Extract from 2009 annual report

ingenico®

beyond payment

Extract from 2009 annual report

Free translation for information purposes
only the version in French is binding

INDEX

Activity

Financial statements

Activity

PRESENTATION

Presentation of the Group

The key to Ingenico's success and market leadership has traditionally been its core business of designing and supplying payment terminals. The global terminal market generates an estimated €2 billion to €2.5 billion of turnover.

To spur new growth, the Group began laying the groundwork in 2008 to leverage its core business to move into the electronic payment chain and capture the momentum of the payment transaction market.

The Group deploys its own offer of comprehensive cross-border and global payment services, supported by a PCI DSS certified global service platform. Major international deals carried off by the Group in 2009 with customers like Ryanair and McDonald's, demonstrating the pertinence of the strategy.

In November 2009, Ingenico acquired Easycash, a leading German payment services provider. This acquisition is a major step in Ingenico's development strategy to accelerate the shift to a business model focused on generating a larger share of recurring revenue in the fast-growing electronic payment transaction market.

Ingenico – the global leader in payment terminals

Leadership built on market consolidation

In 2008, Ingenico took the lead in the payment terminal market after merging with Sagem Monetel in March and taking a majority stake in Landi, China's second largest terminal provider, in June.
These acquisitions heightened our technological edge by bringing the Sagem Monetel platforms into the fold and by broadening our geographical footprint, both in regions where Sagem had positions and in the high-potential Chinese market.

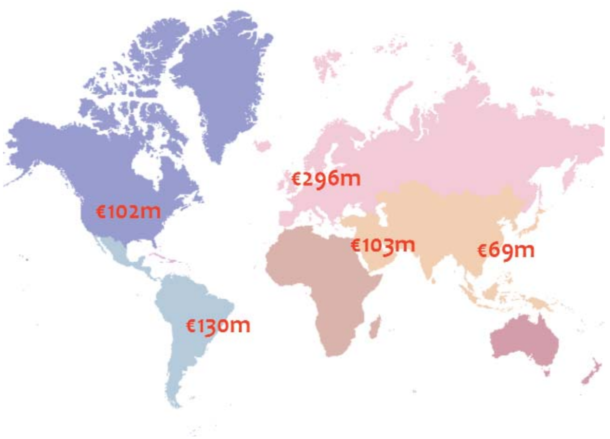
Ingenico ended the year 2009 with an installed base of some 15 million terminals, representing a 30 percent estimated share of the global terminal market.

Global presence, local focus

Ingenico operates in 40 different countries via its subsidiaries, branches and offices, and its sales network covers 125 countries. This global presence gives us a clear grasp of the specific issues derived from national payment protocols in each country.

Forging close-knit relationships with its customers and partners is thus a priority for the Group. By identifying their needs, it can offer them perfectly tailored expertise and solutions. This local focus is one of the Group's leading commercial strengths and a major differentiating factor.

Balanced presence in both mature and emerging markets



Revenue of €700 million in 2009, broken down by geographical area

Ingenico has a strong position in mature markets, which accounted for 56 percent of Group revenue in 2009. It still can capture significant growth potential in those countries, especially in regions where its market share could be larger. Its main growth drivers are POS estate replacement of end-of-life devices (after an average of 5 years), compliance with the new PCI PED 2.0 and EMV security standards and customer interest in new features such as fast check-out functions, color screens, mobile terminals and contactless payment. Overall, its organic growth in the mature markets has been steady, although there are growth opportunities the Group can tap in the United States and Germany and, on a broader scale, in the mobility and contactless technology niches.

In addition to its firm foothold in mature markets, Ingenico has a significant presence in emerging markets, which accounted for 44 percent of Group revenue in 2009. In China, India and most other emerging markets, growth comes from first-time purchases, fueled primarily by an increasingly "banked" middle class and efforts by authorities in those countries to promote that trend as a means of boosting tax collection. Due to the market structure in such emerging countries as Brazil or Turkey, the penetration rate of payment terminals is relatively high. In the emerging countries as a whole, the non-payment transactions market (e.g., recharging, prepayment or the provision of micro-finance) also offers considerable potential.

Outsourced production

Since 2003, Ingenico's production has been outsourced entirely to top-tier industrial partners. The Group now mainly works with two of the world's five largest electronics systems subcontractors, Flextronics and Jabil.

Stemming from Ingenico's ongoing efforts to streamline manufacturing, manufacturing plants which the group relies on are now located primarily in Asia for the world market and in Brazil for that country's market. This manufacturing flexibility enables us to adjust output up or down, depending on demand, and to maximize procurement efficiency.

Banking and large-scale retail – our flagship markets

Ingenico's core business has historically been in supplying payment terminals to merchants, either directly for large-scale retailers or indirectly, for small or mid-size merchants, via acquirers or intermediaries.

The acquirer market

Acquirers make up the Group's main market. The participants are companies that manage payment service contracts for merchants: banks, transaction management companies acting on behalf of banks and solution distributors.

Acquirers are not terminal users but suppliers of payment terminals to merchants in the independent retail, food and hospitality sectors. The world's biggest banks, from Barclays, Crédit Mutuel and Garanti Bank to Bank of China and Bank of America, make Ingenico their trusted choice.

Historically, the Group's core business is not in selling terminals directly to merchants. Since acquiring Easycash in November 2009, however, Ingenico does sell terminals and related services to German merchants via its subsidiary.

The large-scale retail market

Ingenico's other key market is large-scale retailing, in which it boasts such world-class customers as Home Depot, Safeway, Tesco, FNAC, RATP and JC Decaux, as well as retail chain heavyweights McDonald's, Starbucks Coffee, Quick, Zara and others.

Ingenico offers large retailers comprehensive solutions that are integrated into their data systems. These solutions are built on products in Ingenico's range: PIN pads connected to electronic cash registers, e-transaction management and concentration software, as well as consulting, support and services.

Vertical markets

Ingenico is also a direct or indirect supplier in many other so-called vertical market sectors, ranging from gasoline distribution, healthcare and lotteries to unattended distribution of goods and services, passenger control and home delivery.

Technology leadership in payment terminals

Sustained policy of innovation

In the payment terminal market, constantly changing technology and regulations make innovation and R&D crucial levers for differentiation.

Ingenico has steadily maintained a high level of investment in research and development. In 2009, 9 percent of Group revenue was spent on R&D to support the development of our new terminal generation, ICT20 and ICT250, and new Beyond Payment terminals, IPA280 and WebPOS, the only products on the market to combine payment with business applications.

The Group holds patents covering all of the technologies essential to its business lines, and took out 24 additional patents in 2009. Our patent development policy combines in-house R&D with intellectual property rights acquired from third parties.

A single platform, Telium 2

Building on the architecture brought in by Sagem Monetel, Ingenico developed Telium 2, our new operating system platform deployed across the new range of terminals. This platform gives us a strong competitive edge, particularly in terms of production costs, transaction speed and reliability.

Security

Security is a key factor in terminal design and a top priority in service offers. Ingenico's R&D department has a team dedicated exclusively to security research, which is responsible for anticipating changes in standards.

The terminals in Ingenico's new range were among the first on the market to obtain PCI PED 2.0 certification. In effect since 2008, this is the industry's latest PCI PED (Payment Card Industry – Pin Entry Device) standard, which sets out the most recent PCI SSC (Payment Card Industry Security Standards Council) physical and logical security requirements for chip and PIN card transaction devices.

In 2009, Ingenico also obtained PCI DSS 1.2 certification (Payment Card Industry – Data Security Standard) for its global service platform supported by an infrastructure of redundant secured hubs located on three continents. This certification is a set of comprehensive requirements enhancing the security of data routing, storage and processing (i.e. hosts, networks, software architecture and access control).

Leveraging the PCI DSS certification of its global service platform along with the PCI PED certification of its payment terminals, Ingenico can now offer its banking and merchant customers an unparalleled level of security.

A comprehensive, innovative range of terminals

A complete range for traditional payment usage incorporating new functions

Ingenico developed a new range of terminals, rolled out starting in 2009, to meet three objectives:

- Bring the range of terminals produced by Ingenico and Sagem Monetel into alignment on the Telium platform, whose high-performance architecture delivers transaction speed and reliability that are market benchmarks.
- Respond swiftly to merchants' new expectations in terms of mobility (e.g. Wi-Fi, GPRS and 3G), contactless payment and user-friendliness (e.g. color screens).
- Encourage users to move "beyond payment" by proposing value-added services to generate extra revenue streams.

In short, Ingenico proposes a full range of terminals, from PIN pads to the ICT220 and ICT250 CounterTops, that meet both traditional merchant demand and the highly sophisticated requirements of large-scale retailers and banks.

New Beyond Payment terminals

In 2009, the Group developed and launched a new range of terminals unlike any on the market, taking users "beyond payment" to value-added services. Combining secure payment and business applications, the new terminals provide a unique solution with exceptional value-creating potential for target merchants.

The IPA280 PAYment PDA is Ingenico's first major innovation. This new Payment Personal Digital Assistant combines PDA functionality for hosting inventory management, CRM and other business-specific applications with advanced secure payment capabilities. With these functions bundled into a single terminal, transaction potential takes a spectacular leap forward: mobile mode, shorter lines during busy periods (e.g. seasonal sales or selling during half-time at sports competitions), on-the-move selling (e.g. deliverymen, onboard ticket collectors) and more.

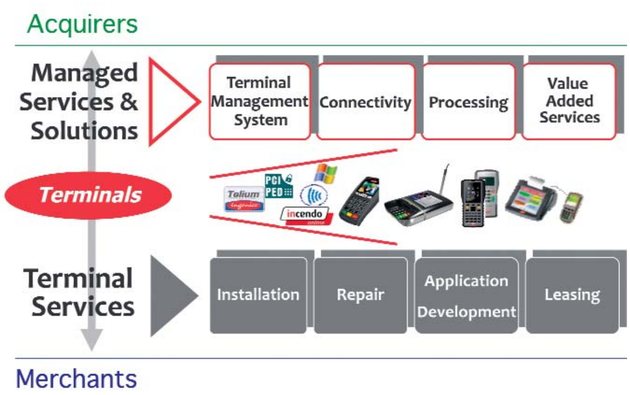
The Group's second innovation, WebPOS, comprises a cash register, payment terminal (PIN pad) and business applications (e.g. inventory updates, mobile top-ups, bill payment, gift cards, loyalty cards). WebPOS, a comprehensive offer designed to meet the needs of mid-size merchants, compares very competitively with its cash register-based rivals, which tend to target the high or low end of the market.

From terminals to payment solutions

A complete international and cross-border service offer

Ingenico offers its customers comprehensive, centralized, secure management of their electronic payment terminals and transactions so they can optimize payment system operating costs, meet ever-tighter security requirements and generate new revenue streams. Ingenico guarantees end-to-end security, visibility and control over the entire payment lifecycle.

The terminal-based service solution is organized around two main offers:



- A complete terminal-based service offer including:
  - Payment terminals.
  - Standard or highly innovative software applications, either off-the-shelf or custom-designed.
  - Full after-sales service taking charge of every phase in the lifecycle of terminals and software, 24/7, from installation, maintenance and repair to upgrades.

- A managed service offer including:
  - Connectivity ensuring the terminal-to-bank host connection.
  - Terminal estate management including updates of security applications.
  - Centralization of transactions.
  - Value-added services – loyalty cards, phone card top-ups, money transfers, dynamic currency conversion, prepaid cards, etc. – designed to change customer perception of the payment terminal, no longer just a Point of Payment and cost center, but a revenue-earning Point of Service.

What differentiates Ingenico is its ability to meet customer demand for optimized cross-border and international solutions through its presence in many countries and a payment service offer supported by a PCI DSS certified global platform. In 2009, the Group secured its first international business deals with Ryanair, McDonald's and others.

A service offer covering an array of vertical solutions

Small merchants, banks, large retailers, lottery companies, hospitals, retail chains, government administration, service stations, m-commerce, transportation or hospitality – each business sector has its own specific challenges and needs.

After defining a segmented product portfolio for each of those vertical markets, Ingenico developed comprehensive offers tailored to each business sector's specific operations and based on Ingenico services (e.g. payment terminals, connectivity, transaction and value-added service management). Through these offers, Ingenico can also capitalize on its new terminal range supporting beyond payment services.

In addition to addressing issues and requirements specific to each vertical market, Ingenico intends to help its customers take up a new challenge, that of turning their point of sale into a point of payment, service, affinity and choice.

Easycash, a breakthrough in Ingenico strategic move

Accelerating the Group's presence in payment solutions

In November 2009, Ingenico acquired Easycash, a leading German payment services provider. The acquisition is a major step in Ingenico's development strategy to accelerate its presence in the payment solutions market.

By covering the entire payment value chain, Easycash captures a larger share of recurring income, increases both its visibility and revenue, particularly in these business lines:
- Terminal-based services.
- Transaction processing, including management of the transaction up to payment in the specific case of OLV-type

payments in Germany. Easycash consolidated its leadership in 2009 with its roughly one billion transactions managed.
- Value-added services, especially loyalty solutions. In 2009, Easycash processed about 16 million gift cards and loyalty cards, confirming its number-one position in this segment.

Easycash provides its payment solutions directly to merchants. For small shop owners, it generally covers the whole payment chain. For its large-scale retail customers, who include eight of Germany's ten biggest retailers, the scope of its service varies.

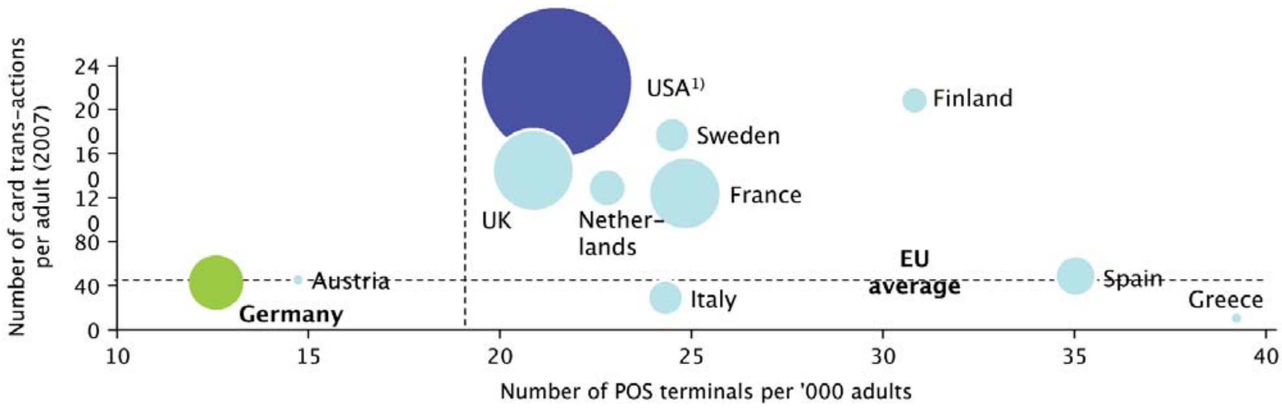
Accelerating the Group's strategic shift to services

Easycash generates recurring revenue. In addition to monthly fees for multi-year contracts covering terminal-based services, it collects fees based on the number of transactions processed by merchants. The complementary fit with Easycash has helped Ingenico accelerate its shift to a more profitable business profile.

Stronger market positions in Germany

By acquiring Easycash, Ingenico has strengthened its position in one of Europe's most promising markets in terms of growth potential. The penetration rate of payment terminals in Germany is still low, as Germany lags behind other European countries in bank card use.

As Germany gradually migrates to the EMV standard and narrows the gap in the medium term with other countries, both the terminal penetration rate and the number of transactions processed can be expected to increase.



1) United States: 53 billion transactions in 2007 Source: RBR, ECB Blue Book, A.T. Kearney analysis

Capturing the expected growth from regulatory changes in Europe

With this acquisition, Ingenico can combine Easycash's payment service capabilities and reputation with its global service platform to create an integrated, cross-border, and comprehensive range of solutions for customers and prospects.

On one hand, Ingenico could support the international operations of Easycash's major German customers by leveraging its extensive portfolio of payment applications and sophisticated, global service platform. Eight of Germany's ten biggest retailers are Easycash customers.

On the other hand, the Group could also market the services offered by Easycash in Germany to its other customers.

Ingenico ambition is to provide end-to-end services to its customers, in France and abroad, at all levels of the chain, from POS terminals and related services to value-added services. This value proposition would enable the Group to meet increasing demand from its banking and large-scale retail customers for integrated solutions. These customers are seeking to streamline their electronic payment system operating costs and optimize the growing cost of compliance with security standards. The Group also intends to draw maximum benefit from regulatory changes, especially in Europe, with the implementation of the European Payment Services Directive (PSD) and the introduction of the new Single Euro Payments Area (SEPA). Ingenico would position itself as a supplier of electronic payment solutions for newcomers to payment services as well as for acquirers who wish to expand beyond their home market and target merchants in new countries.

Future growth drivers

In addition to the development of the POS terminal market – driven by the replacement of traditional check and cash payment methods with card payments – and the expansion of the electronic payment transaction market, the Group is paving the way for the future transformation of electronic payments.

Mobile and online payments, for example, will undeniably create opportunities and constitute future growth drivers.

For players in this market, the medium-term challenge will be to offer comprehensive solutions that can handle any type of electronic payment transaction, including POS terminal, online and phone payments.

Ingenico expects mobile phones to gradually gain ground as payment devices, especially in emerging markets where banking penetration is low. Accordingly, Ingenico is positioning itself by acquiring minority stakes, via Ingenico Ventures, in companies that operate in the mobile payment value chain.

ROAM Data

In November 2009, Ingenico Ventures acquired a stake in the U.S.-based company ROAM Data, a provider of fully hosted mobile application services. Leveraging patented technology and PCI DSS infrastructure, the applications developed by ROAM Data enable users to carry out transactions easily on all types of mobile phones, via a payment gateway operated 24 hours a day. ROAM Data primarily targets the mobile professional and micro-merchant market.

Transfer To

In July 2009, Ingenico Ventures acquired a stake in Transfer To, a payment services company based in Singapore. Transfer To operates a global, remote top-up network connecting users of different mobile phone operators. By sending a text message to this network, migrant workers in foreign countries can refill the prepaid mobiles of family members in their home country. The transfer of money and mobile phone credit is a fast-growing market serving 200 million migrants, whose remittances total approximately $300 billion each year.

A competitive payment market

A concentrated POS terminal market

Market consolidation

The POS terminal market has consolidated in recent years, mainly through three major business deals:
- VeriFone's acquisition of Lipman in April 2006.
- The Ingenico and Sagem Monetel merger in March 2008.
- Hypercom's purchase of the Thalès e-Transactions unit in April 2008.

These transactions left three main players with an estimated 90 percent of the market in 2009, based on public revenue figures. In 2009, Ingenico reinforced its leadership, with an estimated 39-percent market share, ahead of VeriFone and Hypercom. Alongside the big three, some 15 other suppliers around the world operate regionally (e.g. Pax in China and Gemalto in France).

High barriers to entry

Ingenico operates in both local and "multi-global" environments. Its payment terminals and secure transaction systems must not only be certified to meet global standards, mainly those defined by the Payment Council Industry; they must also obtain the mandatory regional certifications for the various applications used in each country.

In addition to these regulatory constraints, other obstacles include regional differences regarding payment habits and customer demands for specific applications.

Ingenico's large portfolio of applications is a significant asset. The Group manages over 1,000 applications for its customers.

A fragmented market for card payment services

The card payment services market is significant (worth an estimated €8.5 billion), fragmented and local, with different payment applications implemented in each country. Although there are many players in the value chain, few offer global solutions.

Many international players are actually multi-regional players operating at some or all levels of the value chain. First Data, for example, is a multi-regional player that mainly manages technical infrastructure between acquirers and issuers, even if in some countries, such as Germany, it covers the entire value chain.

International providers (e.g. First Data, SIX cards, Equens and Tsys) coexist alongside other, often regional, players such as Commidea in the United Kingdom, Atos Worldline in France and Easycash in Germany.

An organization based on a strong regional presence

Maintaining a strong local presence around the world is part of Ingenico's strategy. In order to respond to payment system issues, which are necessarily country-specific since they relate to national payment protocols, the Group needs to stay close to its customers and partners. This local focus is one of the Group's leading commercial strengths and a major differentiating factor.

Ingenico has offices, subsidiaries and branches in 40 countries, which are grouped into broad geographic regions. At December 31, 2009, the Group employed approximately 2,830 people (including about 400 from the Easycash acquisition), with 80 percent of its workforce working in regional locations. This arrangement speeds up decision-making and promotes smoother, more efficient communications between Group and regional teams.

In 2010, Ingenico will be reorganizing its businesses to gain a clearer grasp of the specific dynamics at work in Asian markets, the new SEPA (Single Euro Payments Area) in Europe and potentially high-growth American and African markets. The new structure will break down into five regions:

- SEPA, which will include the main markets impacted by the new Single Euro Payments Area.
- EEMEA, which will include the other European countries, the Middle East and Africa.
- LAR, which will include the Latin American markets.
- NAR, which will include the United States and Canada.
- Asia-Pacific, which will include Southeast Asia, Australia and China.

Product strategies are organized into two business lines, Transactions Services and Payment Terminals, to better support the Group's growth strategy in each of these market segments. Using this new business line approach, Ingenico should adapt its global development strategy to each local market, based on three factors:
- The maturity of the payment terminal market.
- The Group's position in the market.
- The structure of the payment market, to determine which parts of the service value chain will be covered.

History of the Group

1980 – Foundation of Ingenico, a company specializing in the design and manufacture of electronic payment card terminals.

1984 – Launch of the first magnetic stripe and chip smart terminal.

1985 – Listing on the Second Marché of the Paris Stock Exchange.

1987-2004 – Rapid and international growth.
- **1987:** INGENICO INTERNATIONAL PACIFIC PTY LTD (Australia) is created.
- **1994:** Major card issuers Visa, MasterCard and Europay adopt a standard payment chip-card standard, accelerating Ingenico's growth.
- **1996:** Ingenico acquired EPOS in Germany.
- **1999:** Ingenico acquired the terminal business of the groups DE LA RUE and BULL.
- **2001:** Ingenico acquired IVI CHECKMATE CORP in the United States.
- **2004:** Ingenico acquired Europa in Australia.

2006 – Business transformation.
- Ingenico outsourced terminal manufacturing.
- Ingenico acquired Moneyline, a company providing centralized transaction solutions in France.

2007 – Return to profitability.
Ingenico strengthened its foothold in promising markets through the acquisition of the Turkish companies Planet Ödeme and Planet Electronik.

2008 – Consolidation of world leadership in payment terminals.
- Ingenico acquired the payment terminal business of Sagem Sécurité (Sagem Monetel).
- Ingenico acquired a 55-percent interest in Fujian Landi, China's second largest terminal provider.
- Launch of range of international, cross-border, terminal-based services.

