were sold at an average price of €106.82. 4,500 shares were used during the period for free share grants.

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.

The Group held no treasury shares under its liquidity contract as of December 31, 2015, unchanged from December 31, 2014.

Employee shareholding

On May 19, 2015, the Group launched a new employee shareholding plan to continue engaging its employees in the Group's future results and performance.

The Ingenico Group's 2015 employee shareholding plan allowed the French employees of the Ingenico Group to subscribe under preferential terms to a reserved capital increase. The subscription price for the new shares was set by the Board of Directors on May 6, 2015 at €85.96 per share. This represented a 20% discount to the average closing price of the Ingenico Group SA share on Euronext Paris over the last 20 trading days before that meeting.

The capital increase was carried out on July 31, 2015.

In accordance with IFRS 2, a payroll expense related to this employee shareholding plan was recorded in "Profit from ordinary activities".

b. Earnings per share

Basic earnings per share

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

	2015	2014
Net profit or loss attributable to Ingenico SA shareholders (in thousands of €)	230 315	171 652
Weighted average number of ordinary shares	60 494 391	54 257 111
Basic earnings per share (in €)	3,81	3,16

Diluted earnings per share

Diluted earnings per share are calculated using the treasury stock method, which

- In the numerator, adjusts the net interest income on bonds convertible to or exchangeable for new or existing shares (OCEANE);
- In the denominator, adds the new shares that are potentially created by dilutive instruments (OCEANE, free shares, and joint investment) to ordinary shares, subtracts the number of shares that could be repurchased on the market with the proceeds from the exercise of the relevant instruments. The market price used is the average exchange rate on shares during the year.

(in thousands of €)	2015	2014
Net profit or loss attributable to Ingenico SA shareholders	230 315	171 652
Interest expense related to OCEANE convertible bond debt (net of income tax)	3 720	4 542
Diluted net profit or loss attributable to Ingenico SA shareholders	234 035	176 194
Weighted average number of existing shares	60 494 391	54 257 111
Impact of dilutive instruments:		
- free shares granted	130 266	78 987
- conversion of convertible bonds	1 593 413	5 664 997
Diluted weighted average number of ordinary shares	62 218 070	60 001 095
Diluted earnings per share (in €)	3,76	2,94

13. OFF-BALANCE SHEET COMMITMENTS

(in thousands of €)	2015	2014
COMMITMENTS RECEIVED		
Various guarantees	3 106	3 770
Net asset warranty as part of the acquisition of an 83.86% interest in Roam Data Inc.: unlimited duration (commitment: USD 700,000).	643	577
Net asset warranty as part of Ingeserve Co. Ltd acquisition, expiring on May 21, 2015.	-	unlimited
Net asset warranty as part of TNET acquisition: unlimited duration and amount.	unlimited	unlimited
Net asset warranty as part of Paycom acquisition. Expiry dates as follows: July 1, 2021 for corporate warranties, December 31, 2015 for tax warranties and July 1, 2013 for other 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	4 133	3 706
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 December 31, 2016.	89 325	89 325
Net asset warranty received as part of GlobalCollect acquisition. The maximum amount of net asset warranties is €20 million, expiring on September 30, 2015.	750	750
OTHER COMMITMENTS RECEIVED	-	20 000
As part of the disposal of Fixed & Mobile Pte Ltd, 16,650 shares in the company were provided to the Group as security for its receivable and the loan granted to the acquirers. The security interest will terminate when both amounts have been paid in full.		
COMMITMENTS GIVEN		
Various guarantees	21 485	20 631
Net asset warranty as part of Sagem Denmark disposal in 2009: - tax warranty valid until expiration of time limit for tax claims (May 2013, except for transfer pricing until January 2016)	20 254	20 254
Net asset warranty as part of disposal of 20% of Ingenico Holdings Asia. Total net asset warranties amount to USD 26.1 million. Expiry dates as follows: - Standard warranties until October 2016 - Tax warranties until June 2022 - Basic warranties valid until expiration of time limit for tax claims	24 007	-
Net asset warranty as part of the disposal of 12% of Beamm Inc. in November 2015. Unlimited amount and covering the basic warranties until expiration of time limit for tax claims	unlimited	-
OTHER COMMITMENTS GIVEN		
The Group has committed to contributing €15 million to an investment fund. Cash calls subscribed are recorded in the balance sheet for a total of €4 million.		

In 2015, the Group had the following commitments in connection with its business activities:

- approximately €111.4 million in firm price orders placed by the Group with its manufacturers as of December 31, 2015;
- future payments under non-cancelable operating leases.