2009 – Acceleration of Group profile shift.
- Ingenico's first major international deals demonstrated that its focus on services is a winning strategy.
- Ingenico acquired Easycash, a leading German payment services provider.
- Ingenico created Ingenico Ventures to invest in the mobile payment chain through the acquisition of minority interests.
- Launch of new generation of payment terminals and Beyond Payment terminals.

ACTIVITY

2009 results

To facilitate assessment of the company's operating performance, the financial data pertaining to 2009, from revenue to operating margin, are compared to the pro forma data for Sagem Monetel in 2008 ("2008 pro forma"), which includes Sagem Monetel from January 1, 2008.
The consolidated financial data has been drawn up in accordance with International Financial Reporting Standards. In order to provide meaningful comparable information to analyze operational performance, that data has been presented on an adjusted basis, i.e. restated to reflect in particular the depreciation of goodwill resulting from acquisitions. Pursuant to IFRS 3, the purchase price for new entities is allocated to the identifiable assets acquired and subsequently amortized over specified periods.
EBITDA is not an accounting term; it is a financial metric defined here as profit from ordinary activities before amortization, depreciation & provisions and before Share based payment expenses (the reconciliation of profit from ordinary operations to EBITDA is available in Exhibit [1]).

Chiffres clés

(in millions of euros)	2008	2008 pro forma	2009
Revenue	728.0	780.8	**700.7**
Adjusted gross profit	279.4	297.0	**270.9**
As a % of revenue	38.4%	38.0%	**38.7%**
Adjusted operating expenses	188.2	198.9	**190.8**
Adjusted profit from ordinary activities	91.2	98.1	**80.1**
Adjusted margin on ordinary activities	12.5%	12.6%	**11.4%**
Profit from operations (IFRS)	57.5	-	**47.4**
Net profit (IFRS)	36.7	-	**26.8**
EBITDA	115.8	125.5	**105.4**
As a % of revenue	15.9%	16.1%	**15.0%**
Net debt	(77.5)	-	**144.4**
Equity	455.1	-	**493.1**

Revenue decrease limited to 7% [1] on a like-for-like basis and at constant exchange rates

(in millions of euros)	2008 published revenue	2008 pro forma revenue (*)	2009 revenue	2009/2008 change at current exchange rates (**)	2009/2008 change at constant exchange rates (**)
North America	105.1	108.5	102.2	(5.8%)	(8.4%)
Latin America	130.0	136.1	130.3	(4.2%)	+0.2%
China/Asia-Pacific	65.8	67.2	69.2	+3.0%	+3.7%
EEMEAA*	133.5	146.2	103.1	(29.4%)	(25.7%)
Northern Europe	106.9	119.0	105.5	(11.3%)	(5.5%)
Southern Europe	168.6	185.8	181.1	(2.5%)	(2.5%)
Revenue from historic business	710.0	762.7	691.4	(9.3%)	(7.2%)
H2 contribution of operations disposed of on June 30, 2009	18.0	18.0	-	-	-
Total revenue from historic business	728.0	780.7	691.4	-	-
Contribution of Easycash (during Dec. 2009)	-	-	9.2	-	-
TOTAL REVENUE	**728.0**	**780.7**	**700.6**	**-**	**-**

(*) Includes Sagem Monetel from January 1, 2008 onward.
(**) Based on 2008 pro forma revenue.
(***) EEMEAA (Eastern Europe, Middle East, Africa and Southeast Asia).

Revenue in 2009 totaled €700.7 million, a figure including €691.5 million from Ingenico's historic business and €9.2 million earned by Easycash in December. Revenue decrease on the company's historic business was limited to 7.2%4 in 2009 compared to 2008 at constant exchange rates and on a like-for-like basis (i.e. not including the contribution of subsidiaries disposed of on June 30, 2009). After a challenging first quarter, Ingenico stood up well in all regions except in the EEMEAA

(1) Par rapport au chiffre d'affaires pro-forma de 780 millions d'euros en 2008 excluant la contribution en S2'08 Sagem Danemark et de Manison Finlande, filiales cédées le 30 juin 2009

region to a tough economic environment, reflecting the company's robust business model. During the year, the company gained considerable ground in Germany, China, the United States and France, where Ingenico has historically held a strong position.

Gross margin up as a % of revenue, thanks to synergies from the merger with Sagem Monetel

Adjusted gross margin rose 70 basis points to 38.7 %. Gross margin on the company's historic business rose 50 basis points to 38.5%.

(in millions of euros)	2008 pro forma	2009
Terminals	251,4	227.8
In % of revenue	39.0%	41.4%
Software & Services	45.6	43.1
In % of revenue	33.6%	28.7%
GROSS PROFIT	**297.0**	**270.9**
In % of revenue	36.7%	39.2%

The main driver of that improvement was the 240 basis-point increase in gross margin on payment terminal sales to 41.4% of revenue in 2009, an increase made possible by the synergies from the merger with Sagem Monetel, by an enhanced product mix and by stable price levels, despite the unfavorable trend in exchange rates throughout the year. Adjusted gross margin on Software and Services decreased, due in particular to the deconsolidation of Sagem Denmark and Manison Finland (subsidiaries disposed of on June 30, 2009) and to the fixed costs associated with extending the company's Service business.

Operating expenses under control

Adjusted operating expenses were €190.8 million in 2009 compared to €198.9 million in 2008, including €188.2 million for the company's historic business and €2.6 million in operating expenses attributable to Easycash in December.

(in millions of euros)	2008 pro forma	2009
Sales & Marketing	60,3	63,9
Research& Development	56,9	46,3
General& Administrative	81,7	78,0
TOTAL OPERATING EXPENSES	**198,9**	**188,2**

The Group's historic business succeeded in scaling back operating expenses thanks to the €10 million cost-savings program carried out in 2009, lower variable costs and the disposal of Sagem Denmark and Manison Finland on June 30, 2009.

Adjusted margin on ordinary activities (2) in line with full-year guidance

In 2009, adjusted profit from ordinary activities was €80.1 million, compared to €91.2 million in 2008. Adjusted margin on ordinary activities stood at 11.4% of revenue, in line with Ingenico's full-year guidance. Fueling that performance were the synergies produced by the merger with Sagem Monetel, which exceeded initial expectations (purchasing synergies and closing of Barcelona R&D centre).

In the second half of 2009, the company's 13.9% adjusted operating margin was on par with the figure in H2'08, even though revenue was down and Sagem Denmark and Manison Finland had been disposed. This performance demonstrates Ingenico's resilient business model.

Profit from operations after accounting for Purchase Price Allocation and restructuring costs

(in millions of euros)	2008	2009
ADJUSTED OPERATING PROFIT FROM ORDINARY ACTIVITIES	**91.2**	**80.1**
Adjusted Operating margin	12.5%	11.4%
Purchase Price Allocation	(19.2)	(19.3)
OPERATING PROFIT FROM ORDINARY ACTIVITIES (IFRS)	**72.0**	**60.8**
Other operating income & expenses	(14.5)	(13.4)
OPERATING PROFIT	**57.5**	**47.4**

After accounting for Purchase Price Allocation and restructuring costs, profit from operations totaled €47.4 million, compared to €57.5 million in 2008. In 2009, Purchase Price Allocation expenses on acquisitions (Moneyline, Planet, Sagem Monetel, Landi, and Easycash in December) were stable at €19.3 million, while other operating income and expenses amounted to €13.4 million, down from €14.5 million in 2008. Other operating expenses in the period included the cost of migrating applications to the new Telium platform and restructuring costs related to the closing of Ingenico's Barcelona R&D center and to deployment of the cost-savings program.

Reconciliation from profit from ordinary activities to EBITDA

(in millions of euros)	2008	2008 pro forma	2009
PROFIT FROM ORDINARY ACTIVITIES	72.0	76.9	60.8
Allocated assets amortization	19.2	22.1	19.3
Other amortization and provisions for liabilities	16.1	18.0	18.6
Share based payment expenses	8.5	8.5	6.7
EBITDA	115.8	125.5	105.4

Financial result

(in millions of euros)	2008	2009
Interest expenses	(2.6)	(3.3)
Income from cash and cash equivalents	2.1	1.8
NET FINANCE COSTS	(0.5)	(1.5)
Foreign exchange gains/losses	(1.9)	(2.2)
Other financial income / (expenses)	(5.0)	1.5
FINANCIAL RESULT	(7.4)	(2.2)

Financial result improved in 2009, in particular with the reduction in other financial income / and expenses. In 2009, other income and charges amounted for €1.5 million against (€5.0) million in 2008 which mainly accounted for by the Brazilian real's devaluation against the US dollar and its consequences on an interest rate savings product backed by a loan in real.

Net result

(in millions of euros)	2008	2009
OPERATING PROFIT	57.5	47.4
Financial result	(7.4)	(2.2)
Net profit before taxes	-	(0.2)
Taxation	50.1	45.0
NET PROFIT	(13.4)	(18.1)
OPERATING PROFIT	36.7	26.8

Net profit was down from €36.7 million in 2008 to €26.8 million in 2009. Financial expenses decreased to €2.2 million, whereas income tax expense increased to €18.1 million, due primarily to acquisitions and to previous use of available tax loss carry-forwards.

Proposal to increase dividend to €0.30 per share, a 20% increase over 2008 to reflect confidence in Group strategy

Net earnings per share amounted to €0.58, versus €0.83 in the preceding year. A dividend payment increase by 20% to €0.30 per share will be proposed to the shareholders' vote at the next Annual General Meeting on May 11, 2010, with dividends payable on June 15, 2010 in cash or in shares, at the option of the holder. The dividend represents a payout of 52% based on 2009 net earnings per share.

A sound financial position

Cash flow from operations (EBITDA less change in working capital less net capital expenditures) was €80.5 million in 2009, versus €119.2 million in 2008. In Ingenico's historic business (not including the contribution of Easycash), net working capital moved in the right direction in the second half of 2009, getting back to the December 2009 level (whereas the figure was up €22.9 million at June 30, 2009). Inventories were back to their December 2008 level, and investments in 2009 totaled €23 million, equal to 3 % of revenue.

At December 31, 2009, the company had net debt of €144.4 million, versus a net cash position of €77.5 million at December 31, 2008, given that the financial flows in the period included the €290 million cost of acquiring Easycash.

At December 31, 2009, Ingenico had undrawn confirmed syndicated lines of credit totaling €60 million.

Ingenico's main financial ratios demonstrate the company's sound financial position. At December 31, 2009, the net debt-to-equity ratio was 30 percent and the ratio of net debt to EBITDA was 1.4.

Other highlights

Withdrawal from non-strategic businesses

In December, Ingenico disposed of its controlling interest in MoneyLine Banking Systems and currently holds no more than a 15%. This move reflects the company's strategy of focusing on payment terminals and an expanded service offering.

Integration of Easycash

Ingenico has taken all the necessary steps to ensure the successful integration of Easycash. If Easycash were included in the consolidated accounts for all of 2009 and if the contribution of the subsidiaries disposed of during the year were not, pro forma revenue in 2009 would reach €761.9 million, adjusted gross margin would reach 39.6% and margin on ordinary activities would reach 12.3 percent. Likewise, EBITDA would total €122.6 million, or 16.1% of revenue.

To facilitate the Easycash integration process, Ingenico has been adapting its organization. Firstly, to be better equipped to leverage the momentum created by SEPA (the Single European Payment Area), the company has created a SEPA region encompassing most countries in Northern and Southern Europe, and headed by Siegfried Heimgärtner, the Managing Director of Easycash. Secondly, Marc Birkner, the Managing Director of Ingenico Germany, has been put in charge of managing the Group's operations in Germany (including Easycash). Lastly, Ingenico has established a new regional organization in Asia (from India to Australia) in order to be in the best possible position to take advantage of new opportunities and accelerate the Group's development in that part of the world.

Ingenico's operations are now organized into five regions – Europe (SEPA), EEMEA, Latin America, North America, Asia – and two business lines, Transaction Services and Payment Terminals, so that the company's growth strategy in each of these segments can be pursued most effectively.

Moving into mobile payment solutions

With mobile emerging as payment devices, Ingenico invested during the second half of 2009 in Transfer To and Roam Data, two companies with a strong presence along the mobile payment value chain. In addition, the new subsidiary Easycash signed a strategic agreement to develop the mobile payment solution mpass in Germany.

Outlook

In 2010, the company intends to further consolidate its technological leadership in the payment terminal, as new products gain traction. At the same time, Ingenico will be leveraging the integration of Easycash to accelerate the shift in its business profile toward payment services and solutions.

In 2010, the Group expects ongoing business recovery in the various regions combined with higher revenue contribution of transaction services to put the company on the road to growth in 2010.

Assuming current economic conditions, the Group expects to return to growth in the 3.5% to 5.5% range at comparable exchange rates and on a like-for-like basis, and to generate revenue of between €790 million and €805 million in 2010 at comparable exchange rates. This estimate assumes that growth in its historical business will be in line with market growth (an estimated 3% to 5% in value terms) and that payment transaction revenue will keep pace with growth in the payment service market (estimated at between 8% and 10%).

The Group anticipates profitability to improve with an adjusted gross margin greater than 40%, an adjusted operating margin of between 12.5% and 13%, as well as an EBITDA margin of between 16% and 17%.

In Q1'10, the Group anticipes a revenue increase of between 8% and 10%, at comparable exchange rates and on a like-for-like basis, due to a favourable comparison basis.

RISKS

1) Business and strategic risk

The risk of not meeting targeted goals

Ingenico's financial performance depends on a variety of factors, and specifically on its ability to do the following:

- Increase revenue from the Group's historical payment terminals business, a business in which demand fell sharply in 2009. That trend could continue into the future if consumer spending and investment failed to recover.

- Increase revenue from services, particularly payment transaction management services outside of Germany since the Group's acquisition of Easycash.

- Maintain profit margins, despite the historical trend of downward pricing pressure in the payment terminals market.

- Effectively leverage the global infrastructure the Group has put in place to develop its service business.

- Control operating costs.

Through its monthly performance analyses and periodic earnings forecasts, financial management regularly informs the Board of Directors of results and any possible fluctuations in results. In 2009, Ingenico implemented a cost-savings program to secure profitability and an adjusted operating margin of 11.4 percent for the full year, demonstrating its ability to adjust to a tough economic environment.

The risk of facing additional financing needs

Ingenico could require additional financing, if, for example:

- The Group maintained its policies of expanding through acquisitions to develop synergies with its legacy business (payment terminals), of acquiring installed bases of terminals to accelerate implementation of its service strategy or of purchasing payment technologies that bypass payment terminals (using the Internet and mobile phones).

- Technological change compelled the Group to invest substantially in new technology and new offers of terminals and services.

- If revenue and margins were to contract as a result of events over which the Group has no control.

- Or more generally, the electronic payment market underwent major change.

Ingenico cannot be sure to have the adequate financing at the right time, and without it, our ability to grow could be adversely affected. However, the Group does have unused sources of financing and have also introduced a decision-making process designed to anticipate future needs.

The risk of inaccurate forecasts

Revenue growth depends on the Group's ability to attract and retain customers, as well as on the expansion of the payment hardware and service market. The rate of payment terminal sales growth is related to two sets of factors: 1) the pace at which merchants in mature markets replace their terminal estates and adopt new technologies; and 2) the pace at which merchants in emerging markets purchase payment terminals. Although the average lifecycle of a payment terminal is five years, merchants and banks may delay replacement of their equipment, as they did in 2009 under challenging economic conditions. Moreover, revenue growth, particularly in the hardware business, depends on the regulatory environment. Were that environment to change, sales volumes could decrease significantly (most notably in Brazil).

Growth in the Group's revenue further depends on its ability to sell services to companies that were previously customers of Ingenico's legacy payment terminal business but that may be its competitors in the service business. Globally, the Group estimates that customers and prospects have responded favorably to our new service offer, which fits with their desire to streamline and simplify management of their terminal estates. The Group also scored commercial success in 2009 and believes that its acquisition of Easycash lends greater credibility to our service approach. But services have a longer sales cycle than payment terminals and usually have to be tested in pilot projects before a proposed solution can be deployed.

This makes it difficult to forecast future revenue streams from the sale of payment terminals and the provision of services. Our business, results of operations and financial condition could be affected 1) if Ingenico fails to achieve all or some of its targeted goals; 2) if market prices for payment terminals show a significant, sustained decline; 3) if demand for payment terminals grows more slowly; or 4) if the uptake of terminal-related services fails to materialize.

Component sourcing risk

Ingenico has entirely outsourced the production of its payment terminals to specialized electronics assembly companies knows as EMSs (Electronics Manufacturing Services) and orders the necessary parts and components directly. Because components shortages are a clearly identified risk in the electronics industry, the Group takes all due care to monitor industry forecasts, and the Operations Department checks those forecasts against the Group's sales forecasts in order to prevent the risk of components shortages.

Risks related to possible manufacturing defects and inadequate service provision

A single operating or manufacturing defect in any of the Group's products and systems could be cause for a product liability lawsuit.

Ingenico has established an internal quality procedure to reduce the related risk at EMS providers. However, any claims related to such defects could damage our reputation and adversely affect our business, results of operations, financial condition and ability to meet our objectives.

Risks related to the Group's dependence on service providers

In carrying out its business, Ingenico makes use of service providers, particularly for the Easycash online platform. Relations with such providers are governed, for example, by agreements guaranteeing legal security. However, any failure by the latter to provide the services required for Ingenico to operate could prove detrimental to our business and customer relationships.

Risk of fraud

Payment terminal security is vital in exchanging sensitive data and in electronic payment transactions. Ingenico manufactures terminals incorporating cryptographic technology that comply with PIC PED (Payment Industry Council – Pin Entry Device) security standards. The Group has established a procedure for tracking terminal quality throughout the production process at EMS factories. Notwithstanding all these security measures, it can make no assurances that Ingenico terminals are tamper-proof, particularly those that were manufactured before the PCI PED security requirements were introduced. Any tampering or any claims with respect to the security of our terminals could therefore damage our reputation and adversely affect our business, results of operations, financial condition and ability to meet our objectives.ses objectifs.

Country risk

As a company marketing its products and services around the world, Ingenico is exposed to the risks inherent in global operations, which could negatively affect our business and results of operations.

It is, however, worth stressing that Ingenico derives the bulk of its revenue from a large number of Group business units located in Western Europe and the Americas, even though it intends to grow our business in new markets such as China, India, Iran, the Balkans, Southeast Asia and Africa.

Historically, there have been three basic kinds of country-specific risk:
- Overall economic and political instability.
- Economic sanctions that make it difficult to confirm letters of credit prior to hardware delivery.
- Currency restrictions, laws and other policies with an impact on foreign trade and investment.

Ingenico carries out an in-depth review of each country, studying the market and assessing possibilities for starting up operations. Consistently strict terms of payment are applied to countries in Africa, the Middle East, Southeast Asia and Eastern Europe.

Customer risk

Ingenico derives a large share of its revenue from a small number of customers. The Group's top three, five and ten customers accounted respectively for 8 percent, 17 percent and 25 percent of revenue reported in the year ended December 31, 2009. A decrease in or loss of business from one or more of those customers could therefore reduce total revenue in like proportion.

	2009		2008		2007	
Customers	€m	% of rev.	€m	% of rev.	€m	% of rev.
Top 3	54.5	7.8	41.1	5.6	25.3	4.5
Top 5	120.9	17.2	104.1	14.3	91.1	16.1
Top 10	175.5	25.0	161.6	22.2	147.9	26.0
TOTAL REVENUE	**700.7**	**100**	**728.0**	**100**	**567.9**	**100**

Risk related to the integration of Easycash

In late November 2009, Ingenico took a major step in boosting the Group's expansion into payment solutions by completing the acquisition of Easycash, a leading payment service provider in Germany. Easycash's business not only dovetails with that of Ingenico; it also covers the entire payment value chain, from terminal-related services to transaction processing and loyalty schemes. Ingenico intends to combine Easycash's payment service know-how and capabilities with its own worldwide presence to offer customers and prospects integrated, cross-border, end-to-end global solutions.

The Group can make no assurances that the Easycash integration process will be successful. This goes in particular for the loyalty of Easycash senior executives, the integration of departments and staff and the actual outcome of the expected synergies. The process involves integration with a company that is not only engaged in a complementary business (payment services) but has a different corporate culture.

In broader terms, Ingenico must also maintain an ability to adapt its structures swiftly in order to adjust to changing technology, payment methods and customer demand. The Group might fail to invest in products and services that respond to demand at competitive prices or to adjust its products and services, its cost and its organization structure in a timely fashion. Such a situation could adversely affect our business, results of operations and ability to meet our objectives.

Human Resource risks related to the transformation of the Group

In 2009, Ingenico accelerated its strategic move (initiated in the second half of 2008) into the payment solutions business by acquiring Easycash. As the Group moves from a payment terminal supplier to a payment solutions provider, it fully realizes the importance of actively supporting and guiding the people directly involved with that shift.

Ingenico initiated a program to update and upgrade the key skills of its staff, both by training sales and R&D personnel and by recruiting fresh talent and people with different profiles from the service sector. In addition, the group revised its bonus pay programs to boost growth in the payment service business and created an ad hoc team tasked with integrating new entities into the Group. Lastly, it makes extensive use of internal communications to ensure that all employees take the new business model on board.

Despite these initiatives, any failure by the Group to provide support and guidance during the transformation phase could prove detrimental to successful implementation of its strategy.

2) Environmental risk

Risks related to the use of hazardous substances

Ingenico is required to comply with the RoHS (Restriction of the Use of Certain Hazardous Substances) Directive, which imposes strict limitations on the use of four heavy metals (lead, cadmium, hexavalent chromium and mercury) and of two brominated flame retardants (PBB and PBDE) in certain types of electrical and electronic equipment. The Group makes sure that Ingenico terminals, manufactured by EMSs, abide by Directive 2002/95/EC, and 100 percent of terminals shipped in 2009 were RoHS-compliant.

Risks related to REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)

REACH is a European regulation (1907/2006/EC) on identifying and gradually eliminating the most dangerous chemicals (both on their own and those contained in preparations and articles). The aim is to generate information on the use made of chemical substances manufactured in or imported by the European Union and to ensure that any risks arising from their use are adequately controlled.

Under REACH, Ingenico imports and markets articles containing no substances that are intended to be released during normal and reasonably foreseeable conditions of use. Ingenico has therefore been exempted from the pre-registration and registration obligations.

REACH also requires that customers be notified of any article containing more than 0.1 percent of any Substance of Very High Concern (SVHC). To meet its obligations, Ingenico carefully examines the list of SVHCs published by the European Chemicals Agency (ECHA) and makes sure that the components used in its products do not contain such substances.

Ingenico has taken the necessary steps to obtain assurances from its suppliers that the components they deliver contain no SVHCs. To the best of our knowledge at this time, no SVHC included in the "candidate list" published on October 28, 2008 has been identified in Ingenico products.

If any of our products turn out to contain such a substance, Ingenico undertakes to pass on sufficient information to customers to allow their safe use.

Risks related to the EuP Directive

The EuP (Energy-using Products) Directive provides a framework for setting and implementing ecodesign requirements for energy-using products. The Directive requires manufacturers and importers to consider the environmental impact of their products throughout the products' lifecycle in order to enhance their environmental performance.

Both to meet its obligations and to anticipate future regulatory requirements, Ingenico carefully monitors all the implementing measures approved by the European Commission under Directive 2005/32/CE.

On April 6, 2009, the European Commission adopted the fifth EuP Directive implementing measure (Regulation No. 278/2009). The aim of this regulation is to reduce the energy consumption of certain types of equipment powered by external power supplies.

Although Ingenico products do not fall within the scope of this implementing measure, the Group has taken its specific provisions into account in designing our latest product ranges out of a concern for social responsibility and the desire to exceed current legal requirements.

3) Industry risk

Risks related to development of new systems and standards that may be incompatible with existing payment systems

The payment industry is subject to rapid, far-reaching changes in services and technologies, with the emergence of new payment terminal technologies (e.g. contactless, biometric) and of alternatives to payment terminals (e.g. payment via the Internet and mobile phones).

Ingenico considers chip card technology the best platform for providing a wide array of services, from networking, personal identification and security to e-commerce and mobile business. The Group's growth strategy reflects the firm belief that chip card technology will one day be the leading standard in secure access solutions.

If, however, alternative solutions were adopted, such as solutions based solely on software or new wireless arrangements that offer the same services without requiring chip card technology, this change could adversely affect our business, results of operations, financial condition and ability to meet our objectives.

Continuing with the EMV program and working closely with the leading providers of technology used in payment terminals (e.g. contactless cards, payment by phone with Near Field Communication technology) mitigates our risk exposure should other systems and standards incompatible with secure payment systems be developed. Moreover, Ingenico has undertaken to develop specific expertise in controlling such risks.

Finally, the Group created Ingenico Ventures in 2009, a dedicated subsidiary which acquires equity stakes in companies offering innovative technological solutions capable of diversifying payment methods. During the year, Ingenico Ventures invested in two companies specializing in mobile payment, Transfer To and Roam Data.

Despite these efforts, the Group might not succeed in, or might be late in anticipating trends in demand for new payment methods, since technological change and the emergence of new methods of payment can have unforeseeable consequences. Such a development could adversely affect our business, results of operations and ability to meet our objectives.

Risks related to competition in the payment terminal business

The worldwide payment terminal market is highly concentrated. In 2009, three major players accounted together for approximately 90 percent of aggregate sales in value (estimate based on publicly available data). Ingenico also has local competitors, particularly PAX in China and the Payment Terminals division of Gemalto in France, South Africa and India.

Despite this high level of concentration, Ingenico cannot rule out the possibility that new manufacturers will make successful inroads into the payment terminal market:
- Emerging country manufacturers may expand internationally (e.g. PAX).
- Large companies previously focused on secure electronic transaction processing may wish to move down the electronic payment value chain and include hardware in their offers (e.g. ATOS Worldline, First Data).
- Providers using allegedly less secure solutions based on open platforms (Windows CE or Linux) may seek to break into the payment terminal industry.

This competitive trend could negatively affect ours business, results of operations, financial condition and ability to meet our objectives.

Risks related to competition in the payment service business

Due to our growing focus on this new business line, the range of competitive risk factors facing the Group has expanded beyond the market for conventional payment terminals. The services Ingenico now offers (connectivity, transaction and terminal estate management, transaction processing and value-added services) are rarely available from our traditional competitors, but are usually offered by companies that may be Ingenico partners or customers, or by companies with established reputations as providers of such service building blocks. Payment service provision tends to be a competitive business involving fairly large companies (e.g. First Data International, Atos Worldline).

However, Ingenico considers size a factor of only limited significance, since the payment market is local and divided into separate compartments. For that reason, Ingenico selects the service and solution bricks best suited to each specific market structure and to the makeup and positioning of our customer base.

Although our acquisition of Easycash enhanced our standing in the German payment service and although Ingenico has a global service platform, Ingenico may still be unable to achieve sufficient credibility as a payment service provider. In such a case, our business, financial performance and ability to meet our objectives could be adversely affected.

4) Legal risk

Regulatory risk

Ingenico markets its products and services in a large number of countries, each one with its own regulations that affect the way that business is conducted. Through the constraints they impose, those regulations may be a source of risk.

The related risks include the following:
- Government and administrative control.
- Strict product and service export license conditions.
- Export restrictions on essential or sensitive technology.
- Import or trade restrictions.
- Changes in customs tariffs.
- Directive 2002/96/EC on Waste Electrical and Electronic Equipment (WEEE) and Directive 2002/95/EC, Restriction of the Use of Certain Hazardous Substances (RoHS), which limits the use of certain hazardous substances in electrical and electronic equipment, along with their transposition into national law in each E.U. country.

Although the Group's technology and products have been designed to comply with regulations in a large number of countries, failure to obtain regulatory authorization in due time could adversely affect sales and results of operations. Under American and French law, some products are subject to export controls.

While Ingenico believes that it has obtained all requisite export permits, the list of products and countries requiring such permits and the exact regulations that apply are periodically reviewed. Any failure to obtain the permits stipulated by such regulations could adversely affect our ability to market our products and services abroad.

These factors could adversely affect our business, results of operations, financial condition and ability to meet our objectives.

Given the current infatuation with Internet, GSM, WAP and IP-based communication networks, it is entirely possible that new laws and regulations will be introduced to deal with issues of confidentiality, pricing, content and quality of products and services.

Growing concern about these issues as reflected in new law and regulations could conceivably slow down growth in these areas, possibly resulting in lower demand for our products and therefore adversely affecting our business, results of operations, financial condition and ability to meet our objectives.

Risks related to the SEPA project

SEPA, the Single Euro Payments Area, is a project whose purpose is to create a single set of euro payment instruments (credit transfers, direct debits and card payments) so that citizens can make cross-border payments in euros on the same terms anywhere in Europe. The area encompasses the European Union member states, plus Iceland, Liechtenstein, Norway, Switzerland and Monaco.

In November 2009, the E.U. Payment Services Directive (PSD) came into force. The PSD sets the necessary legal basis for creating a Single Euro Payments Area and further aims to ensure that the same payment rules apply to all payment services across the European Union. The Directive is also meant to open the payment market to competition, above all by creating a new category called Payment Institutions, i.e. non-bank payment providers entitled to enter the payment ecosystem. These Payment Institutions now have the same right as conventional credit institutions to distribute and execute payment services, except for issuing and collecting electronic money.

At the same time, the EPC (European Payments Council) sets rules that apply to the new European payment instruments that are eventually to replace the current national payment instruments. The EPC recently established the SEPA Credit Transfer and SEPA Direct Debit schemes, and is scheduled to finalize the framework and technical standards that apply to SEPA card payments by the end of the year.

Fully cognizant of the issues at stake, Ingenico actively participates in the various technical standardization groups and standards validation bodies that set SEPA Compliance Requirements for card-terminal, terminal-acquirer and acquirer-issuer interfaces, as well as with respect to card and terminal security and certification. The Group is also a member of many European organizations, including the Cards Stakeholder Group, the EPC's advisory body responsible for validating future SEPA technical standards and setting the deployment timeline.

On balance, the Group considers the creation of a single domestic market in Europe more of an opportunity than a risk. While SEPA will undoubtedly lead to the gradual removal of barriers to entry as certifications are harmonized across the SEPA area, it also offers us the opportunity to bolster our strategy and respond to the main expectations of transaction acquirers and merchants. What they want are innovative, integrated, end-to-end, cross-border payment solutions and services that meet both current and future harmonization requirements for payment instruments. Due to its presence in the SEPA countries and our integrated, comprehensive, cross-border payment solutions, Ingenico believes that it is well equipped to take up that challenge. To better leverage the momentum created by the emergence of SEPA, the Group added a new SEPA region to our organizational structure in 2010.

Risks related to the PCI standard

The security standards established by the PCI SSC (Payment Card Industry – Security Standard Council) are designed to enhance card payment data security by promoting the broadest possible dissemination and implementation of the specific standards relating to the various components of card payment transactions. The main one is the PCI-PED standard (recently renamed PCI-PTS) on PIN entry (Payment Card Industry – PIN Entry Device). The aim is to guarantee that the cardholder's PIN is always processed in a fully secure fashion by the PIN entry device and ensures the highest level of payment transaction security. Other PCI SSC standards have come into force, such as the PCI DSS (designed to enhance payment account data security) and the PCI UPT (relating to security requirements for unattended payment terminals).

Updates to these standards involving changes to existing requirements are managed by the founding members of the PCI-SSC – Visa, MasterCard, JCB, American Express and Discover – who confer with stakeholders from across the electronic payment industry (e.g. hardware manufacturers, regulators, merchants, banking associations, banks, transaction processors). This separate organization offers manufacturers the opportunity to take part in shaping the standards and the rules for applying them. Ingenico is a "participating organization" in the PCI Security Standards Council and as such has a say in defining specifications to ensure that any such standards remain valid for a minimum of three years. Ingenico product development teams take these standards into account right from the initial design stage.

Whenever these standards are modified, changes have to be made not only in the software kernel managing security components, but also in the actual hardware. The implications for Ingenico in terms of investment may therefore be quite significant.

In 2008, Ingenico took all the necessary financial and engineering steps to bring its new payment terminals into compliance with the latest 2.0 version of PCI POS PED, which imposed stiffer requirements on magnetic stripe security and PIN protection. All new products must be in compliance with the 2.0 version, which came into force in March 2008.

Although the certification process is extremely robust, there is a risk that once in use, specific products might reveal defects that could subsequently lead the PCI to challenge their certification.

As a provider of payment solutions, particularly centralized payments solutions deployed in large-scale retail, Ingenico must also comply with the new PCI SSC standard entitled PCI DSS (Payment Card Industry – Data Security Standard). The aim of the PCI DSS is to ensure that stored cardholder data and sensitive transaction data are always processed in a fully secure manner by systems and data bases. The new standard is compulsory for all systems that handle, store or route such data, whether the payment was made by chip card or not.

Like PCI PED, this standard entails making changes in the architecture of data processing systems, networks and servers. For Ingenico, such changes require substantial investment.

In 2009, Ingenico invested heavily in achieving PCI DSS compliance and succeeded in obtaining certification.

Ingenico maintains an ongoing relationship with the PCI SSC to ensure that the Group can address all aspects of current and forthcoming standards in the best possible conditions, including its ability to anticipate trends and prepare for future investments and corrective expenditures. Despite this close relationship, Ingenico might not have all the information required to be able to avoid fraud or tampering with our certified payment terminals and solutions. Such occurrences could damage our reputation in a way that could affect market performance.

Risks related to claims from third parties

Were a third party to deem that the Group's technology or products infringe upon its rights, preventing us from obtaining the licenses required to use this technology, Ingenico might be prohibited from using the technology or selling those products. In the case of such a legal claim, it could be confronted with significant costs, production delays or even be forced to redesign its products.

Any one of these developments could adversely affect our business, results of operations, financial condition and ability to meet our objectives.

To ensure that the rights of third parties are safeguarded, Ingenico conducts research on existing intellectual property and keeps a close watch over our portfolio. It also works with patent lawyers to keep abreast of any possible infringement complaints and legal disputes that might arise from them. Recently, companies known as “patent trolls” have sprung up in the United States and France. After managing to purchase priority rights, they then demand compensation from businesses operating in electronics, telecommunications, electronic components, or even arms production by claiming to hold valid intellectual property rights. Those rights often prove to be null and void, or close to expiration. Ingenico has set up a special unit to monitor this trend. In both the United States and France, a law firm specializing in intellectual property rights defends the Group against such improper practices. If confronted with overt and repeated attacks of this kind, it will use all legal means to defend ourselves.

5) Market risk

Liquidity risk 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 in the Group before having to raise funds in the financial market.

Ingenico’s financing policy is to provide consistently the amount of liquidity required, and for as long as required, to fund the Group’s assets, short-term cash needs and growth at the lowest possible cost.

Financial assets at December 31, 2009

At December 31, 2009, the Group’s main financial assets were the following:

- Trade receivables totaling €189 million, related to the Group’s normal operating cycle.
- Cash and cash equivalents totaling €91 million.
- Short-term investments with an average maturity of three months are available at any time and are used chiefly to finance the business activity of Group subsidiaries. The main instruments used are negotiable debt securities issued by top-tier financial institutions. At the December 31, 2009 reporting date, Ingenico had no such investments.

Counterparty risk is the risk of financial loss for the Group arising from failure by one of its clients or counterparties to a financial instrument to meet their contractual obligations. Trade receivables and short-term investments are the primary source of such risk.

The carrying amount of the Group’s financial assets at the end of the period represents the Group’s maximum exposure to credit risk. The Group’s maximum exposure at December 31, 2009 was as follows:

(in thousands of euros)	2007	2008	2009
Cash and cash equivalents	87,479	142,770	91,205
Short-term investments	21,338	2,847	
Financial assets	1,317	3,287	3,591
Receivables on the sale of goods and services	129,206	159,381	188,928
Finance lease receivables			12,162
Other operating receivables	5,273	9,048	5,217
Other current assets	156	41	218
Other non-current assets	2,042	466	13,668
Hedging derivative financial instruments (assets)	274	162	3,433
TOTAL	**247,084**	**318,002**	**318,421**

In 2009, Ingenico’s policy was to diversify counterparty risk exposure among its premier banking partners while giving precedence to short-term investments, and to monitor performance on a regular basis. For all the instruments selected by the Group, daily quotes were available.

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

Credit risk is monitored at Group level by the Treasury Department, in particular by the Group Credit Manager. The Group tracks terms of payment at its subsidiaries on a monthly basis and recognizes a provision for the entire amount of any receivables it considers uncollectible.

To protect against credit risk and therefore hedge its exposure to non-payment, the Group has put in place collection procedures and procedures for freezing customer accounts. Ingenico makes sure to obtain adequate guarantees in the most sensitive countries, for example in the form of letters of credit, with French banks acting as advising or even confirming banks.

Further information on trade receivables and provisions covering them can be found in Note 18 on the aging of trade receivables.

Financial liabilities at December 31, 2009

The Group’s ability to repay its debts will depend on its future business performance and on its capacity to generate adequate cash. Although the Company believes that it will have sufficient cash flow in the future to service its debt and meet its financing needs, there is no guarantee that this goal will actually be achieved.

If future cash flow proved to be insufficient, the Group might be led to do the following:

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

The maturities of the Group's financial liabilities at December 31, 2009 were as follows:

			2009			
(in thousands of euros)	Carrying amount	Contractual cash flow	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
Bank borrowings	206,396	210,044	18,044	36,000	156,000	
Finance lease obligations	13,922	13,922	4,905	3,747	5,261	9
Bank overdrafts	14,775	14,775	14,775			
Other financial liabilities	552	552	552			
TOTAL	**235,645**	**239,293**	**38,276**	**39,747**	**161,261**	**9**
Derivative financial liabilities						
Exchange rate instruments	728	728	728			
Interest rate instruments	78	78	78			
TOTAL	**806**	**806**	**806**			

			2008			
(in thousands of euros)	Carrying amount	Contractual cash flow	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
Bank borrowings	61,525	61,877	2,203		59,674	
Finance lease obligations	2,760	2,760	1,433	699	572	56
Bank overdrafts	3,550	3,550	3,550			
Other financial liabilities	332	332	315	17		
TOTAL	**68,167**	**68,519**	**7,501**	**716**	**60,246**	**56**
Derivative financial liabilities						
Exchange rate instruments	2,472	2,472	2,472			
Interest rate instruments						
TOTAL	**2,472**	**2,472**	**2,472**			

(in thousands of euros)	2007 Carrying amount	Contractual cash flow	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
OCEANE-type bonds	61,508	75,391	7,579	1,723	66,089	
Bank borrowings	25,404	25,404	704	151	24,549	
Finance lease obligations	4,611	4,611	1,769	2,356	304	182
Bank overdrafts	17,267	17,267	17,267			
Other financial liabilities	287	287		287		
TOTAL	**109,077**	**122,960**	**27,319**	**4,516**	**90,942**	**182**
Derivative financial liabilities						
Exchange rate instruments	1,713	1,713	1,713			
Interest rate instruments						
TOTAL	**1,713**	**1,713**	**1,713**			

At December 31, 2009, the Group's financial liabilities chiefly included the following:

- A €270 million variable-rate syndicated loan contracted on September 24, 2009 and composed of two tranches:
  - A €210 million tranche with a four-year term that was fully drawn down on November 30, 2009 to finance the acquisition of Easycash. This line is repayable in installments as of September 30, 2010: €18 million per six-month period from September 30, 2010 until March 31, 2012, then €46 million per six-month period until September 30, 2013.
  - A €60 million revolving credit facility redeemable at maturity, which had not been drawn down at all at the December 31, 2009 reporting date.
- €14.8 million in short-term bank overdrafts at December 31, 2009.
- €14.5 million in finance lease obligations and other liabilities related to the Group's normal operating cycle.

The syndicated loan contracted in 2009 is subject to the following covenants:

- Three ratios must be satisfied:
  - The net debt to equity ratio must be less than 80 percent.
  - Net debt must be less than 2.25 times EBITDA at December 31, 2009, and subsequently less than 2 times EBITDA.
  - The interest coverage ratio (EBITDA/net interest expense) must be greater than 5.
- A number of standard legal covenants.

The Group calculates its financial ratios every six months on the basis of the pro forma consolidated financial statements for the reporting periods ending on June 30 and December 31 of each year.

Early redemption is possible at the initiative of Ingenico or of the banks in the usual cases.

Risk

Interest rate risk

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

Those targets are regularly reviewed and reset for subsequent periods by Group management after conferring with the Audit and Finance Committee, and then implemented by the Treasury Department. Interest rate swaps and cap agreements are the main instruments used.

In 2009, the Group put in place an interest rate hedge covering 75 percent of the €210 million syndicated loan tranche, with a term matching that of the loan. This capped the interest rate on the hedged portion of the loan at 4.25 percent (not including loan fees).

(in thousands of euros)	Carrying amount 2007	2008	2009
Fixed-rate instruments			
FIXED-RATE FINANCIAL ASSETS			
OCEANE-type bonds	61,508		
Commercial paper	24,700	30,000	
Amortizing loans		1,735	
Other			27,172
FIXED-RATE FINANCIAL LIABILITIES	**86,208**	**31,735**	**27,172**
Variable-rate instruments			
Cash and cash equivalents	87,479	142,770	91,205
Short-term investments	21,338	2,847	
Financial assets	1,317	3,287	3,591
Trade receivables	129,206	159,381	188,928
Finance lease receivables			12,162
Other operating receivables	5,273	9,048	5,217
Other current assets	156	41	218
Other non-current assets	2,042	466	13,668
Derivative hedging instruments (assets)	274	162	3,433
VARIABLE-RATE FINANCIAL ASSETS	**247,084**	**318,002**	**318,421**
Bank borrowings, finance leases, short-term borrowings	25,065	36,432	208,473
VARIABLE-RATE FINANCIAL LIABILITIES	**25,065**	**36,432**	**208,473**

In 2009, a 100 basis-point increase in the 3-month Euribor would have reduced income by €181,000.

Foreign exchange risk

A large share of Ingenico's revenue and expenses is denominated in currencies other than the euro. The Group is therefore exposed to foreign exchange risk arising on 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 U.S. dollar (USD), the Canadian dollar (CAD), the British pound (GBP) and the Australian dollar (AUD).

Because foreign-currency denominated payables and receivables are for the most part similar in nature and with similar terms, they are offset, with the result that only the net amount is hedged.

The Group enters into forward purchase or sale contracts to hedge part of its budgets, using currency options to hedge the rest. At the same time, the Group takes opposing options positions in order to lessen the impact of potential movements in exchange rates on the fair value of those forward contracts. This strategy makes it possible to safeguard the budget amounts while benefiting from unfavorable movements in exchange rates.

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

(in thousands of foreign currency)	December 31, 2009 U.S. dollar	British pound	Yen	Canadian dollar	Australian dollar
Trade receivables	72,952	17,256	8,655	13,539	9,685
Guaranteed bank loans (bank borrowings)					
Trade payables	(98,280)	(10,407)		(13,818)	(6,478)
GROSS BALANCE SHEET EXPOSURE	**(25,327)**	**6,849**	**8,655**	**(279)**	**3,207**
Estimated projected sales	77,964	25,635		22,844	26,600
Estimated projected purchases	(213,000)				
GROSS EXPOSURE	**(160,363)**	**32,484**	**8,655**	**22,565**	**29,807**
Foreign exchange derivative instruments					
Forward purchases	90,000				
Forward sales		(14,250)		(12,750)	(20,600)
Options	30,000	(5,850)		(5,150)	
NET EXPOSURE	**(40,363)**	**12,384**	**8,655**	**4,665**	**9,207**

Sensitivity to foreign exchange risk

	December 31, 2009		December 31, 2009	
	Impact on income statement	Impact on cash flow hedge reserve	Impact on income statement	Impact on cash flow hedge reserve
	10%		10%	
Trade receivables	(7,740)		9,459	
Trade payables	8,466		(10,347)	
Derivative financial instruments	(193)	(2,649)	33	4,421
TOTAL	**533**	**(2,649)**	**(855)**	**4,421**

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

	December 31, 2008				
(in thousands of foreign currency)	U.S. dollar	British pound	Yen	Canadian dollar	Australian dollar
Trade receivables	67,969	21,834		17,875	20,348
Guaranteed bank loans (bank borrowings)					
Trade payables	(76,079)	(11,393)	(126)	(9,906)	(8,653)
GROSS BALANCE SHEET EXPOSURE	**(8,109)**	**10,441**	**(126)**	**7,969**	**11,696**
Estimated projected sales	78,865	21,811		25,098	24,967
Estimated projected purchases	(242,742)				
GROSS EXPOSURE	**(171,986)**	**32,252**	**(126)**	**33,067**	**36,663**
Foreign exchange derivative instruments					
Forward purchases	73,100	400		20,267	2,347
Forward sales		(16,700)		(19,600)	
Options					
NET EXPOSURE	**(98,886)**	**15,952**	**(126)**	**33,734**	**39,010**

	December 31, 2007				
(in thousands of foreign currency)	U.S. dollar	British pound	Yen	Canadian dollar	Australian dollar
Trade receivables	10,988				
Guaranteed bank loans (bank borrowings)					
Trade payables	(45,426)				
GROSS BALANCE SHEET EXPOSURE	**(34,438)**				
Estimated projected sales	83,263	17,600		13,707	33,747
Estimated projected purchases	(188,773)				
GROSS EXPOSURE	**(139,948)**	**17,600**		**13,707**	**33,747**
Foreign exchange derivative instruments					
Forward purchases	85,500				
Forward sales		(11,500)		(6,500)	(22,500)
Options	7,000				
NET EXPOSURE	**(47,448)**	**6,100**		**7,207**	**11,247**

Equity risk

Ingenico carries out equity investments for strategic rather than financial reasons. At the December 31, 2009 reporting date, the Group had no equity interests other than the treasury shares it holds in accordance with the share repurchase program approved on May 15, 2009. For further details on that program, see Note 22.