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

(in thousands of €)	2015	2014
Commitments given on non-cancelable leases	97 442	94 950
Total	97 442	94 950

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, 2015:

(in thousands of €)	2015						
	Central Operations	Europe & Africa	Asia-Pacific & Middle East	North America	Latin America	ePayments	Total
Y+1	10 384	4 668	2 357	473	96	5 101	23 079
Y+2	8 554	3 730	1 860	484	-	2 358	16 987
Y+3	8 303	2 701	493	448	-	2 358	14 303
Y+4	8 276	1 312	322	439	-	2 358	12 707
Y+5 and following	13 525	8 828	949	3 293	-	3 770	30 365
Total	49 042	21 239	5 980	5 138	96	15 946	97 442

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:

(in thousands of €)	2014 restated						
	Central Operations	Europe & Africa	Asia-Pacific & Middle East	North America	Latin America	ePayments	Total
Y+1	8 860	4 649	2 181	402	264	3 601	19 957
Y+2	8 124	3 112	1 119	404	-	1 727	14 486
Y+3	8 053	2 378	390	310	-	1 169	12 300
Y+4	7 877	1 493	17	275	-	1 183	10 845
Y+5 and following	22 578	8 996	14	3 398	-	2 376	37 362
Total	55 492	20 628	3 721	4 789	264	10 056	94 950

The Group is entitled, in connection with its business activities, to receive future minimum rental income in respect of non-cancelable operating leases amounting to €10.2 million in 2015 and €3.5 million in 2014.

14. MAIN CONSOLIDATED SUBSIDIARIES

Principles of consolidation

Fully-consolidated 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.

Jointly controlled operations

A jointly controlled operation is a joint venture operated by a company and one or more other parties under the terms of a contractual agreement which grants it rights to its net assets. There are no joint ventures within the Group's consolidation scope.

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.

Corporate name	Country	% Interest	Consolidation method
Ingenico Group SA	France	Parent company	
Consolidated subsidiaries			
Ingenico International (Pacific) Pty Ltd	Australia	100%	FC
Ingenico e-Commerce Solutions SPRL	Belgium	100%	FC
Ingenico Financial Solutions SA	Belgium	100%	FC
Ingenico do Brasil Ltda.	Brazil	100%	FC
Ingenico Canada Ltd.	Canada	100%	FC
Fujian Landi Commercial Equipment Co., Ltd.	China	78.84%	FC
Ingenico Electronic Equipments (Beijing) Co., Ltd.	China	78.84%	FC
Ingenico Colombia Ltda.	Colombia	100%	FC
Ingenico CZ S.r.o.	Czech Republic	100%	FC
Ingenico Prepaid Services France SAS	France	100%	FC
Ingenico e-Commerce Solutions SAS	France	100%	FC
DI Deutsche Ingenico Holding GmbH	Germany	100%	FC
Ingenico e-Commerce Solutions GmbH	Germany	100%	FC
Ingenico GmbH	Germany	100%	FC
Ingenico Healthcare GmbH	Germany	100%	FC
Ingenico Marketing Solutions GmbH	Germany	100%	FC
Ingenico Payment Services GmbH	Germany	100%	FC
Ingenico Holdings Asia Limited	Hong Kong	78.84%	FC
Ingenico Hungary Kft.	Hungary	100%	FC
Ingenico International India Pvt Ltd.	India	100%	FC
E-Billing Solutions Pvt Ltd.	India	100%	FC
PT. Ingenico International Indonesia	Indonesia	100%	FC
Ingenico Italia SpA	Italy	100%	FC
Ingenico Mexico S.A. de C.V.	Mexico	100%	FC
Ingenico Payment Systems Africa SARLAU	Morocco	100%	FC
GCS Holding BV	Netherlands	100%	FC
Global Collect BV	Netherlands	100%	FC
Ingenico e-Commerce Solutions BV	Netherlands	100%	FC
Ingenico Philippines Corp.	Philippines	100%	FC
Ingenico Polska Sp. z o.o	Poland	100%	FC
Ingenico LLC	Russia	100%	FC
Ingenico International (Singapore) Pte Ltd.	Singapore	100%	FC
Ingenico Iberia SL	Spain	100%	FC
Ingenico (Switzerland) SA	Switzerland	100%	FC
Ingenico E-Commerce Solutions GmbH	Switzerland	100%	FC
Ingenico International (Thailand) Co., Ltd.	Thailand	100%	FC
Ingenico Ödeme Sistem Çözümçüleri AS	Turkey	100%	FC
Ingenico (UK) Ltd.	United Kingdom	100%	FC
Ingenico e-Commerce Solutions Ltd.	United Kingdom	100%	FC
Ingenico (Latin America) Inc.	United States	100%	FC
Ingenico Corp.	United States	100%	FC
Roam Data Inc.	United States	100%	FC
Nanjing ZTE-Ingenico Network Technology Co., Ltd.	China	31,54%	EA
Fixed & Mobile Pte Ltd.	Singapore	27,30%	EA

15. Subsequent events

No material subsequent event happened since December 31, 2015.