At December 31, 2009, the Company held 1,361,958 of its own shares: 1,166,780 treasury shares (250,000 of which were retired in January 2010) and 195,178 shares repurchased under a liquidity contract that is compliant with the code of conduct recognized by the AMF (Autorité des Marchés Financiers), which helps to ensure a liquid market for the Company's shares.

Risk of changes in the Ingenico share price

Ingenico's share price has historically shown considerable volatility in both directions. That volatility, which may well continue in the future, can be attributed to a variety of factors:

- The announcement by Ingenico or its competitors of strategic partnerships, of earnings, of corporate events or other significant changes in their business.
- The Group's financial performance.
- A gap between the financial performance achieved by the electronic payment industry as a whole and investor expectations.
- Technological innovations affecting the Group's markets.
- Changes in the recommendations and guidance issued by financial analysts with regard to the Group's performance and own guidance or to the performance of the electronic payment industry and the related guidance.
- The recruitment or departure of key employees.
- Stock market fluctuations in general.

To meet its ordinary financing needs, Ingenico may turn to the capital markets, particularly the bond market. For example, the Group issued OCEANE-type convertible bonds and carried out an early redemption program in 2008. Large swings in the Ingenico share price, above all downward swings, may impact the cost of financing and therefore the Group's ability to fund its future growth.

6) Exceptional facts and legal disputes

In connection with the merger in October 2006 of Moneyline with and into Ingenico S.A., Mr. Marc Bonnemoy, founder and majority shareholder of Moneyline S.A. at the time, provided Ingenico with a liability guarantee.

Ingenico made use of that liability guarantee in relation to two kinds of claims:

- To retrofit Moneyline L3000 payment terminals.
- In connection with an undeclared lawsuit.

In addition, on September 20, 2006, Ingenico and Mr. Bonnemoy signed an agreement under which Mr. Bonnemoy pledged to provide the Group with consulting services. After Ingenico suspended said agreement due to Mr. Bonnemoy's failure to fulfill those obligations, Mr. Bonnemoy instituted legal proceedings against Ingenico to obtain payment of fees that he claimed were owed to him under said agreement.

At the December 31, 2009 reporting date, Ingenico recognized provisions for litigation and claims totaling €5.7 million, an amount broken down as follows:

- €0.9 million for various tax claims.
- €0.9 million for claims in France's Industrial Tribunals (Prud'hommes).
- €3.9 million for other disputes, chiefly commercial in nature.

To the best of our knowledge, in the 12-month period preceding December 31, 2009, there were no governmental, legal or arbitration proceedings (including any proceedings of which the Group is informed, which are in abeyance or with which the Group is threatened) other than the proceedings listed above that could have, or have recently had, a material impact on the Group's financial condition and margins.

7) Insurance

Our policy is to purchase insurance from outside carriers to cover insurable risks to the Group and its personnel at reasonable rates.

The Group believes that the kinds of risks covered by its insurance policies are consistent with standard industry practice.

Ingenico's Group-wide insurance program, including commercial property and casualty insurance and MAT insurance, is coordinated by Marsh, one of the world's leading insurance brokers. This program was renewed for 2009 on virtually the same terms and conditions as in 2008, but adjusted to reflect the Group's changed scope of consolidation. The result is an integrated program that provides the same basic coverage to all subsidiaries. Moreover, any newly created subsidiary or company joining the Group is immediately covered by this Group-wide insurance plan.

• Commercial property insurance except for operating losses (2009)

INSURED PARTIES	The Group and its subsidiaries.
COVERAGE	All real and movable property owned by the insured or under their responsibility as tenants, occupants, bailees, possessors, custodians or holders in any capacity, located in or adjacent to the insured places of business.
MAXIMUM CLAIM	€5,000,000 per claim and per business premise, after deductibles, barring exceptions.
DEDUCTIBLE	There is a deductible per claim on any insured losses.
ANNUAL PREMIUM	€160,000, exclusive of tax and fees.
COVERAGE EFFECTIVE	January 1, 2009.
COVERAGE EXPIRES	January 1st.

• Commercial casualty insurance

INSURED PARTIES	The Group and its subsidiaries.
COVERAGE	Design, manufacture, maintenance and servicing of electronic payment terminals and all related IT applications, and training in and on said terminals and applications, as well as transaction security, including on the Internet, and other modes of data transmission.
MAXIMUM CLAIM	See table below for France. The maximum claim depends on the kind of loss and where it occurs.
DEDUCTIBLE	The size of the deductible depends on the kind of loss and where it occurs.
ANNUAL PREMIUM	€300,000, exclusive of tax and fees.
COVERAGE EFFECTIVE	January 1, 2009.
COVERAGE EXPIRES	January 1st.

• Operational liability (2009)

OPERATIONAL LIABILITY	Maximum claim	Deductible per claim
All losses combined (bodily injury, property damage and consequential and non-consequential non-material loss)	€15,000,000 per claim	None on bodily injury
Includes:		
• Consequence of employer’s inexcusable negligence	€5,000,000 per claim per year	€15,000 per victim
• Consequential property damage and non-material loss	Included	€3,000
• Non-consequential non-material loss	€6,100,000 per claim	€3,000
• Accidental environmental impairment (bodily injury, consequential property and non-material loss)	€2,000,000 per claim per year	€1,500
POST-DELIVERY AND PROFESSIONAL LIABILITY		
All losses combined (bodily injury, property damage and consequential and non-consequential non-material loss)	€23,000,000 per year	€20,000 except on bodily injury
Includes:		
• Professional liability (including non-consequential non-material loss)	€10,000,000 per year	€20,000
• Removal expenses incurred by the Insured	€2,000,000 per year	€20,000
• Disassembly/reassembly expenses incurred by the Insured	€750,000 per year	€20,000
LEGAL EXPENSES	€50,000	
Benefits cover legal expenses.		

• MAT insurance (2009)

INSURED PARTIES	The Group and its subsidiaries.
COVERAGE	All cargo, merchandise, materials, equipment, finished and/or semi-finished goods related to the business of the insured, provided that said items are transported at the insured's peril or that the insurance costs are borne by the insured, and provided that the insured has an insurable interest being transported.
MAXIMUM CLAIM	In transit: €1,000,000 (or equivalent in foreign currency) per means of conveyance and per place of storage during the journey. Storage during the journey: €10,000,000 (or equivalent in foreign currency) for warehouse storage.
DEDUCTIBLE	The size of the deductible depends on the nature of the loss.
ANNUAL PREMIUM	Estimated minimum annual premium of €180,000, exclusive of tax and fees, + expenses payable. The final annual premium is calculated by applying a fixed rate to annual revenue, exclusive of tax, reported by the insured.
COVERAGE EFFECTIVE	January 1, 2009.
COVERAGE EXPIRES	January 1st.

Consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with Article 28 of Regulation (EC) No. 809/2004 of April 29, 2004, the following information is included as reference material in this Shelf-Registration Document (*Document de Référence*):

- For the year ended December 31, 2007, the consolidated financial statements, including the Statutory Auditors' Report on those statements, as presented in the *Document de Référence* registered on April 24, 2008 (Section XX, p. 148-219).
- For the year ended December 31, 2008, the consolidated financial statements, including the Statutory Auditors' Report on those statements, as presented in the *Document de Référence* registered on April 22, 2009 (Section XX, p. 166-242).

Information included in the latter two *Documents de Référence* other than the abovementioned information may have been replaced and/or updated by the information included in the present D*ocument de Référence.*

I. Consolidated income statements

for the years ended December 31, 2007, 2008 and 2009

(in thousands of euros)	Notes	2007	2008	2009
Revenue	7	567,857	728,017	700,684
Cost of sales		(359,795)	(456,358)	(429,780)
GROSS PROFIT		**208,061**	**271,659**	**270,904**
Distribution and marketing costs		(40,205)	(59,012)	(55,133)
Research and development expenses		(42,962)	(61,828)	(75,639)
Administrative expenses		(62,386)	(78,838)	(79,298)
PROFIT FROM ORDINARY ACTIVITIES	**7**	**62,508**	**71,981**	**60,835**
Other operating income	9	3,150	10,239	736
Other operating expenses	9	(8,636)	(24,710)	(14,123)
PROFIT FROM OPERATIONS		**57,023**	**57,510**	**47,448**
Total interest expense	10	(7,202)	(2,656)	(3,331)
Income from cash and cash equivalents	10	1,195	2,095	1,840
Other financial income and expenses	10	(2,822)	(6,885)	(712)
TOTAL FINANCE COSTS		**(8,829)**	**(7,446)**	**(2,204)**
Share of profits of associates	14	0	0	(283)
PROFIT BEFORE INCOME TAX		**48,194**	**50,064**	**44,961**
Income tax	11	(8,702)	(13,382)	(18,121)
PROFIT FOR THE PERIOD		**39,492**	**36,682**	**26,840**
Attributable to:				
• Ingenico S.A. shareholders		39,447	36,683	26,840
• Minority interests		45	(1)	0
EARNINGS PER SHARE (in euros)	23			
Net earnings				
• basic		1.24	0.83	0.58
• fully diluted		1.21	0.82	0.56

II. Consolidated statements of comprehensive income

for the years ended December 31, 2007, 2008 and 2009

	Notes	2007	2008	2009
PROFIT FOR THE PERIOD ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS		**39,447**	**36,683**	**26 840**
Translation differences (1)		132	(11 108)	4,682
Remeasurement of derivative hedging instruments at fair value (2)		(1,978)	(181)	2,528
Remeasurement of available-for-sale financial assets at fair value (3)	9	(489)	489	
Actuarial gains/(losses) on long-term employee benefit obligations (defined benefit plans) (4)	26	1,553	1,795	(3,426)
Share of gains/(losses) of associates recognized directly in equity				2
Taxes on gains/(losses) recognized directly in equity		383	(369)	33
TOTAL GAINS/(LOSSES) RECOGNIZED DIRECTLY IN EQUITY AND ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS		**(399)**	**(9,373)**	**3,820**
Profit for the period and gains/(losses) recognized directly in equity, attributable to Ingenico S.A. shareholders		39,047	27,311	30 660
Profit for the period and gains/(losses) recognized directly in equity, attributable to minority interests		47	(1)	
PROFIT FOR THE PERIOD AND GAINS/(LOSSES) RECOGNIZED DIRECTLY IN EQUITY		**39,094**	**27,310**	**30,660**

2009 :

(1) Translation differences in 2009.
(2) The portion of the gains or losses on the interest rate cap on a bank loan and on foreign exchange forward contracts used to hedge cash flows that is determined to be an effective hedge is recognized directly in equity.
(3) No gains or losses were recorded on available-for-sale financial assets, since all such assets were disposed of during the period.
(4) As allowed by the revised version of IAS 19, actuarial gains or losses on long-term employee benefit obligations are recognized in consolidated equity.
(5) Breakdown of taxes recognized in equity:
- Taxes on translation differences: (€90,000)
- Taxes on gains or losses on hedging instruments: (€870,000)
- Taxes on actuarial gains or losses on employee benefit obligations (defined benefits plans): €993,000

2008 :

(1) Translation differences in 2008.
(2) The portion of the gains or losses on the interest rate swap on a bank loan and on foreign exchange forward contracts used to hedge cash flows that is determined to be an effective hedge is recognized directly in equity.
(3) The impairment loss on available-for-sale financial assets, previously recognized in equity, was recognized in profit or loss in 2008. The cumulative impairment loss recognized in profit or loss for the period accordingly stands at €6,414,000.
(4) As allowed by the revised version of IAS 19, actuarial gains or losses on long-term employee benefit obligations are recognized in consolidated equity.
(5) Breakdown of taxes recognized in equity:
- Taxes on translation differences: €239,000
- Taxes on gains or losses on hedging instruments: €63,000
- Taxes on gains or losses on available-for-sale financial assets: (€168,000)
- Taxes on actuarial gains or losses on employee benefit obligations (defined benefits plans): (€502,000)

2007 :

(1) Translation differences in 2007.
(2) The portion of the gains or losses on the interest rate swap on a bank loan and on foreign exchange forward contracts used to hedge cash flows that is determined to be an effective hedge is recognized directly in equity.
(3) Remeasurement of available-for-sale financial assets at fair value.
(4) As allowed by the revised version of IAS 19, actuarial gains or losses on long-term employee benefit obligations are recognized in consolidated equity.
(5) Breakdown of taxes recognized in equity:
- Taxes on gains or losses on hedging instruments: €680,000
- Taxes on gains or losses on available-for-sale financial assets: €168,000
- Taxes on actuarial gains or losses on employee benefit obligations (defined benefits plans): (€465,000)

III. Consolidated balance sheets

at December 31, 2007, 2008 and 2009

ASSETS (in thousands of euros)	Notes	2007	2008	2009
NON-CURRENT ASSETS				
Goodwill	12	106,324	221,437	414,228
Other intangible assets	12	23,576	103,257	166,549
Property, plant and equipment	13	17,829	25,361	33,075
Investments in associates	14	-	-	6,787
Financial assets	15	1,295	3,265	3,567
Deferred tax assets	11	19,391	20,631	23,341
Other non-current assets	16	2,338	1,030	14,730
TOTAL NON-CURRENT ASSETS		**170,752**	**374,979**	**662,277**
CURRENT ASSETS				
Inventories	17	52,472	77,211	74,230
Trade and related receivables	18	138,938	177,390	225,327
Other current assets	20	6,917	3,577	5,825
Current tax receivables	20	4,111	8,602	9,456
Derivative financial instruments	25	274	162	3,433
Short-term investments	24	21,338	2,847	-
Cash and cash equivalents	24	87,479	142,770	91,205
Assets held for sale	21			
TOTAL CURRENT ASSETS		**311,529**	**412,560**	**409,475**
TOTAL ASSETS		**482,281**	**787,539**	**1,071,752**

EQUITY AND LIABILITIES (in thousands of euros)		2007	2008	2009
Share capital		32,931	47,793	48,638
Share premium account		123,581	371,538	380,320
Retained earnings and other reserves		36,487	44,000	67,677
Translation reserve		2,878	(8,229)	(3,547)
EQUITY ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS	22	**195,877**	**455,102**	**493,088**
Minority interests		47		
TOTAL EQUITY		**195,924**	**455,102**	**493,088**
NON-CURRENT LIABILITIES				
Borrowings and long-term debt	24	84,132	61,018	215,370
Provisions for retirement benefit obligations	26	6,115	4,776	10,415
Other provisions	27	9,387	10,645	13,013
Deferred tax liabilities	11	835	24,216	43,289
Other non-current liabilities	28	1,697	4,827	10,385
TOTAL NON-CURRENT LIABILITIES		**102,166**	**105,482**	**292,472**
CURRENT LIABILITIES				
Short-term borrowings	24	27,142	7,149	20,275
Other provisions	27	7,589	10,310	12,068
Trade payables and related accounts	29	110,260	153,960	188,162
Other current	31	35,209	47,880	47,758
Current tax payable	30	2,280	5,184	17,124
Derivative financial instruments	25	1,713	2,472	806
Liabilities included in disposal groups	21	-	-	-
TOTAL CURRENT LIABILITIES		**184,191**	**226,955**	**286,193**
TOTAL LIABILITIES		**286,357**	**332,437**	**578,665**
TOTAL EQUITY AND LIABILITIES		**482,281**	**787,539**	**1,071,752**

IV. Consolidated cash flow statements

for the years ended December 31, 2007, 2008 and 2009

(in thousands of euros)	2007	2008	2009
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period	**39,492**	**36,682**	**26,840**
Adjustments for:			
• Share of profits of associates	0	0	283
• Income tax expense / (income)	8,702	13,382	18,121
• Depreciation, amortization and provisions	28,966	32,956	41,104
• Gains / (losses) on remeasurement at fair value	2,331	1,124	(3,076)
• Gains / (losses) on disposal of assets	(2,854)	1,605	1,106
• Net interest expense	2,268	854	322
• Dividend income	0	0	(0)
• Share-based payment expense	6,439	8,539	6,663
• Interest paid	(6,545)	(4,399)	(3,836)
• Tax paid	(13,606)	(24,632)	(12,733)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL	**65,194**	**66,111**	**74,794**
Components of working capital			
• inventory	(1,108)	979	2,578
• trade and other receivables	(19,427)	16,173	(15,808)
• trade and other payables	20,731	7,544	11,437
CHANGE IN NET WORKING CAPITAL	**196**	**24,696**	**(1,793)**
NET CASH FLOW FROM OPERATING ACTIVITIES	**65,390**	**90,808**	**73,000**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of non-current assets	(15,778)	(21,752)	(23,161)
Gains on disposals of non-current assets	3,376	429	131
Acquisition,of subsidiaries, net of cash acquired	(18,176)	(336)	(165,778)
Disposal of subsidiaries, net of cash disposed of	0	0	27,752
Short-term investments	35,172	11,180	4,716
Loans and advances granted	(615)	(2,273)	(778)
Loan repayments received	172	576	2,582
Interest received	5,703	1,748	3,834
Dividends received	(2)	0	0
Changes in short-term investments	(992)	(1,333)	0
NET CASH FLOW FROM INVESTING ACTIVITIES	**8,860**	**(11,761)**	**(150,702)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue	3,648	1,210	2,133
Purchase/(sale) of treasury shares	0	(24,524)	2,088
Issuance of debt	26,842	63,153	210,741
Repayment of debt	(69,408)	(35,378)	(190,995)
Changes in other financial liabilities	463	0	(3,648)
Changes in the fair value of hedging instruments	0	441	(1,566)
Dividends paid	(3,161)	(10,771)	(4,310)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(41,615)**	**(5,868)**	**14,442**
Effect of changes in exchange rates	296	(1,100)	(508)
OCEANE bond buybacks – equity component	(6,082)	(3,062)	
Financial asset reclassified under cash equivalents			1,083
CHANGE IN CASH AND CASH EQUIVALENTS	**26,848**	**69,016**	**(62,684)**
Cash and cash equivalents at beginning of period	43,246	70,096	139,112
Cash and cash equivalents at end of period [(1)]	70,096	139,112	76,430

Comments:	2007	2008	2009
(1) CASH AND CASH EQUIVALENTS			
UCITS (only portion readily convertible into cash)	44,668	98,286	24,635
Cash on hand	42,811	44,485	66,570
Bank overdrafts (included in short-term borrowings)	(17,383)	(3,658)	(14,775)
TOTAL CASH AND CASH EQUIVALENTS	**70,096**	**139,112**	**76,430**
UCITS (portion qualifying as short-term investments) designated as at fair value through profit or loss	13,651	1,083	0
Available-for-sale assets	7,687	1,763	0
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	**91,435**	**141,960**	**76,430**

Free translation for information purposes – Only the version in French is binding

V. Consolidated statements of changes in equity

for the years ended December 31, 2007, 2008 and 2009

(in thousands of euros)	Share capital	Issue and contribution premiums	Translation reserve	Effective portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total equity attributable to Ingenico S.A. share-holders	Minority interests	Total equity
BALANCE AT JANUARY 1, 2007	**32,109**	**117,014**	**2,746**	**440**	**(11,986)**	**6,529**	**146,852**	**45**	**146,898**
Dividends paid to shareholders [1]		(3,161)					(3,161)		(3 161)
Reinvestment of stock dividends [2]	113	1,868					1,981		1,981
Treasury shares [3]					(991)		(991)		(991)
Share-based payment and exercise of stock options [4]	438	1,727			648	5,791	8,604		8,604
Buyback of OCEANE bonds – equity component [5]						(6,082)	(6,082)		(6,082)
Conversion of OCEANE bonds – equity component [5]					1,507	246	1,753		1,753
Deferred tax recognized in equity on buyback and conversion of OCEANE bonds and IFRS 2 expenses						2,300	2,300		2,300
Change in equity related to TUP Lexem, DSI, SCI		823				(823)	0		0
Change in equity arising on the acquisition of Planet Ödeme (Turkey) [6]	271	5,310					5,581		5,581
Total gains/(losses) recognized for the period			132	(1,298)		40,214	39,047	47	39,094
Other					(1)	(7)	(8)	(45)	(53)
BALANCE AT DECEMBER 31, 2007	**32,931**	**123,581**	**2,878**	**(858)**	**(10,823)**	**48,168**	**195,877**	**47**	**195,924**
Dividends paid to shareholders [1]						(10,771)	(10,771)		(10,771)
Treasury shares [3]					(24,331)	(1,249)	(25,580)		(25,580)
Share-based payment and exercise of stock options [4]	135	1,304			7,634	905	9,978		9,978
Buyback of OCEANE bonds – equity component [5]						(3,061)	(3,061)		(3,061)
Conversion of OCEANE bonds – equity component [5]	4,063	54,983			223	0	59,270		59,270
Sagem Monetel capital increase [6]	10,663	191,670				0	202,333		202,333
Total gains/(losses) recognized for the period			(11,108)	(118)		38,536	27,311	(1)	27,310
Other						(254)	(254)	(45)	(299)
BALANCE AT DECEMBER 31, 2008	**47,793**	**371,538**	**(8,230)**	**(976)**	**(27,297)**	**72,273**	**455,102**	**0**	**455,102**
Dividends paid to shareholders [1]						(4,310)	(4,310)		(4,310)
Stock dividends paid to shareholders [2]	597	6,654				(7,251)	0		0
Treasury shares [3]					2,141	(37)	2,104		2,104
Share-based payment and exercise of stock options [4]	248	2,408				6,877	9,533		9,533
Total gains/(losses) recognized for the period			4,683	1,658		24,320	30,660	0	30,660
Other	0	(280)				280	0	0	0
BALANCE AT DECEMBER 31, 2009	**48,638**	**380,320**	**(3,547)**	**681**	**(25,156)**	**92,152**	**493,088**	**0**	**493,088**

2009 : [1] Cash dividend paid on June 17, 2009. Cash and stock dividends paid on the basis of €0.25 per share. [2] Stock dividend financed through capitalization of reserves and issuance of 597,274 new shares. [3] At January 1, 2009, the Company held 1,624,290 treasury shares. At December 31, 2009, the Company held 1,361,958 treasury shares bought back by virtue of authorizations granted at shareholders' meetings. [4] Share-based payment: - The increase in retained earnings and other reserves reflects fair value adjustments to stock options and free share awards recognized each year in administrative expenses and profit from ordinary activities, including €211,000 in deferred tax assets. - The increase in share capital and issue and contribution premiums reflects the exercise of stock options.

2008 : [1] Dividend paid on May 27, 2008. [3] Treasury shares decreased as a result of retirement of treasury shares held by the Company. At January 1, 2008, the Company held 634,332 treasury shares. At December 31, 2008, the Company held 1,624,290 treasury shares bought back by virtue of authorizations granted at shareholders' meetings. [4] Share-based payment: - The increase in retained earnings and other reserves reflects fair value adjustments to stock options and free share awards recognized each year in administrative expenses and other operating income and expenses. - The increase in share capital and issue and contribution premiums reflects the exercise of stock options. [5] Changes in equity resulting from the buyback (January 2008) and conversion (February 12, 2008) of OCEANE bonds. 4,063,236 shares were issued in connection with the conversion. [6] Capital increase in connection with the acquisition of Sagem Payment Terminals on March 14, 2008. The acquisition was carried out through an exchange of shares, with 10,663,046 new shares being issued. After allocation of issue expenses totaling €265,000, the issue premium amounted to €191,670,000.

2007 : [1] Cash dividend paid on June 12, 2007. [2] Stock dividend financed through issuance of 113,418 new shares. [3] Treasury shares decreased as a result of retirement of treasury shares held by the Company. At January 1, 2007, the Company held 782,829 treasury shares. At December 31, 2007, the Company held 634,332 treasury shares bought back by virtue of authorizations granted at shareholders' meetings. [4] Share-based payment: - The increase in retained earnings and other reserves reflects fair value adjustments to stock options and free share awards recognized each year in administrative expenses and other operating income and expenses. - The increase in share capital and issue and contribution premiums reflects the exercise of stock options. [5] Changes in equity resulting from the buyback and conversion of OCEANE bonds in December 2007. [6] Capital increase in connection with the acquisition of Planet, with 271,064 new shares being issued. After allocation of issue expenses totaling €420,000, the issue premium amounted to €5,310,000.

Index of notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY

The preceding consolidated financial statements present the financial position of the company Ingenico and its subsidiaries (together referred to as “the Group”), as well as the Group’s share of the profits of associated companies and joint ventures. Ingenico is a company incorporated under French law whose securities are admitted to trading on a regulated market, with its registered office in Neuilly-sur-Seine.
The consolidated financial statements were approved by the Board of Directors on March 17, 2010. They are subject to approval by the shareholders at their Annual Shareholders’ Meeting of May 11, 2010.

2. ACCOUNTING PRINCIPLES AND METHODS

The consolidated financial statements for fiscal year 2009 were drawn up in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union at December 31, 2009.

The new standards, amendments and interpretations whose effective date was January 1, 2009 and which affect the Group are as follows:
- The revision to IAS 1, Presentation of Financial Statements
- The revision to IAS 23, Borrowing Costs
- IFRS 8, Operating Segments
- The amendments to IAS 32 and IAS 1 regarding Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRIC 13, Customer Loyalty Programs
- The amendment to IFRS 2 regarding Vesting Conditions and Cancellations
- The Annual Improvements to IFRS 2008 (except for the amendments to IFRS 5 and IFRS 1)
- The amendments to IFRS 1 and IAS 27 regarding Measurement of Investments in Subsidiaries, Jointly Controlled Entities and Associates
- The amendments to IFRS 7 and IFRS 4 on Improving Disclosures About Financial Instruments.

In preparing these consolidated financial statements, the Group did not apply in advance the following standards, amendments and interpretations adopted by the IASB or the IFRIC (International Financial Reporting Interpretations Committee) and by the European Union at December 31, 2009, but which are not mandatory:
- The revision to IFRS 3, Business Combinations
- The amendment to IAS 27, Consolidated and Separate Financial Statements
- IFRIC 15, Agreements for the Construction of Real Estate
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation
- IFRIC 17, Distributions of Non-cash Assets to Owners
- IFRIC 18, Transfers of Assets from Customers
- The amendment to IAS 39, Financial Instruments, regarding Eligible Hedged Items
- The amendments to IFRIC 9 and IAS 39 regarding Embedded Derivatives.

In preparing these consolidated financial statements, the Group did not apply in advance the following standards, amendments and interpretations adopted by the IASB or the IFRIC but not yet adopted by the European Union at December 31, 2009:
- IAS 24, Related Party Disclosures
- The amendment to IFRS 2 regarding Group Cash-settled Share-based Payment Transactions
- IFRS 9, Financial Instruments (Phase I: Classification and Measurement)
- The amendment to IFRIC 14 regarding Prepayments of a Minimum Funding Requirement
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments.
- The Annual Improvements to IFRS 2009.

The main accounting principles applied by the Group are as follows:

Preparation

The financial statements are presented in euros, rounded to the nearest thousand.
They were prepared on a historical cost basis, except for the following assets and liabilities, stated at fair value: derivative financial instruments and financial instruments held for trading. Non-current assets and assets held for sale are recognized at either their carrying amount or their fair value less costs to sell, whichever is lower.
In preparing these financial statements, Group management was led to make use of assumptions and estimates affecting the application of the accounting methods, some of the assets and liabilities recorded on the balance sheet, and some of the income and expenses in the income statement. Actual results may differ from the estimates and assumptions. Such estimates chiefly pertain to asset impairment tests and provisions; to the measurement techniques and assumptions used in identifying intangible assets as part of business

combinations; to the useful lives of intangible assets; to the assumptions used in recognizing deferred tax assets; and to the allocation of revenue to the specific components of a multi-element agreement.
The accounting methods set forth below were consistently applied to all the reporting periods presented in the consolidated financial statements.
These accounting methods were uniformly applied by all Group entities.

Principles of consolidation

Subsidiaries

A subsidiary is an entity controlled by the Company. Control may be defined as the power to govern the financial and operating policies of an entity directly or indirectly so as to obtain benefits from its activities.
Potential voting rights that are currently exercisable or convertible are taken into account in assessing control.
The financial statements of all subsidiaries are combined into the consolidated financial statements from the date at which the Company achieves control until the date at which this control ceases.

Associates

An associate is an entity over whose financial and operating policies the Company has significant influence, without having control over them. The consolidated financial statements include the Group's share of the total profit or loss of all associates, using the equity method, from the date at which the Company gains significant influence until the date at which this influence ceases.
If the Group's share of the losses of an associate exceeds the carrying amount of its equity investment in the associate, the carrying amount is reduced to nil, and the Group ceases to recognize its share of any subsequent losses, unless the Group has a legal or implicit obligation to share in the associate's losses or make payments for the benefit of the associate.

Joint ventures

A joint venture is a contractual agreement whereby the Group and one or more other parties undertake an economic activity that is subject to joint control. As allowed by IAS 31, Ingenico has opted to account for its investments in such entities using the equity method.

Transactions eliminated in the consolidated financial statements

Intragroup balances, intragroup unrealized gains or losses, and income and expenses arising on intragroup transactions are eliminated in full in the consolidated financial statements.
Unrealized gains on transactions with associates are eliminated to the extent of the Group's investment in the associate.
Unrealized losses are eliminated in the same manner, except in the case of impairment losses.

Transactions in foreign currency

Revenues and expenses denominated in foreign currency are recorded at the euro equivalent on the date of transaction.
Foreign currency monetary items are translated on the balance sheet at closing exchange rates. Any resulting unrealized exchange gains or losses are reported in profit or loss for the period. Non-monetary items denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the value was determined.

Translation of financial statements

The consolidated financial statements are presented in euros. Assets and liabilities of foreign subsidiaries, including purchased goodwill and fair value adjustments arising on consolidation in the case of acquisitions subsequent to January 1, 2004, are translated into euros at the closing exchange rate on the balance sheet date, except for shareholders' equity, which is stated at historical cost. Income and expenses for foreign subsidiaries are translated into euros at the average rates for the period, except in cases of major fluctuations. All resulting exchange differences are recognized as a separate component of equity known as "Translation reserve."

The conversion rates for the main currencies used by the Group in fiscal years 2007, 2008 and 2009 are as follows:

Closing Rate	2007	2008	20079
U.S. Dollar	1.4721	1.3917	1.4406
Canadian Dollar	1.4449	1.6998	1.5128
Australian Dollar	1.6757	2.0274	1.6008
British Pound	0.7334	0.9525	0.8881
Brazilian Real	2.6075	3.2436	2.5113

Average rate	2007	2008	20079
U.S. Dollar	1.3706	1.4706	1.3933
Canadian Dollar	1.4689	1.5593	1.5852
Australian Dollar	1.6356	1.7416	1.7749
British Pound	0.6846	0.7965	0.8910
Brazilian Real	2.6638	2.6745	2.7706

Hedging

Cash flow hedges

When a derivative financial instrument is designated as a hedging instrument whose cash flows are expected to offset changes in the cash flows of an asset or liability or a highly probable forecast transaction, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in equity. The ineffective portion of any gain or loss is recognized in profit or loss for the period.
Any hedging relationship must be highly effective at the outset and during the entire accounting period in which the hedging relationship is specified. Changes in the hedging instrument and the hedged item must almost fully offset each other.
The actual offset results are deemed to be highly effective within a range of 80 percent to 125 percent on a cumulative basis. At each closing date, effectiveness is assessed.

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

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

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

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or if a forecast transaction involving a non-financial asset or a non-financial liability becomes a firm commitment to which fair value hedge accounting is applied, the associated cumulative gain or loss recognized in equity is removed and included in the initial cost or any other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses that were recognized directly in equity are reclassified to profit or loss for the same period or periods during which the asset or liability affects profit or loss.
When the hedging instrument expires or is sold, terminated or exercised, or when the Group revokes the designation of the hedging relationship, but still expects the forecast transaction to occur, the cumulative gain or loss at that date remains in equity and is accounted for when the transaction occurs, using the method previously described. When the Group no longer expects the hedged transaction to occur, the unrealized cumulative gain or loss that was recognized in equity is immediately recognized in profit or loss.

Hedging monetary items

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

Derivative financial instruments

The Group uses derivative financial instruments to hedge its foreign exchange and interest rate exposure arising from its operating, financing and investing activities. Those instruments are initially measured at fair value. Except for in the hedging relationships described above, any gain or loss from remeasuring the instruments at fair value are recognized in profit or loss at the reporting date.
The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet 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 balance sheet date, i.e. the present value of the quoted forward price.
The fair value of interest rate options is the present value of the estimated payments that would be received from the counterparty, and is equal to the difference between the strike price and the forward rates over the life of the option.

Property, plant and equipment

Assets owned by the Group

Property, plant, and equipment, including investment property, is carried at cost, less any accumulated depreciation and impairment losses. The cost of a self-constructed asset includes the cost of raw materials and direct labor, along with all other directly attributable costs that are necessary for the asset to be capable of operating in the manner intended by management.
When components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.
The replacement cost of a component is immediately capitalized under property, plant and equipment if it is probable that the future economic benefits arising from the asset will flow to the Group and its cost can be reliably measured. All routine maintenance and repair costs are expensed as incurred.

Finance leases

Leases that transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. This requires a restatement so that the leased property is recognized as an asset at an amount equal to its fair value or,

if lower, at the present value of the minimum lease payments, less accumulated depreciation and impairment, while the corresponding financial debt is recognized as a liability. The property, plant and equipment is depreciated over the lease term or its economic life, whichever is shorter.
In the course of business, the Group may supply payment terminals to its customers under agreements that can be classified as finance leases (with Ingenico as lessor). Those terminals may subsequently be leased back by the Group under finance leases (with Ingenico as lessee). At the commencement of such leases, the purchase and the sale of the terminals are recorded at the present value of the estimated future lease payments and income, with an asset and a liability recognized in the balance sheet. Financial income and financial expenses are recognized in profit or loss over the life of the leases.
Leases for certain terminals may also include the provision of equipment maintenance and/or payment transaction management service. In such cases, revenue recognition is separated into an equipment component, with revenue recognized upon equipment delivery, and a service component, with recurring revenues recognized on a straight-line basis over the lease term.

Depreciation

Depreciation is computed by using the straight-line method, depending on the estimated useful life of each type of item.
Land is not depreciated. The estimated useful lives are as follows:

Buildings	30 years
Facilities	5 - 10 years
Equipment	3 - 4 years
Vehicles	5 years
Dies	4 years
Furniture, fixtures, office and computer equipment	3 - 10 years

Intangible assets

Goodwill

All business combinations are accounted for using the purchase method.
Goodwill arises from the acquisition of subsidiaries, associates and joint ventures and represents the difference between the cost of acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired.
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized, but is tested annually for impairment, as described in the section on “Impairment of assets.” In respect of associates or joint ventures accounted for using the equity method, the carrying amount of goodwill is included in the carrying amount of the investment in the associate or joint venture.
Negative goodwill is recognized immediately in profit or loss.
In accordance with IAS 32, written put options on minority interests in Group subsidiaries are recognized as a financial liability for the present value of the redemption amount, with an adjustment to goodwill recorded to reflect the difference between the present value of the put option strike price and the amount of the derecognized minority interest. The discounting charge that corresponds to that difference is recorded as a financial expense.

Research and development

Research costs are expensed as incurred.
The costs of development activities, i.e. costs related to the application of research findings to a plan or design for the production of new or substantially improved products or processes, are capitalized if the Group can demonstrate, in particular, that the product or process is technically and commercially feasible and that sufficient resources are available to complete the development.
Such capitalized costs include the cost of materials and direct labor, plus an appropriate share of overhead costs. Other development costs are expensed as incurred.
Capitalized development costs are stated at cost less accumulated amortization and impairment losses.

Other intangible assets

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

Subsequent expenditure

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

Amortization

The straight-line method is used to amortize intangible assets over their estimated useful lives, unless such lives are indefinite.
Goodwill, intangible assets under development and intangible assets with indefinite useful lives are not amortized, but are rather tested for impairment as described in the section on “Impairment of assets.” Other intangible assets are amortized from the date they are available for use.

The estimated useful lives are as follows:

Capitalized development costs	3 - 7 years
Licenses	3 years
Customer relationships	5 - 12 years
Other intangible assets	5 years

Trade receivables

Trade and related receivables are recognized initially at fair value and subsequently measured at amortized cost less any impairment losses.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs to sell.
The cost of inventories is determined using the weighted average cost method and includes the costs incurred to acquire the inventories and bring them to their existing location and condition.

Short-term investments

In accordance with IAS 39, financial instruments classified as short-term investments are accounted for based on the category they fall into. Any unrealized gain or loss arising from the investment is recognized either directly in profit or loss, or temporarily in equity until the instrument is disposed of/derecognized.
UCITS that do not meet the requirements set forth in IAS 7 are classified as short-term investments.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and demand deposits. It also includes UCITS that meet the requirements set forth in IAS 7.
Bank overdrafts repayable on demand, which form an integral part of the Group's cash management strategy, are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Impairment of assets

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication that an asset may be impaired. If such indication exists, the asset's recoverable amount is estimated.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date, or more often if there is any indication of impairment.
An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.
An impairment loss recognized in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the unit's other assets on a pro-rata basis, based on the carrying amount of each asset in the unit.

Calculation of recoverable amount

Financial assets

The recoverable amount of the Group's held-to-maturity short-term investments and receivables measured at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate inherent in the asset.

Non- financial assets

The recoverable amount of all other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to each asset. If an asset does not generate cash inflows that are largely independent, recoverable value is calculated for the cash-generating unit to which the asset belongs.

Impairment losses

A goodwill impairment loss cannot be reversed once it has been recognized.
An impairment loss recognized in respect of other assets can be reversed if there has been a change in the estimates used to determine the recoverable amount.
The increased carrying amount of an asset due to the reversal of an impairment loss must not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

Share capital

Treasury shares

Shares repurchased by Ingenico are classified as treasury shares, and their acquisition price is deducted from equity.

Dividends

Dividends are recognized as a liability in the period in which they are approved.

Net debt

Net debt is calculated as short-term and long-term financial liabilities less cash and cash equivalents, short-term investments, as well as derivative instruments to the extent that they relate to underlying items included in net financial liabilities.

Compound financial instruments

Convertible bonds that can be converted into shares at the option of the holder, where the number of the shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments.
The fair value of the recognized liability classified as long-term debt was calculated using the average market rate for a straight bond. The difference between the face value and the fair value of the bond was recognized in equity under "Retained earnings and other reserves," net of deferred tax.
Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of the issue proceeds. The value of the equity component of convertible bonds is calculated as the issue proceeds less the present value of the future interest and principal payments, discounted at the prevailing market rate for a similar liability that does not have a conversion feature. The interest expense recognized in the income statement is calculated using the effective interest method.

A debt instrument or financial liability is defined as any liability that is a contractual obligation:
- to deliver cash or another financial asset to another entity; or
- to exchange financial instruments with another entity under conditions that are potentially unfavorable to the entity.

An equity instrument is defined as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (net assets).
The shares issued by Ingenico qualify as equity within the meaning of IAS 32 and IFRIC 2, and are accounted for as such in the consolidated financial statements.

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost; any difference between cost and redemption value is recognized in the income statement over the term of the borrowings, using the effective interest method.

Employee benefits

Defined contribution plans

Payments to defined contribution plans are expensed as incurred.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is measured separately for each plan by estimating the amount of future benefits earned by employees in return for services rendered in the current and prior years; this amount is discounted to determine its present value, deducting the fair value of any plan assets. The discount rate applied is the market yield at the balance sheet date on government bonds of a term consistent with the term of the Group's obligations. Calculations are performed by independent actuaries using the projected unit credit method.
When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees expensed using the straight-line method over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the income statement.
Ingenico applies the revised version of IAS 19. Consequently, all actuarial gains and losses are recognized in equity.

Long-term service benefits

The Group's net obligation in respect of long-term service benefits other than retirement plans is the amount of future benefits earned by employees in return for services rendered in current and prior years. The amount of the obligation is determined using the projected unit credit method. This amount is discounted to determine its present value, deducting the fair value of any plan assets. The discount rate applied is the market yield at the balance sheet date on government bonds of a term consistent with the term of the Group's obligations.

Share-based payment

The Ingenico stock option program allows Group employees to acquire Company shares. The fair value of the options and free shares granted is recognized in payroll costs, with a corresponding increase in equity. Fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the options or shares. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions under which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of options vested.

Provisions

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

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.

No provisions are recognized for future operating costs.

Warranties

A provision for warranties is recognized when the underlying products or services are sold.
The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Onerous contracts

A provision for onerous contracts is recognized when the expected economic benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Trade and related payables

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

Revenue

Sale of goods and services

Revenues from the sale of goods are recognized in the income statement when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Revenues from services rendered are recognized in the income statement in proportion to the stage of completion of the service at the balance sheet date. The stage of completion is assessed based on work performed. No revenue is recognized if there is significant uncertainty regarding (i) the recoverability of the consideration due, (ii) the costs associated with the service that have been incurred or are to be incurred, or (iii) the possible return of goods in the event of cancellation of the purchase, or when the Group has continuing management involvement with the goods.

Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and costs are recognized in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed based on work performed. Expected losses are immediately recognized in the income statement.

Interest income

Interest income is recognized in the income statement on a time proportion basis that takes into account the effective yield.

Expenses

Operating lease payments

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

Finance lease payments

Minimum finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other operating income and expenses

Other operating income and expenses include non-recurring income or expenses, such as gains or losses on disposal of consolidated subsidiaries or businesses, restructuring charges approved by management and publicly announced, non-recurring litigation expenses and asset impairment.

Net finance costs

Net finance costs include interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, and other dividend income.
Interest income is recognized in the income statement as it accrues, using the effective interest method.
Dividend income is recognized in the income statement on the date the Group's right to receive payment is established, or, for listed securities, the ex-dividend date.
The interest expense component of finance lease payments is recognized using the effective interest method.

Other financial income and expenses

Other financial income and expenses mainly consist of foreign exchange gains and losses, but also include remeasurements of financial instruments as well as gains or losses on disposals of financial instruments.

Income tax

Income tax liabilities or assets include current tax liabilities or assets and deferred tax liabilities or assets. Income tax is recognized in the income statement except to the extent that it relates to a business combination or to items recognized directly in equity, in which case it is also recognized in equity.
Current tax is (i) the expected tax payable on taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and (ii) any adjustment to the amount of current tax payable in respect of previous periods.
Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. No deferred tax is recognized for the following: (i) initial recognition of goodwill and (ii) temporary differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. 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 substantially enacted at the balance sheet 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 the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available.

New tax regulations effective from January 1, 2010 in France

The 2010 Budget Bill passed by the French parliament on December 30, 2009 introduced a tax called the Contribution Economique Territoriale (CET) to replace the local business tax (Taxe Professionnelle). The CET has two components: the Contribution Foncière des Entreprises (CFE – Levy on Property Rental Value) and the Cotisation sur la Valeur Ajoutée des Entreprises (CVAE – Levy on Value Added by Businesses).
This change has prompted Ingenico to reexamine the accounting treatment of taxes in France in compliance with IFRS, and more specifically with IAS 12, Income Taxes.
In line with the position taken by Syntec Informatique – an organization representing the main IT companies in France – on the accounting treatment of the CVAE component of the new tax, Ingenico has resolved to classify the CVAE under income taxes to ensure consistency with the accounting treatment of similar taxes in other countries.

Segment reporting

A segment is a distinguishable, revenue-producing component of an entity whose results are those allocated to it by the entity's internal reporting system.
Because Ingenico operates principally in the business segment of payment terminal sales, only geographical entities can be considered profit centers offering detailed performance measurements that make segment reporting possible.
Costs incurred at Group level on behalf of geographical segments are allocated to the various segments. These costs, which relate to the operational activity of segments, are directly attributed to the relevant segment or allocated on a reasonable basis.
The only unallocated items are head-office expenses.

Non-current assets held for sale and discontinued operations

Non-current assets and groups of assets held for sale are recognized at the lower of carrying amount and fair value less costs to sell.
Impairment losses arising from the classification of an asset as held for sale are recognized in the income statement, as are any gains and losses arising on subsequent measurement. The recognized gain may not exceed the accumulated recognized impairment losses.
A discontinued operation is a component of the Group's economic activity that represents a separate major line of business or geographical area or is a subsidiary acquired exclusively for resale.
Classification as a discontinued operation occurs at the time of disposal or at an earlier date if the operation meets the criteria for classification as held for sale. A disposal group may also meet the criteria for classification as a discontinued operation.

Earnings per share

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

3. DEFINITION OF FINANCIAL ASSET AND LIABILITY CLASSES BY ACCOUNTING CATEGORY IN COMPLIANCE WITH IFRS

	2009								
Asset and liability classes (in thousands of euros)	Assets & liabilities measured at fair value recognized in the income statement	Assets & liabilities measured at fair value recognized in the income statement (FV option)	Held-to-maturity investments	Available-for-sale assets (*)	Loans and receivables	Liabilities at amortized cost	Derivative instruments designated as hedging future cash flows	Total net carrying amount	Fair value of the asset or liability class
Financial assets				306	3,285			3,591	3,591
Trade and other current receivables					206,525			206,525	206,525
Derivative financial instruments	926						2,507	3,433	3,433
Other non-current assets					13,668			13,668	13,668
Cash and cash equivalents	24,635				66,570			91,205	91,205
Short-term investments									
TOTAL ASSETS	**25,561**			**306**	**290,048**		**2,507**	**318,421**	**318,421**
Long-term loans (1)						215,370		215,370	215,370
Other non-current liabilities						6,571		6,571	6,571
Short-term borrowings						20,275		20,275	20,275
Trade payables and other current liabilities						182,342		182,342	182,342
Derivative financial instruments	5						801	806	806
TOTAL LIABILITIES	**5**					**424,557**	**801**	**425,363**	**425,363**

(1) The Group deemed that the carrying amount of the line of credit approximated fair value.

	2008								
Asset and liability classes (in thousands of euros)	Assets & liabilities measured at fair value recognized in the income statement	Assets & liabilities measured at fair value recognized in the income statement (FV option)	Held-to-maturity investments	Available-for-sale assets (*)	Loans and receivables	Liabilities at amortized cost	Derivative instruments designated as hedging future cash flows	Total net carrying amount	Fair value of the asset or liability class
Financial assets				251	3,037			3,287	3,287
Trade and other current receivables					168,470			168,470	168,470
Derivative financial instruments	153						9	162	162
Other non-current assets					466			466	466
Cash and cash equivalents	98,286				44,485			142,770	142,770
Short-term investments	1,083			1,763				2,847	2,847
TOTAL ASSETS	**99,522**			**2,014**	**216,457**		**9**	**318,002**	**318,002**
Long-term loans [2]						61,018		61,018	61,018
Other non-current liabilities						4,535		4,535	4,535
Short-term borrowings						7,149		7,149	7,149
Trade payables and other current liabilities						170,900		170,900	170,900
Derivative financial instruments	923						1,550	2,472	2,472
TOTAL LIABILITIES	**923**					**243,603**	**1,550**	**246,074**	**246,074**

(1) A recyclable temporary reserves account has been created so that unrealized gains or losses on available-for-sale assets can be held in equity before the gains or losses realized on disposal or repayment of those assets are recognized in profit or loss.
At December 31, 2008, the decline in value of those assets was judged significant and prolonged, and was therefore recognized in profit or loss.
(2) The Group deemed that the carrying amount of the line of credit approximated fair value.

	2007								
Asset and liability classes (in thousands of euros)	**Assets & liabilities measured at fair value recognized in the income statement**	**Assets & liabilities measured at fair value recognized in the income statement (FV option)**	**Held-to-maturity investments**	**Available-for-sale assets (*)**	**Loans and receivables**	**Liabilities at amortized cost**	**Derivative instruments designated as hedging future cash flows**	**Total net carrying amount**	**Fair value of the asset or liability class**
Financial assets				2	1,314			1,316	1,295
Trade and other current receivables					134,635			134,635	134,635
Derivative financial instruments	266						8	274	274
Other non-current assets				2,042				2,042	2,042
Cash and cash equivalents	44,668				42,811			87,479	87,479
Short-term investments		13,651		7,687				21,338	21,338
TOTAL ASSETS	**44,934**	**13,651**		**9,731**	**178,760**		**8**	**247,084**	**247,063**
Long-term loans						84,132		84,132	79,581
Other non-current liabilities						1,697		1,697	1,697
Short-term borrowings						27,142		27,142	27,142
Trade payables and other current liabilities						125,682		125,682	125,682
Derivative financial instruments	396						1,316	1,713	1,713
TOTAL LIABILITIES	**396**					**238,653**	**1,316**	**240,365**	**235,815**

4. FINANCIAL RISK MANAGEMENT

4.1 Liquidity risk 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 in the Group before having to raise funds in the financial market.

Ingenico's financing policy is consistently to provide the amount of liquidity required, and for as long as required, to fund the Group's assets, short-term cash needs and growth at the lowest possible cost.

Financial assets at December 31, 2009

At December 31, 2009, the Group's main financial assets were the following:
- Trade receivables totaling €189 million, related to the Group's normal operating cycle.
- Cash and cash equivalents totaling €91 million.
- Short-term investments with an average maturity of three months are available at any time and are used chiefly to finance the business activity of Group subsidiaries. The main instruments used are negotiable debt securities issued by top-tier financial institutions. At the December 31, 2009 reporting date, Ingenico had no such investments.

Counterparty risk is the risk of financial loss for the Group arising from failure by one of its clients or counterparties to a financial instrument to meet their contractual obligations. Trade receivables and short-term investments are the primary source of such risk.

The carrying amount of the Group's financial assets at the end of the period represents the Group's maximum exposure to credit risk. The Group's maximum exposure at December 31, 2009 was as follows:

(in thousands of euros)	2007	2008	2009
Cash and cash equivalents	87,479	142,770	91,205
Short-term investments	21,338	2,847	
Financial assets	1,317	3,287	3,591
Receivables on the sale of goods and services	129,206	159,381	188,928
Finance lease receivables			12,162
Other operating receivables	5,273	9,048	5,217
Other current assets	156	41	218
Other non-current assets	2,042	466	13,668
Hedging derivative financial instruments (assets)	274	162	3,433
TOTAL	**247,084**	**318,002**	**318,421**

In 2009, Ingenico's policy was to diversify counterparty risk exposure among its premier banking partners while giving precedence to short-term investments, and to monitor performance on a regular basis. For all the instruments selected by the Group, daily quotes were available.

To manage counterparty risk with respect to trade receivables, a provision for bad debt may be recognized for the entire amount or for a part of the amount that reflects the probability of collection.
Credit risk is monitored at Group level by the Treasury Department, in particular by the Group Credit Manager. The Group tracks terms of payment at its subsidiaries on a monthly basis and recognizes a provision for the entire amount of any receivables it considers uncollectible.
To protect against credit risk and therefore hedge its exposure to non-payment, the Group has put in place collection procedures and procedures for freezing customer accounts. Ingenico makes sure to obtain adequate guarantees in the most sensitive countries, for example in the form of letters of credit, with French banks acting as advising or even confirming banks.
Further information on trade receivables and provisions covering them can be found in Note 18 on the aging of trade receivables.

Financial liabilities at December 31, 2009

The Group's ability to repay its debts will depend on its future business performance and on its capacity to generate adequate cash. Although the Company believes that it will have sufficient cash flow in the future to service its debt and meet its financing needs, there is no guarantee that this goal will actually be achieved.

If future cash flow proved to be insufficient, the Group might be led to do the following:

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

The maturities of the Group's financial liabilities at December 31, 2009 were as follows:

(in thousands of euros)	2009 Carrying amount	Contractual cash flow	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
Bank borrowings	206,396	210,044	18,044	36,000	156,000	
Finance lease obligations	13,922	13,922	4,905	3,747	5,261	9
Bank overdrafts	14,775	14,775	14,775			
Other financial liabilities	552	552	552			
TOTAL	**235,645**	**239,293**	**38,276**	**39,747**	**161,261**	**9**
Derivative financial liabilities						
Exchange rate instruments	728	728	728			
Interest rate instruments	78	78	78			
TOTAL	**806**	**806**	**806**			

At December 31, 2009, the Group's financial liabilities chiefly included the following:

(in thousands of euros)	2008 Carrying amount	Contractual cash flow	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
Bank borrowings	61,525	61,877	2,203		59,674	
Finance lease obligations	2,760	2,760	1,433	699	572	56
Bank overdrafts	3,550	3,550	3,550			
Other financial liabilities	332	332	315	17		
TOTAL	**68,167**	**68,519**	**7,501**	**716**	**60,246**	**56**
Derivative financial liabilities						
Exchange rate instruments	2,472	2,472	2,472			
Interest rate instruments						
TOTAL	**2,472**	**2,472**	**2,472**			

(in thousands of euros)	2007 Carrying amount	Contractual cash flow	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
OCEANE-type bonds	61,508	75,391	7,579	1,723	66,089	
Bank borrowings	25,404	25,404	704	151	24,549	
Finance lease obligations	4,611	4,611	1,769	2,356	304	182
Bank overdrafts	17,267	17,267	17,267			
Other financial liabilities	287	287		287		
TOTAL	**109,077**	**122,960**	**27,319**	**4,516**	**90,942**	**182**
Derivative financial liabilities						
Exchange rate instruments	1,713	1,713	1,713			
Interest rate instruments						
TOTAL	**1,713**	**1,713**	**1,713**			

At December 31, 2009, the Group's financial liabilities chiefly included the following:

- A €270 million variable-rate syndicated loan contracted on September 24, 2009 and composed of two tranches:
  - A €210 million tranche with a four-year term that was fully drawn down on November 30, 2009 to finance the acquisition of Easycash. This line is repayable in installments as of September 30, 2010: €18 million per six-month period from September 30, 2010 until March 31, 2012, then €46 million per six-month period until September 30, 2013.
  - A €60 million revolving credit facility redeemable at maturity, which had not been drawn down at all at the December 31, 2009 reporting date.
- €14.8 million in short-term bank overdrafts at December 31, 2009.
- €14.5 million in finance lease obligations and other liabilities related to the Group's normal operating cycle.

The syndicated loan contracted in 2009 is subject to the following covenants:

- Three ratios must be satisfied:
  - The net debt to equity ratio must be less than 80 percent.
  - Net debt must be less than 2.25 times EBITDA at December 31, 2009, and subsequently less than 2 times EBITDA.
  - The interest coverage ratio (EBITDA/net interest expense) must be greater than 5.
- A number of standard legal covenants.

The Group calculates its financial ratios every six months on the basis of the pro forma consolidated financial statements for the reporting periods ending on June 30 and December 31 of each year.

Early redemption is possible at the initiative of Ingenico or of the banks in the usual cases.

4.2 Market risk

Interest rate risk

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

Those targets are regularly reviewed and reset for subsequent periods by Group management after conferring with the Audit and Finance Committee, and then implemented by the Treasury Department. Interest rate swaps and cap agreements are the main instruments used.

In 2009, the Group put in place an interest rate hedge covering 75 percent of the €210 million syndicated loan tranche, with a term matching that of the loan. This capped the interest rate on the hedged portion of the loan at 4.25 percent (not including loan fees).

		Carrying amount	
(in thousands of euros)	2007	2008	2009
Fixed-rate instruments			
FIXED-RATE FINANCIAL ASSETS			
OCEANE-type bonds	61,508		
Commercial paper	24,700	30,000	
Amortizing loans		1,735	
Other			27,172
FIXED-RATE FINANCIAL LIABILITIES	**86,208**	**31,735**	**27,172**
Variable-rate instruments			
Cash and cash equivalents	87,479	142,770	91,205
Short-term investments	21,338	2,847	
Financial assets	1,317	3,287	3,591
Trade receivables	129,206	159,381	188,928
Finance lease receivables			12,162
Other operating receivables	5,273	9,048	5,217
Other current assets	156	41	218
Other non-current assets	2,042	466	13,668
Derivative hedging instruments (assets)	274	162	3,433
VARIABLE-RATE FINANCIAL ASSETS	**247,084**	**318,002**	**318,421**
Bank borrowings, finance leases, short-term borrowings	25,065	36,432	208,473
VARIABLE-RATE FINANCIAL LIABILITIES	**25,065**	**36,432**	**208,473**

In 2009, a 100 basis-point increase in the 3-month Euribor would have reduced income by €181,000.

Foreign exchange risk

A large share of Ingenico's revenue and expenses is denominated in currencies other than the euro. The Group is therefore exposed to foreign exchange risk arising on 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 U.S. dollar (USD), the Canadian dollar (CAD), the British pound (GBP) and the Australian dollar (AUD).

Because foreign-currency denominated payables and receivables are for the most part similar in nature and with similar terms, they are offset, with the result that only the net amount is hedged.

The Group enters into forward purchase or sale contracts to hedge part of its budgets, using currency options to hedge the rest. At the same time, the Group takes opposing options positions in order to lessen the impact of potential movements in exchange rates on the fair value of those forward contracts. This strategy makes it possible to safeguard the budget amounts while benefiting from unfavorable movements in exchange rates.

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

	December 31, 2009				
(in thousands of foreign currency)	U.S. dollar	British pound	Yen	Canadian dollar	Australian dollar
Trade receivables	72,952	17,256	8,655	13,539	9,685
Guaranteed bank loans (bank borrowings)					
Trade payables	(98,280)	(10,407)		(13,818)	(6,478)
GROSS BALANCE SHEET EXPOSURE	**(25,327)**	**6,849**	**8,655**	**(279)**	**3,207**
Estimated projected sales	77,964	25,635		22,844	26,600
Estimated projected purchases	(213,000)				
GROSS EXPOSURE	**(160,363)**	**32,484**	**8,655**	**22,565**	**29,807**
Foreign exchange derivative instruments					
Forward purchases	90,000				
Forward sales		(14,250)		(12,750)	(20,600)
Options	30,000	(5,850)		(5,150)	
NET EXPOSURE	**(40,363)**	**12,384**	**8,655**	**4,665**	**9,207**

Sensitivity to foreign exchange risk

	December 31, 2009		December 31, 2009	
	Impact on income statement	Impact on cash flow hedge reserve	Impact on income statement	Impact on cash flow hedge reserve
	10%		10%	
Trade receivables	(7,740)		9,459	
Trade payables	8,466		(10,347)	
Derivative financial instruments	(193)	(2,649)	33	4,421
TOTAL	**533**	**(2,649)**	**(855)**	**4,421**

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

(in thousands of foreign currency)	December 31, 2008 U.S. dollar	British pound	Yen	Canadian dollar	Australian dollar
Trade receivables	67,969	21,834		17,875	20,348
Guaranteed bank loans (bank borrowings)					
Trade payables	(76,079)	(11,393)	(126)	(9,906)	(8,653)
GROSS BALANCE SHEET EXPOSURE	**(8,109)**	**10,441**	**(126)**	**7,969**	**11,696**
Estimated projected sales	78,865	21,811		25,098	24,967
Estimated projected purchases	(242,742)				
GROSS EXPOSURE	**(171,986)**	**32,252**	**(126)**	**33,067**	**36,663**
Foreign exchange derivative instruments					
Forward purchases	73,100	400		20,267	2,347
Forward sales		(16,700)		(19,600)	
Options					
NET EXPOSURE	**(98,886)**	**15,952**	**(126)**	**33,734**	**39,010**

(in thousands of foreign currency)	December 31, 2007 U.S. dollar	British pound	Yen	Canadian dollar	Australian dollar
Trade receivables	10,988				
Guaranteed bank loans (bank borrowings)					
Trade payables	(45,426)				
GROSS BALANCE SHEET EXPOSURE	**(34,438)**				
Estimated projected sales	83,263	17,600		13,707	33,747
Estimated projected purchases	(188,773)				
GROSS EXPOSURE	**(139,948)**	**17,600**		**13,707**	**33,747**
Foreign exchange derivative instruments					
Forward purchases	85,500				
Forward sales		(11,500)		(6,500)	(22,500)
Options	7,000				
NET EXPOSURE	**(47,448)**	**6,100**		**7,207**	**11,247**

Equity risk

Ingenico carries out equity investments for strategic rather than financial reasons. At the December 31, 2009 reporting date, the Group had no equity interests other than the treasury shares it holds in accordance with the share repurchase program approved on May 15, 2009. For further details on that program, see Note 22.

At December 31, 2009, the Company held 1,361,958 of its own shares: 1,166,780 treasury shares (250,000 of which were retired in January 2010) and 195,178 shares repurchased under a liquidity contract that is compliant with the code of conduct recognized by the AMF (Autorité des Marchés Financiers), which helps to ensure a liquid market for the Company's shares.

Risk of changes in the Ingenico share price

Ingenico's share price has historically shown considerable volatility in both directions. That volatility, which may well continue in the future, can be attributed to a variety of factors:

• The announcement by Ingenico or its competitors of strategic partnerships, of earnings, of corporate events or other significant changes in their business.
• The Group's financial performance.
• A gap between the financial performance achieved by the electronic payment industry as a whole and investor expectations.
• Technological innovations affecting the Group's markets.
• Changes in the recommendations and guidance issued by financial analysts with regard to the Group's performance and own guidance or to the performance of the electronic payment industry and the related guidance.
• The recruitment or departure of key employees.
- Stock market fluctuations in general.

To meet its ordinary financing needs, Ingenico may turn to the capital markets, particularly the bond market. For example, the Group issued OCEANE-type convertible bonds and carried out an early redemption program in 2008. Large swings in the Ingenico share price, above all downward swings, may impact the cost of financing and therefore the Group's ability to fund its future growth.

5. CONSOLIDATION SCOPE

The entities that make up the Group are accounted for using either the full consolidation method or the equity method in the case of jointly controlled entities.

Corporate name	Address	Country	% hel Ingenico SA	Accoun-ting method
PARENT COMPANY				
INGENICO S.A.	192, avenue Charles de Gaulle, 92200 Neuilly sur Seine Cedex	France		
CONSOLIDATED SUBSIDIARIES				
IDS SOFRACIN SAS	192, avenue Charles de Gaulle, 92200 Neuilly sur Seine Cedex	France	100%	FC
INGENICO FRANCE	1, rue Claude Chappe BP 346, 07503 Guilherand-Granges, *along with its wholly-owned subsidiary in Germany*	France	100%	FC
INGENICO TRANSACTIONS SERVICES SAS	192, avenue Charles de Gaulle, 92200 Neuilly sur Seine Cedex	France	100%	FC
INGENICO VENTURES SAS	192, avenue Charles de Gaulle, 92200 Neuilly sur Seine Cedex, *along with its subsidiaries Fixed & Mobile Pte Ltd in Singapore (38.27% stake) and Roam Data in the U.S. (43.92%). The latter are accounted for with the equity method.*	France	100%	FC
INGENICO GMBH	Ingenico GmbH Pfalzburger Straße 43-44, 10717 Berlin, *along with its wholly-owned subsidiary EPOS EFT / POS Service GmbH*	Germany	100%	FC
DI DEUTSCHE INGENICO HOLDING GMBH	c/o Debevoise & Plimpton LLP, Taubenstrasse 7-9, 60313 Frankfurt am Main, *along with its subsidiaries Easycash Beteiligungen GmbH, Easycash Vertriebsgesellschaft mbH, Easycash Verwaltungsgesellschaft mbH, Easycash Holding GmbH, Easycash Projekt GmbH, Easycash Loyalty Solutions GmbH, Servicegesellschaft für Zahlungssysteme mbH, Easycash GmbH*	Germany	100%	FC
INGENICO INTERNATIONAL (PACIFIC) PTY LTD	6 Prosperity Parade, Warriewood NSW 2102, *along with its wholly-owned subsidiary Europa Communications Ltd*	Australia	100%	FC
INGENICO INTERNATIONAL (SINGAPORE) PTE LTD	390 Havelock Road #03-03 King's Centre, Singapore 169662	Singapore	100%	FC
INGENICO UK LTD	Ridge Way - Donibristle Industrial Estate Dalgety Bay - Dunfermline FIFE JY11 5JU Scotland, *along with its wholly-owned subsidiaries Ingenico Ireland Ltd and Sagem Matsu and its Norwegian subsidiary Mynt Betal (50.13% stake)*	U.K.	100%	FC
INGENICO IBERIA SL	c/ Ribera del Loira, 4 y 6 - 4ª planta, Campo de las Naciones, 28042 Madrid, *along with its subsidiary Ingenico Barcelona S.A. (99.99% stake)*	Spain	100%	FC
INGENICO CORP	6195 Shiloh Road, Suite D Alpharetta, Georgia 30005, *along with its American and Canadian subsidiaries, all wholly-owned*	U.S.	100%	FC
INGENICO IVI INC	9155 South Date Land Blvd - Suite 1408 Miami, Florida 33156, *along with its wholly-owned subsidiary in Mexico*	U.S.	100%	FC
DESCARTES INC	6 Colonail Lake Drive, Lawrenceville, New Jersey, USA	U.S.	100%	FC
INGENICO DO BRASIL LTDA	Rua Tomé de Souza, 15-8 floor - Sao Bernardo do Campo - Sao Paulo *along with its subsidiaries and branches in Columbia, Venezuela, Argentina and Chile*	Brazil	100%	FC
INGENICO ITALIA SPA	Via Stephenson 43/a - 20157 Milano, *along with its wholly-owned subsidiary EPOS Italia SpA*	Italy	100%	FC
INGENICO ELECTRONIC EQUIPMENT CO LTD	C/D 8F, Block B Wangjing Tower No. 9 Wangjing Zhong Huan Nan Rd., Beijing, China 100102	China	100%	FC

Corporate name	Address	Country	% hel Ingenico SA	Accounting method
CONSOLIDATED SUBSIDIARIES				
AUTO GAIN HONG KONG LTD.	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, *along with its subsidiary Landi (68% stake, but fully consolidated)*	Hong Kong	100%	FC
INGENICO KOREA	Woorim Lion's Valley Road - A606B 371-28 Gasan-Dong Geumchun-Gu Seoul Korea Postal Code 153-786	South Korea	100%	FC
INGENICO SOFTWARE SERVICES PHILIPPINES INC.	15 & 17 Floors pearl Bank Center - 146 Valero, Salce do Village Mkt, Philippines	Philippines	100%	FC
INGENICO INTERNATIONAL PRIVATE INDIA LTD	D-4, Ground Floor, Street # 1, Chandra Shekhar Azad Road, Laxmi Nagar - New Delhi - 110092, Delhi, India	India	100%	FC
INGENICO SWITZERLAND SA	Impasse des Ecureuils 2, Case postale 56, CH-1763 Granges-Paccot	Switzerland	100%	FC
INGENICO HUNGARY	1022 Budapest,Bég u. 3-5.	Hungary	100%	FC
INGENICO EASTERN EUROPE I SARL	23, avenue de la Porte Neuve, L-2227 Luxembourg, *along with its wholly-owned subsidiary Ingenico Polska*	Luxembourg	100%	FC
INGENICO INVESTMENT LUXEMBOURG SA	10 bd Royal, L2449 Luxembourg	Luxembourg	100%	FC
INGENICO CIS	Godovikova Street, 9 - 119085, Moscow - Russia	Russia	99%	FC
INGENICO CZ S.R.O.	Myslíkova 173/25 - 110 00, Praha 1 - Czech Republic	Czech Republic	100%	FC
INGENICO ÖDEME	ITU Ayazaga Kampuzu Ari 2 Binasi B blok N° 6/1 Koruyolu 34469 Maslak Istambul *along with its wholly-owned subsidiary Ingenico Elektronik*	Turkey	100%	FC

6. ACQUISITIONS AND DIVESTITURES

Acquisitions

6.1 Acquisition of Easycash

Description of the transaction

On September 25, 2009, Ingenico announced the acquisition of 100 percent of Easycash Beiteilingungen GmbH, a leading payment services provider based in Germany. Easycash covers the whole payment value chain in POS terminal services, transaction processing and loyalty programs. The aim of this acquisition was to expand Ingenico's presence across the transaction services value chain.

On November 4, 2009, Ingenico announced that it had received the approval of the German anti-trust authorities and of the Ingenico S.A. works council required to buy out Easycash.

The transaction was closed on November 30, 2009.

To finance this deal, Ingenico negotiated a €270 million structured loan with a banking syndicate. The Group used €210 million of that amount to pay for the acquisition and set aside the remaining €60 million to meet the Group's working capital requirements. This loan replaced the syndicated loan arranged in 2007.

Scope

The Easycash Group includes the following entities:

- Easycash Beteiligungen GmbH
- Easycash Vertriebsgesellschaft mbH
- Easycash Verwaltungsgesellschaft mbH
- Easycash Holding GmbH
- Easycash Projekt GmbH
- Easycash Loyalty Solutions GmbH
- Servicegesellschaft für Zahlungssysteme mbH
- Easycash GmbH

The Easycash acquisition was carried out through DI Deutsche Ingenico Holding GmbH, an entity set up in the fourth quarter of 2009 as the holding company for Ingenico's equity interests in Germany.

Acquisition cost

The consideration paid by Ingenico for the acquisition totaled €291 million, an amount that breaks down as follows:
- €157.2 million, the purchase price for Easycash's shares, including €3.3 million in acquisition expenses, plus €9 million in cash acquired.
- €128.2 million to repay loans and advances from shareholders. As of the effective date of the acquisition, intra-Group loans were put in place to finance the Easycash group of companies.

Goodwill

The goodwill arising on the acquisition was €214.5 million, as explained in Note 12 below.

Contribution of Easycash to the Group's financial position in 2009 (December 2009)

Easycash contributed the following to the Ingenico Group's consolidated financial position:

- €9.2 million to revenue.
- €1.3 million to profit from ordinary activities.
- €0.3 million to net profit.

6.2 Investment in Fixed & Mobile Pte Ltd (Singapore) and Roam Data (U.S.).

These two investments were completed during the second half of 2009 through Ingenico Ventures S.A.S., a Group subsidiary created in May 2009 whose main function is to purchase and manage a portfolio of financial instruments.

Acquisition cost

- $3 million (or €2.2 million) to acquire a 38.27 percent stake in Fixed & Mobile Pte Ltd.
- $6.5 million (or €4.8 million) to acquire a 43.92 percent stake in Roam Data.

The call options included in the acquisition agreements, which are exercisable as of 2012 for the outstanding Fixed & Mobile Pte Ltd. shares and as of 2014 for the outstanding Roam Data shares, were not valued at December 31, 2009, since they are deemed to have negligible value such a short time after the acquisitions and with the exercise dates so far in the future.

Goodwill

Based on Ingenico's share of the net assets of these two entities, Goodwill prior to allocation is included in the line item "Investments in associates":
- €1.2 million for Fixed & Mobile Pte Ltd.
- €3.1 million for Roam Data.

Contribution to the Group's financial position in 2009 (December 2009)

Ingenico's share of the profit or loss of these entities led to recognition of a €0.3 million loss:
- A €0.2 million loss on Fixed & Mobile Pte Ltd.
- A €0.1 million loss on Roam Data.

Divestitures

6.3 Disposal of Sagem Denmark and Manison Finland

Description of the transaction

On June 11, 2009, the Group sold its subsidiaries Sagem Denmark and Manison Finland to BBS, a provider of electronic ID, payment and information solutions in the Nordic countries.

The disposal is coupled with a strategic partnership for the distribution by BBS of Ingenico's Telium-based terminals in this region.

Transaction price

At June 30, 2009, the Group received cash consideration of €38 million for the transaction. The additional consideration of €3.1 million provided for in the June sales agreement was ultimately changed to €2.5 million and paid to Ingenico in February 2010. This brought the total consideration to €40.5 million.

Contribution of the divested entities to the Group's financial position

The effect of these divestitures was to reduce consolidated net profit by €1.2 million.
At December 31, 2009, the Group recorded a gain of €27.9 million on these transactions, representing the consideration received, net of cash disposed of.

In 2009 (6 months) and 2008 (9 months), these two entities respectively contributed the following to the Group's consolidated financial position:
- €16.8 million and €30.1 million to revenue.
- €1.6 million and €3.6 million to profit from ordinary operations.
- €0.7 million and €3.3 million to net profit.

6.3 Disposal of Moneyline Banking Systems

Description of the transaction

On December 30, 2009, Ingenico sold 40,310 of the 59,000 shares that made up the share capital of its subsidiary Moneyline Banking Systems (MBS) to Cordouan Invest, a group of investors, and did not subscribe for the subsequent €1 million cash increase in the share capital of MBS. As a result, the Group's stake in MBS was reduced to 15 percent at December 31, 2009. This disposal was accompanied by a commitment by Cordouan Invest to purchase the remaining 15 percent of the shares at the option of Ingenico as of 2013, and by license agreements covering the brand names and the provision of products and services. This option is deemed to have negligible value.

Transaction price

The transaction price was set at €1 and paid on the date of transaction.

Contribution of the divested entity to the Group's financial position

The effect of this divestiture was to reduce consolidated net profit by €1.5 million. This loss reflected the commitment by Ingenico S.A. to assume the risks associated with four legal disputes in which MBS was involved prior to the disposal.
In cash flow terms, a loss of €0.2 million was recorded at December 31, 2009, representing the consideration received, net of cash disposed of.

In 2009 and 2008 respectively, MBS contributed the following to the Group's consolidated financial position:
- €3.3 million and €4.1 million to revenue.
- A €1.5 million loss and a €2.1 million loss to profit from ordinary activities.
- A €0.1 million loss and a €2.0 million loss to net profit.

7. SEGMENT REPORTING

Breakdown of segment profit or loss

At December 31, 2009, segment profit or loss broke down as follows:

Breakdown of segment profit or loss (in thousands of euros)	Northern Europe	Southern Europed	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/ Africa	Unallo-cated*	Eliminations	Consoli-dated
External revenue	114,746	177,844	69,177	102,234	130,275	103,134	3,273		700,684
Inter-segment revenue	12,620	9,071	167	132	4,678	37,278	214,546	(278,491)	0
TOTAL REVENUE	**127,365**	**186,915**	**69,344**	**102,366**	**134,954**	**140,412**	**217,820**	**(278,491)**	**700,684**
Profit from ordinary activities	12,841	25,442	9,070	3,115	2,935	7,749	(316)		60,835
Profit from operations	11,260	23,791	15,058	1,526	2,104	7,327	(13,619)		47,448
Total finance costs									(2 204)
Share of profits of associates									(283)
Income tax									(18 121)
PROFIT FOR THE PERIOD									**26,840**
ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS									**26,840**
Revenue by location of customers is as follows:									
External revenue	105,448	179,518	77,938	105,087	135,288	97,405			700 684

(*) Unallocated items are head-office costs not assigned to geographical segments. The 2009 contribution of Moneyline Banking Systems (MBS), an entity disposed of in December, was reported under the Unallocated heading: €3,274,000 to external revenue, (€1.325,000) to profit from ordinary activities and (€1,382,000) to profit from operations.

At December 31, 2008, segment profit or loss broke down as follows:

Breakdown of segment profit or loss (in thousands of euros)	Northern Europe	Southern Europed	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/ Africa	Unallo-cated*	Eliminations	Consoli-dated
External revenue	125,339	167,750	65,841	105,123	129,953	133,532	481		728,017
Inter-segment revenue	7,067	5,814	208	927	10,774	35,286	219,689	(279,766)	0
TOTAL REVENUE	**132,407**	**173,563**	**66,048**	**106,050**	**140,727**	**168,818**	**220,170**	**(279,766)**	**728,017**
Profit from ordinary activities	14,039	25,965	12,041	10,388	5,130	12,149	(7,731)		71,981
Profit from operations	12,445	25,044	6,235	9,328	2,741	19,944	(18,227)		57,510
Total finance costs									(7,446)
Income tax									(13,382)
Profit for the period									36,682
PROFIT FOR THE PERIOD									**36,682**
ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS									**36,683**
Revenue by location of customers is as follows:									
External revenue	111,156	169,432	74,399	109,679	135,072	128,281			728,017

(*) Unallocated items are head-office costs not assigned to geographical segments.
(**) The €1,000,000 impairment loss on Moneyline Banking Systems is included in the Southern Europe segment.

At December 31, 2007, segment profit or loss broke down as follows:

Breakdown of segment profit or loss (in thousands of euros)	Northern Europe	Southern Europed	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/ Africa	Unallo-cated*	Eliminations	Consoli-dated
External revenue	102,100	138,988	44,106	107,899	106,359	67,620	785		567,857
Inter-segment revenue	2,164	4,189	612	1,455	9,215	14,221	164,778	(196,633)	0
TOTAL REVENUE	**104,264**	**143,177**	**44,718**	**109,353**	**115,573**	**81,841**	**165,563**	**(196,633)**	**567,857**
Profit from ordinary activities	7,485	12,306	1,225	6,099	11,666	5,153	18,576		62,509
Profit from operations	9,462	10,224	2,323	5,881	11,655	4,056	13,422		57,023
Total finance costs									(8,829)
Income tax									(8,702)
PROFIT FOR THE PERIOD									**39,492**
ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS									**39,447**
Revenue by location of customers is as follows:									
External revenue	102,569	135,635	53,146	110,495	106,355	59,657			567,857

(*) Unallocated items are head-office costs not assigned to geographical segments. (**) The impairment losses on MBS and Ingenico Switzerland, respectively €500,000 and €1,000,000, are included in the Southern Europe segment.

The revenue and profit from operations generated by companies contributing to several segments have been broken down by geographical area. This restatement was carried out for 2007 and 2008.

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

Depreciation and amortization expense and expenses with no impact on cash flow are broken down as follows at December 31, 2009:

Breakdown of depreciation and amortization expense and expenses with no impact on cash flow (in thousands of euros)	Northern Europe	Southern Europe	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/ Africa	Eliminations	Consoli-dated
Depreciation and amortization expense	2,434	29,325	2,336	1,534	2,197	1,235		39,061
Additions to provisions, net of reversals and IFRS 2 expenses	(995)	6,148	505	455	1,835	758		8,706

Depreciation and amortization expense and expenses with no impact on cash flow are broken down as follows at December 31, 2008:

Breakdown of depreciation and amortization expense and expenses with no impact on cash flow (in thousands of euros)	Northern Europe	Southern Europe	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/ Africa	Eliminations	Consoli-dated
Depreciation and amortization expense	1,645	25,985	1,250	1,540	1,302	1,391		33,114
Additions to provisions, net of reversals and IFRS 2 expenses	93	6,597	707	(822)	1,933	996		9,505

Depreciation and amortization expense and expenses with no impact on cash flow are broken down as follows at December 31, 2007:

Breakdown of depreciation and amortization expense and expenses with no impact on cash flow (in thousands of euros)	Northern Europe	Southern Europe	Asia-Pacific	North America	Latin America	Central Europe/ Middle East/ Africa	Eliminations	Consoli-dated
Depreciation and amortization expense	2,133	13,731	1,420	2,028	624	1,131		21,067
Additions to provisions, net of reversals and IFRS 2 expenses	1,819	11,920	0	1,439	1,498	(6)		16,670

Breakdown of segment assets and liabilities

Segment assets and liabilities are broken down as follows at December 31, 2009:

Analyse des actifs et des passifs sectoriels (en milliers d'euros)	Europe du Nord	Europe du Sud	Pacifique / Asie	Amérique du Nord	Amérique Latine	Europe centrale / Moyen Orient / Afrique	Eliminations	Consolidé
Goodwill	228,908	66,908	23,747	66,527	7,364	20,774		414,228
Autres actifs sectoriels hors groupe	196,643	224,970	58,539	51,692	64,540	21,343		617,728
Impots différés actifs								23,341
Créances d'impôts courants								9,456
Créances financières								3,568
Instruments dérivés								3,433
Actifs destinés à la vente								
TOTAL ACTIF	**425,551**	**291,878**	**82,286**	**118,219**	**71,904**	**42,117**		**1,071,752**
Passifs sectoriels hors groupe	51,067	113,442	41,091	15,481	44,194	16,525		281,800
Situation nette de l'ensemble consolidé								493,088
Impôts différés passifs								43,289
Dette d'impôt courant								17,124
Dettes financières								235,645
Instruments dérivés								806
Passifs destinés à la vente								0
TOTAL PASSIF	**51,067**	**113,442**	**41,091**	**15,481**	**44,194**	**16,525**		**1,071,752**

The sharp rise in goodwill and other external segment assets results from the Easycash acquisition.

Segment assets and liabilities are broken down as follows at December 31, 2008:

Analyse des actifs et des passifs sectoriels (en milliers d'euros)	Europe du Nord	Europe du Sud	Pacifique / Asie	Amérique du Nord	Amérique Latine	Europe centrale / Moyen Orient / Afrique	Eliminations	Consolidé
Goodwill	38,951	52,027	20,793	66,917	5,701	37,048		221,437
Autres actifs sectoriels hors groupe	60,055	316,250	62,520	35,262	45,600	13,754		533,442
Impots différés actifs								20,631
Créances d'impôts courants								8,602
Créances financières								3,265
Instruments dérivés								162
Actifs destinés à la vente								0
TOTAL ACTIF	**99,006**	**368,277**	**83,313**	**102,179**	**51,302**	**50,802**		**787,539**
Passifs sectoriels hors groupe	24,698	113,697	47,373	17,949	26,663	2,018		232,398
Situation nette de l'ensemble consolidé								455,102
Impôts différés passifs								24,216
Dette d'impôt courant								5,184
Dettes financières								68,167
Instruments dérivés								2,472
Passifs destinés à la vente								0
TOTAL PASSIF	**24,698**	**113,697**	**47,373**	**17,949**	**26,663**	**2,018**		**787,539**

Segment assets and liabilities are broken down as follows at December 31, 2007:

Analyse des actifs et des passifs sectoriels (en milliers d'euros)	Europe du Nord	Europe du Sud	Pacifique / Asie	Amérique du Nord	Amérique Latine	Europe centrale / Moyen Orient / Afrique	Eliminations	Consolidé
Goodwill	813	24,963	2,908	55,434	0	22,206		106,324
Autres actifs sectoriels hors groupe	42,140	174,787	23,244	53,305	39,914	17,497		350,887
Impots différés actifs								19,391
Créances d'impôts courants								4,111
Créances financières								1,295
Instruments dérivés								274
Actifs destinés à la vente								0
TOTAL ACTIF	**42,952**	**199,750**	**26,152**	**108,739**	**39,914**	**39,703**		**482,281**
Passifs sectoriels hors groupe	17,324	94,210	14,262	25,655	17,560	1,247		170,257
Situation nette de l'ensemble consolidé								195,923
Impôts différés passifs								835
Dette d'impôt courant								2,280
Dettes financières								111,273
Instruments dérivés								1,713
Passifs destinés à la vente								0
TOTAL PASSIF	**17,324**	**94,210**	**14,262**	**25,655**	**17,560**	**1,247**		**482,281**

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

Acquisition costs for property, plant and equipment and intangible assets are broken down as follows at December 31, 2009:

Analyse du coût d'acquisition des immobilisations corporelles et incorporelles (en milliers d'euros)	Europe du Nord	Europe du Sud	Pacifique / Asie	Amérique du Nord	Amérique Latine	Europe centrale / Moyen Orient / Afrique	Eliminations	Consolidé
Coût des acquisitions d'immobilisations corporelles et incorporelles	(732)	(18,223)	(400)	(397)	(3,325)	(84)		(23,161)

Acquisition costs for property, plant and equipment and intangible assets are broken down as follows at December 31, 2008:

Analyse du coût d'acquisition des immobilisations corporelles et incorporelles (en milliers d'euros)	Europe du Nord	Europe du Sud	Pacifique / Asie	Amérique du Nord	Amérique Latine	Europe centrale / Moyen Orient / Afrique	Eliminations	Consolidé
Coût des acquisitions d'immobilisations corporelles et incorporelles	(1,395)	(15,998)	(484)	(651)	(2,983)	(240)		(21,752)

Acquisition costs for property, plant and equipment and intangible assets are broken down as follows at December 31, 2007:

Analyse du coût d'acquisition des immobilisations corporelles et incorporelles (en milliers d'euros)	Europe du Nord	Europe du Sud	Pacifique / Asie	Amérique du Nord	Amérique Latine	Europe centrale / Moyen Orient / Afrique	Eliminations	Consolidé
Coût des acquisitions d'immobilisations corporelles et incorporelles	(754)	(9,188)	(354)	(1,315)	(517)	(3,643)		(15,772)

8. COSTS BY NATURE AND OTHER EXPENSES

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

Personnel costs are broken down as follows:

(in thousands of euros)	2007	2008	2009
Wages and salaries	71,872	91,825	101,133
Social security contributions	19,276	28,094	33,511
Retirement and other defined-benefit plan expenses	67	151	(915)
Provisions for retirement indemnities	461	304	456
Stock options and free shares	6,439	8,539	6,663
TOTAL	**98,114**	**128,913**	**140,848**

Depreciation and amortization expense and impairment breaks down as follows:

(in thousands of euros)	2007	2008	2009
Additions/(reversals)			
Amortization and provisions for intangible assets	11,391	17,613	25,707
Depreciation and provisions for property, plant and equipment	6,559	8,399	11,484
Goodwill impairment	1,077	1,000	1,829 (1)
Impairment of inventories	(2,685)	2,977	1,542
Impairment of trade receivables	1,706	(1,098)	2,371
Impairment of financial assets	1	6,216	40
TOTAL	**18,048**	**35,107**	**42,974**

(1) MBS Reclassification of (€1,829) from "Impairment of financial assets" to "Goodwill impairment".

Direct costs break down as follows:

(in thousands of euros)	2007	2008	2009
Cost of terminals	(239,235)	(323,669)	(279,460)
Cost of services and software	(74,265)	(79,942)	(95,524)
TOTAL DIRECT COSTS	(313,500)	(403,610)	(374,984)
Indirect costs	(46,296)	(52,748)	(54,796)
TOTAL COST OF SALES	**(359,795)**	**(456,358)**	**(429,780)**

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

(in thousands of euros)	2007	2008	2009
Amount of research and development recognized	3,226	5,723	7,961
Total R&D expenditure (costs and investment) (*)	46,188	67,551	83,600
SHARE OF RECOGNIZED R&D EXPENDITURE AS %	**7%**	**8%**	**10%**

(*) After 2009 research tax credit of €1,781,000 (€2,621,000 in 2008).

9. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses include:

(in thousands of euros)	2007	2008	2009
Restructuring costs	(6,086)	(9,051)	(9,787)
Litigation expenses	(579)	701	(276)
Gains/(losses) on disposal of assets	2,002		(2,725)
Impairment loss on an available-for-sale asset		(6,414)	
Disposal or retirement of property, plant and equipment or intangible assets, etc.	(822)	293	(599)
TOTAL	**(5,485)**	**(14,471)**	**(13,387)**

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

- A total of €9.8 million in restructuring charges incurred in connection with the reorganization of Group activities, chiefly Research & Development. That amount breaks down as follows:
  - €3.9 million to cover the cost of measures for the benefit of Ingenico Barcelona employees.
  - €2.3 million in additional, non-recurring costs related to the migration of applications to the Telium platform.
  - A loss of €3.6 on the sale, discontinuation or reorganization of operations.

- Losses on the disposal of Group subsidiaries: a €1.2 million loss on the disposal of Sagem Denmark and Manison Finland in June 2009, and a €1.5 million loss on the disposal of Moneyline Banking Systems in December 2009.

In 2008, the non-recurring net expense of €14.5 million primarily included the following:

- Restructuring charges incurred when operations were sold, discontinued or reorganized, along with the cost of measures for the benefit of employees affected by staff adjustment programs: €5.2 million at Ingenico Barcelona, mainly as part of the redeployment of Research & Development activities within the Group; and in France, €2.3 million in restructuring fees and €1.1 million in layoff costs.

- A net gain of €0.7 million on legal and business litigation that includes sums committed for the Company's defense and sums received or paid when litigation was settled.

In 2007, the net non-recurring expense of €5.5 million primarily included the following:

- €1.1 million in restructuring charges incurred in connection with the reorganization of Group activities, chiefly in Asia, plus €5 million, the cost of measures for the benefit of employees affected by staff adjustment programs, primarily in France and the United Kingdom.

- €0.6 million in net legal and business litigation expense.

- A net gain of €2 million on the disposal of the on-board taxi automation business of Australian company Europa.

10. NET FINANCE COSTS

Net finance costs are broken down as follows:

(in thousands of euros)	2007	2008	2009
Interest expense on convertible bonds	(2,978)		
Other interest expense	(4,224)	(2,656)	(3,331)
INTEREST EXPENSE, NET	**(7,202)**	**(2,656)**	**(3,331)**
Income from cash and cash equivalents	1,195	2,095	1,840
NET FINANCE COSTS	**(6,007)**	**(561)**	**(1,492)**
Foreign exchange gains	6,581	42,217	32,359
Foreign exchange losses	(12,075)	(44,094)	(34,601)
FOREIGN EXCHANGE GAINS AND LOSSES	**(5,494)**	**(1,877)**	**(2,243)**
Gains on disposal of interest rate hedging instruments	630	130	0
Gains/(losses) on short-term investments (remeasurement, disposal)	1,684	(64)	(356)
Other financial income	854	648	3,026
Other financial expenses	(496)	(5,723)	(1,139)
OTHER FINANCIAL INCOME AND EXPENSES, NET	**2,672**	**(5,008)**	**1,531**
TOTAL FINANCE COSTS	**(8 830)**	**(7 446)**	**(2 204)**

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

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

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

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

In 2008, short- and medium-term loans contracted by the parent company and Ingenico Brazil accounted for the bulk of interest expense. The interest expense recorded by the parent company was related to the drawdown in late December of the entire A Tranche of the syndicated loan arranged in May 2007. The sharp decline in interest expense in 2008 can be attributed to positive developments in terms of cash and debt. Cash inflows virtually doubled and the Group went from a net debt position to a net cash position following the buyback and conversion of OCEANE-type convertible bonds.

Income from cash and cash equivalents consisted of interest on cash equivalents and short-term investments.

Foreign exchange losses totaled €1.9 million.

Other financial income and expenses showed a net negative balance of €5 million. The explanation for this lies mainly with the devaluation of the Brazilian real against the U.S. dollar and its effect on an interest rate security backed by a loan in real.

In 2007, net interest expense broke down as follows:

- €3 million in interest expense on OCEANE-type convertible bonds.
- Interest expense, primarily on medium-term loans and bank overdrafts contracted by the parent company in mid-2005, which were fully repaid in May 2007; a new €150 million loan contracted in May 2007 in the form of two lines of credit, on which €25 million had been drawn down at December 31, 2007; and bank overdrafts.

Income from cash and cash equivalents consisted of interest on cash equivalents and short-term investments.

Foreign exchange losses totaled €5.5 million.

Other financial income and expenses showed a positive balance of €2.7 million, including €1.7 million in gains on disposals and fair value adjustments to financial assets and short-term investments.

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

Items recognized in profit or loss	2007	2008	2009
Interest income on bank deposits	670	528	900
Income from sale of financial assets held for trading	5,312	2,209	3,578
FINANCIAL INCOME	**5,982**	**2,738**	**4,477**
Change in fair value of financial assets held for trading	(1,589)	(262)	(193)
Net forex loss	(5,211)	(1,118)	(3,160)
Ineffective portion of the change in fair value of exchange rate cash flow hedging instruments	(283)	(823)	797
Ineffective portion of the change in fair value of interest rate cash flow hedging instruments	(1)	0	0
Interest expense on borrowings stated at amortized cost	(7,728)	(7,980)	(4,125)
FINANCIAL EXPENSE	**(14,812)**	**(10,183)**	**(6,681)**
TOTAL FINANCE COSTS	**(8,830)**	**(7,446)**	**(2,204)**

Items directly recognized in equity	2007	2008	2009
Net change in fair value of available-for-sale financial assets	(489)	489	0
Effective portion of the change in fair value of exchange rate cash flow hedging instruments	(1,808)	(173)	2,381
Effective portion of the change in fair value of interest rate cash flow hedging instruments	(170)	1	147
RECOGNIZED IN FAIR VALUE RESERVE	**(2,467)**	**318**	**2,528**

11. INCOME TAX

Income tax expense on the earnings of consolidated companies

(in thousands of euros)	2007	2008	2009
Current tax payable	(10,068)	(18,677)	(23,047)
Deferred tax	1,366	5,295	4,926
TOTAL	**(8,702)**	**(13,382)**	**(18,121)**

In 2009, income tax expense for the period mainly reflects:

• Current tax payable by Ingenico S.A., Ingenico France (ex-Sagem Monetel), Ingenico do Brasil and Ingenico Italia.

• Tax savings from the recognition of deferred tax assets – mainly in Brazil, Australia and France – to account for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Business tax reform and introduction of the Contribution Economique Territoriale (CET) tax

Following the reform of French local business tax, the Ingenico Group resolved to classify the Cotisation sur la Valeur Ajoutée des Entreprises (CVAE) under income taxes (cf. "Accounting principles and methods").

Consequently, since the Budget Bill was passed in 2009, a deferred income tax expense of €868,000 was recognized as of December 31, 2009.

This deferred income tax expense – calculated based on the net carrying amount of depreciable assets of French companies – is shown in "Income tax" on the consolidated income statement.

In 2008, income tax expense for the period mainly reflected tax payable by Ingenico France (ex-Sagem Monetel) and by Ingenico in Canada, Italy and the United Kingdom. Tax savings resulted from the use and recognition as tax assets of previously unrecognized loss carry-forwards, particularly in France and Australia.

In 2007, income tax expense for the period mainly reflected tax payable in Latin America, North America, the United Kingdom, Italy and Spain. Tax losses were carried forward and recognized as deferred tax assets in France to the extent that profits were expected to result in taxable income.

Group book-to-tax reconciliation

Corporate income tax is calculated by applying the effective tax rate at the balance sheet date to profit or loss before income taxes at December 31, 2009. In France, deferred income tax is calculated using the latest enacted tax rate, which is 34.43 percent for 2009 onward.

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

Reconciliation between total tax expense and profit before income taxes

(in thousands of euros)	2007	2008	2009
Net profit/(loss) for the period (excl. share of associates' profit)	39,492	36,682	27,123
Corporate income tax	(8,702)	(13,382)	(18,121)
Profit/(loss) before income taxes	48,194	50,064	45,244
Tax rate - France	34,43%	34,43%	34,43%
Prima facie tax expense	(16,593)	(17,237)	(15,578)
Difference between the French tax rate and that of foreign subsidiaries	217	1,696	2,242
Tax losses for the period and temporary differences not recognized as deferred tax assets	(1,822)	(1,398)	(3,103)
Temporary differences and loss carry-forwards recognized as deferred tax assets			2,702
Use of tax loss carry-forwards recognized as deferred tax assets	16,860	7,928	2,891
Tax credits		2,417	1,562
Effect of permanent differences	(7,363)	(6,788)	(8,837)
TOTAL	**(8,702)**	**(13,382)**	**(18,121)**
Deferred taxes recognized in the balance sheet	18,06%	26,73%	40,05%

Change in deferred tax

(in thousands of euros))	Deferred tax assets from tax loss carry-forwards	Deferred tax assets from temporary differences	Total deferred tax assets	Total deferred tax liabilities	Total deferred tax, net
AT DECEMBER 31, 2006	12,182	2,211	14,393	(734)	13,659
Deferred tax recognized in profit or loss	(2,051)	2,996	945	421	1,366
Deferred tax recognized in equity		2,658	2,658	(860)	1,798
Translation differences	(104)	(177)	(282)	(28)	(310)
Other movements	2,043	(367)	1,676	367	2,043
AT DECEMBER 31, 2007	12,070	7,320	19,391	(835)	18,556
Deferred tax recognized in profit or loss	(2,574)	1,526	(1,048)	6,342	5,295
Deferred tax recognized in equity	148	3,873	4,021	(30,299) (1)	(26,278)
Translation differences	(460)	(496)	(956)	(203)	(1,159)
Other movements		(778)	(778)	778	
AT DECEMBER 31, 2008	9,184	11,445	20,631	(24,216)	(3,586)
Deferred tax recognized in profit or loss	(2,173)	2,742	569	4,357	4,926
Deferred tax recognized in equity		883	883	(23,546) (2)	(22,663)
Translation differences	469	1,032	1,501	13	1,514
Other movements	(538)	292	(243)	103	(140)
AT DECEMBER 31, 2009	6,942	16,394	23,341	(43,289)	(19,948)

(1) This figure includes deferred tax liabilities resulting from the allocation of the acquisition price of Sagem's Payment Terminal business and of the Fujian Landi company to these entities' identifiable assets and liabilities.
(2) This figure includes deferred tax liabilities resulting from the allocation of the acquisition price of the Easycash group to its identifiable assets and liabilities.

Breakdown by type of temporary difference

(in thousands of euros)	2007	2008	2009
Deferred tax assets by type of temporary difference			
Property, plant and equipment and intangible assets	(1,489)	(2,236)	613
Post-employment employee benefits	4,860	5,208	2,382
Inventories, receivables, payables and provisions	4,682	9,331	12,810
Non-recovered tax losses and credits	12,071	9,184	6,942
Other (financial instruments)	(732)	(856)	594
TOTAL DEFERRED TAX ASSETS	19,391	20,631	23,341
Deferred tax liabilities by type of temporary difference			
Property, plant and equipment and intangible assets	(854)	(27,113)	(47,013)
Post-employment employee benefits	9	767	350
Inventories, receivables, payables and provisions	4	2,042	2,713
Non-recovered tax losses and credits			662
Other (financial instruments)	5	88	(1)
TOTAL DEFERRED TAX LIABILITIES	(835)	(24,216)	(43,289)
TOTAL DEFERRED TAX, NET	**18,556**	**(3,585)**	**(19,948)**

Breakdown of unrecognized deferred tax assets

(in thousands of euros))	2007	2008	2009
Deferred tax from tax loss carry-forwards	15,263	10,164	6,583
Deferred tax from temporary differences	267	3,614	4,991
TOTAL	**15,530**	**13,778**	**11,574**

12. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

(in thousands of euros)	2007	2008	2009
AT JANUARY 1	**89,987**	**106,324**	**221,437**
Investments (1)	21,737	118,623	217,381
Disposals (Denmark & Manison - Moneyline Banking Systems)			(25,882)
Impairment losses	(2,577)	(1,000)	
Translation differences	416	(4,880)	1,416
Other	(3,239)	2,370	(126)
AT DECEMBER 31	**106,324**	**221,437**	**414,227**

(1) Investments mainly reflect the acquisition of Easycash for €214.5 million and a €2.8 million increase in the present value of the Landi put.

Breakdown of goodwill

	2007			2008			2009		
Cash-generating units (in thousands of euros)	Gross carrying amount	Total impairment losses	Net carrying amount	Gross carrying amount	Total impairment losses	Net carrying amount	Gross carrying amount	Total impairment losses	Net carrying amount
Asia	3,284	(376)	2,908	18,337	(376)	17,961	20,536	(376)	20 160
Pacific	4,417	(4,417)	0	6,483	(3,651)	2,832	8,210	(4 623)	3 586
Central Europe / Middle East / Africa	22,206		22,206	35,781		35,781	35,722		35 722
France	21,114		21,114	35,235		35,235	35,235		35 235
Germany				5,523		5,523	220,004		220 004
Spain				5,708		5,708	5,708		5 708
Italy	2,611	(1,096)	1,515	12,113	(1,096)	11,017	12,113	(1 096)	11 017
Latin America				5,701		5,701	7,364		7 364
North America	55,434		55,434	66,917		66,917	66,527		66 527
Northern Europe	919	(107)	813	33,455	(27)	33,428	8,950	(46)	8 903
Moneyline Banking Systems	2,834	(500)	2,334	2,834	(1,500)	1,334			
TOTAL	**112,819**	**(6,495)**	**106,324**	**228,088**	**(6,650)**	**221,437**	**420,368**	**(6 142)**	**414 227**

In 2009

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

Goodwill on Easycash

A provisional allocation of the Easycash acquisition price was performed and will be finalized no later than 12 months after Ingenico has taken control of the company. The items likely to be adjusted relate to the fair value of contributed assets and liabilities. Additional analyses could lead to adjustments in the opening balance sheet.

After allocation, goodwill on the acquisition of Easycash was €214,481,000.

• An initial measurement of assets and liabilities at fair value was performed with the help of external consultants. This led to the identification of intangible assets with a total value of €74.8 million that had not been recognized in the financial statements of Easycash:

- Customer relations valued at €70.1 million, amortizable over 6, 10 or 12 years, depending on the type of business and/or customer base.
- Software development technology valued at €4.7 million, amortizable over 3 to 7 years.

• Deferred tax liabilities resulting from these revaluations totaled €22.3 million.

(In thousands of euros)	Carrying amount at acquisition date	Restatements	Restated amounts at acquisition date
Non-current assets	24.8	74.8	99.6
Current assets	34.3		34.3
TOTAL ASSETS	**59.1**	**74.8**	**133.9**
Non-current liabilities	144.4	22.3	166.7
Current liabilities	24.6		24.6
TOTAL LIABILITIES	**169.0**	**22.3**	**191.3**
Net assets	(109.8)	52.5	(57.3)
Goodwill			214.5
Cost of shares purchased			166.2
Net cash acquired			9.0
COST OF SHARES PURCHASED, AFTER CASH ACQUIRED			157.2

Since Easycash conducts all of its business in Germany, this goodwill was allocated to the Germany cash-generating unit in 2009.

Impairment losses

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

In 2008

The increase in goodwill was primarily due to the acquisition, in the first half of 2008, of Sagem's Payment Terminal business for €106.9 million and Fujian Landi for €10.8 million. The other changes reflected buyouts of minority interests and a subsequent adjustment to the initial goodwill amount for the Group's Turkish subsidiary.

Impairment losses

Impairment tests conducted in the fourth quarter of 2008 led the Group to recognize a goodwill impairment loss of €1 million on Moneyline Banking Systems.

In 2007

The increase in goodwill was primarily due to the acquisition of the Turkish distributor Planet. The transaction was completed on July 13, 2007 for consideration totaling €26 million, of which €6 million was paid in shares, representing a capital increase of 271,064 Ingenico shares. Share premiums after deduction of share issuance costs totaled €5,310,000. Additional consideration of €2,629,000 was paid in August 2007.

Impairment losses

Goodwill recognized for Europa was written down to zero following the disposal of its on-board taxi automation business in June 2007 (€1,077,000).

Impairment tests conducted in the fourth quarter of 2007 led the Group to recognize the following goodwill impairment losses:

- €1,000,000 on Ingenico Switzerland.
- €500,000 on Moneyline Banking Systems.

Adjustments to goodwill

The Group made adjustments to goodwill to reflect:

- The adjustment to goodwill for North America following the use in 2007 of tax loss carry-forwards totaling €2,403,000 that existed at the time of the acquisition (2001) but had not been recognized as deferred tax assets.
- The reversal of unused provisions for Moneyline Banking Systems, Ingenico S.A. and Ingenico Electronic Equipment totaling €1,196,000.

Goodwill impairment tests

Ingenico tested the net values 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). A CGU is a geographic region in which the Group operates. Impairment tests are performed in the fourth quarter of each year using cash flow projections based on existing business forecasts for the three-year period following the current year, including growth and profitability rates based on reasonable assumptions. Discount rates (based on the weighted average cost of capital) are determined for each CGU based on an analysis of the business segment in which the Group operates. Existing forecasts are based on both past experience and market growth outlook.

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

2009

SEGMENTS	Northern Europe		Southern Europe				Asia / Pacific		North America	Latin America	Central Europe / Middle East / Africa	
Cash-generating units	Northern Europe	Germany	France	Spain	Italy	Moneyline Banking Systems	Asia	Pacific	North America	Latin America	Central Europe / Middle East / Africa	**TOTAL**
Net carrying amount of goodwill (in thousands of euros)	8,903	220,004	35,235	5,708	11,017	-	20,160	3,586	66,527	7,364	35,722	**414,227**
Valuation method for the cash-generating unit	Value in us											
Number of years over which cash flows are estimated	3 years											
Long-term growth rate	1.00%	1.00%	1.00%	1.00%	1.00%	-	2.00%	1.00%	1.00%	2.00%	1.94%	
Weighted average cost of capital used at Dec. 31, 2009	11.36%	10.86%	11.16%	11.45%	11.86%	-	11.45%	13.18%	11.44%	14.10%	12.72%	

2008

SEGMENTS	Northern Europe		Southern Europe				Asia / Pacific		North America	Latin America	Central Europe / Middle East / Africa	
Cash-generating units	Northern Europe	Germany	France	Spain	Italy	Moneyline Banking Systems	Asia	Pacific	North America	Latin America	Central Europe / Middle East / Africa	**TOTAL**
Net carrying amount of goodwill (in thousands of euros)	33,428	5,523	35,235	5,708	11, 017	1,334	17,961	2,832	66,917	5,701	35,781	**221,437**
Valuation method for the cash-generating unit	Value in us											
Number of years over which cash flows are estimated	3 years											
Long-term growth rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	2.00%	1.00%	1.00%	2.00%	1.94%	
Weighted average cost of capital used at Dec. 31, 2008	11.36%	10.86%	11.16%	11.45%	11.86%	11.16%	11.45%	13.18%	11.44%	14.10%	12.72%	

2007

SEGMENTS	Northern Europe		Southern Europe				Asia / Pacific		North America	Latin America	Central Europe / Middle East / Africa	
Cash-generating units	Northern Europe	Germany	France	Spain	Italy	Moneyline Banking Systems	Asia	Pacific	North America	Latin America	Central Europe / Middle East / Africa	TOTAL
Net carrying amount of goodwill (in thousands of euros)	33,428	-	35,235	-	11,017	1,334	17,961	-	66,917	-	35,781	**201,673**
Valuation method for the cash-generating unit	Value in us											
Number of years over which cash flows are estimated	3 years											
Long-term growth rate	2.00%	-	1.00%	-	2.00%	1.00%	2.00%	-	2.00%	-	2.50%	
Weighted average cost of capital used at Dec. 31, 2007	11.89%	-	11.90%	-	11.90%	12.05%	15.43%	-	12.50%	-	13.01%	

* For the North America region, value in use is 6 years.

Since market data did not change in 2009, the assumptions regarding growth rate and weighted average cost of capital from 2008 were used in 2009 to measure the value of all Ingenico cash-generating units. The weighted average cost of capital used is a medium-term rate.
Applying a pre-tax discount rate to pre-tax cash flows would have led to an identical measurement of cash-generating units.

The impairment tests conducted took into account the potential of the North America CGU to grow its market share, and the growth potential of the Latin America CGU based on a change in its business model. Additionally, Ingenico predicts strong growth for the North America region in the years to come.

Ingenico uses conservative discount rates in impairment testing. In fact, WACC sensitivity tests show that a 1.5 point increase in the discount rate would lead to goodwill impairment at the North America CGU, as would a 2 point increase at the Latin America CGU. Only an increase of at least 5 points in the discount rate would generate selective goodwill impairment at the Group's other CGUs.

Other intangible assets

(in thousands of euros)	Licenses, trademarks, technology	Development expenses (incurred internally)	Other intangible assets	Advances and down payments	Total
	2009				
COST					
AT JANUARY 1	**24,357**	**58,102**	**84,101**		**166,561**
Investments	1,768	7,961	605		10,334
Disposals	(1,243)		(133)		(1,376)
Changes in consolidation scope (*)	1,852		86,505		88,356
Translation differences	(14)	(218)	(362)		(594)
Other	631	(476)	20		175
AT DECEMBER 31	**27,350**	**65,369**	**170,736**		**263,456**
AMORTIZATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	**(15,056)**	**(29,170)**	**(19,078)**		**(63,304)**
Amortization	(3,943)	(7,818)	(13,946)		(25,708)
Disposals and impairment losses	1,243		730		1,973
Changes in consolidation scope (*)	758		(11,260)		(10,501)
Translation differences	(30)	215	131		315
Other	6	476	(164)		318
AT DECEMBER 31	**(17,022)**	**(36,298)**	**(43,587)**		**(96,907)**
CARRYING AMOUNT					
AT JANUARY 1	**9,302**	**28,932**	**65,023**		**103,257**
AT DECEMBER 31	**10,329**	**29,071**	**127,149**		**166,549**

(*) The change in consolidation scope in 2009 primarily reflects the acquisition of the Easycash Group on November 30, 2009, and the sale of the companies Sagem Denmark and Manison Finland on June 11, 2009.

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

Depreciation and amortization expense for 2009 on the assets identified during acquisitions is as follows:

Amortization expense on assets identified (in thousands of euros)	SAGEM			EASYCASH			OTHER (MONEYLINE, TURKEY, LANDI)					TOTAL amortiza-tion for the period
	Carrying amount at Dec. 31, 2008	Amortiza-tion in 2009	Carrying amount at Dec. 31, 2009	Amounts identified and alloca-ted - first consolida-tion	Amorti-zation in 2009	Carrying amount at Dec. 31, 2009	Carrying amount at Dec. 31, 2008	Amorti-zation in 2009	Translation differences	Deconsoli-dation	Carrying amount at Dec. 31, 2009	
INTANGIBLE ASSETSS												
CONCESSIONS, PATENTS & SIMILAR RIGHTS												
Hardware and software technology under development	17,150	(3,430)	13,720									(3,430)
Existing hardware and software technology	13,019	(5,786)	7,233	4,653	(103)	4,550	2,929	(926)	(5)	(99)	1,900	(6,815)
• Software applications	9,643	(2,269)	7,374									(2,269)
• Brand name												(1,238)
OTHER INTANGIBLE ASSETS							3,016	(1,238)	(53)		1,725	
Long-term customer contracts	33,895	(3,663)	30,230	70,108	(620)	69,488	8,853	(1,235)	(222)		7,396	(5,518)
TOTAL INTANGIBLE ASSETS	**73,707**	**(15,148)**	**58,557**	**74,761**	**(723)**	**74,038**	**14,797**	**(3,399)**	**(279)**	**(99)**	**11,020**	**(19,270)**
Inventories												
TOTAL IDENTIFIED AND ALLOCATED ASSETS	**73,707**	**(15,148)**	**58,557**	**74,761**	**(723)**	**74,038**	**14,797**	**(3,399)**	**(279)**	**(99)**	**11,020**	**(19,270)**

(in thousands of euros)	Licenses, trademarks, technology	Development expenses (incurred internally)	Other intangible assets	Advances and down payments	Total
	2008				
COST					
AT JANUARY 1	**20,668**	**35,600**	**10,266**		**66,534**
Investments	1,465	5,723	954		8,142
Disposals			(484)		(484)
Changes in consolidation scope (*)	2,519	17,150	75,188		94,857
Translation differences	(287)	447	636		796
Other	(9)	(817)	(2,459)		(3,285)
AT DECEMBER 31	**24,357**	**58,102**	**84,101**		**166,561**
AMORTIZATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	**(12,243)**	**(24,859)**	**(5,854)**		**(42,956)**
Amortization	(2,972)	(4,561)	(10,081)		(17,615)
Disposals and impairment losses	10		63		73
Changes in consolidation scope (*)	(20)		(3,177)		(3,197)
Translation differences	203	(421)	(303)		(520)
Other	(34)	671	274		911
AT DECEMBER 31	**(15,056)**	**(29,170)**	**(19,078)**		**(63,304)**
CARRYING AMOUNT					
AT JANUARY 1	**8,425**	**10,741**	**4,412**		**23,576**
AT DECEMBER 31	**9,302**	**28,932**	**65,023**		**103,257**

(*) The change in consolidation scope in 2008 primarily reflects the allocation of goodwill on Sagem's Payment Terminal business and Fujian Landi. Upon inclusion in the consolidated accounts, the following gross amounts were allocated to the intangible assets identified:

Sagem Payment Terminal business:

Research & development:

Technology: €17,150,000

Other intangible assets:

Customer portfolio: €36,643,000
Technology: €28,703,000

The amortization of these intangible assets in the period totaled €8,790,000, equivalent to nine months of amortization from the date of acquisition of Sagem's Payment Terminal business.

Fujian Landi:

Licenses:

Trademarks: €2,517,000

Other intangible assets:

Long-term customer contracts: €6,534,000

The amortization of these intangible assets in the period totaled €875,000, equivalent to six months of amortization from the date of acquisition of Fujian Landi.

Depreciation and amortization expense for 2008 on the assets identified during acquisitions are as follows:

D&A expense on assets identified (in thousands of euros)	SAGEM			LANDI				AUTRES (Moneyline, Turquie)				TOTAL D&A for the period
	Amounts identified and allocated	D&A in 2008	Carrying amount at Dec. 31, 2008	Amounts identified and allocated	D&A in 2008	Translation differences	Carrying amount at Dec. 31, 2008	Carrying amount at Dec. 31, 2007	D&A in 2008	Translation differences	Carrying amount at Dec. 31, 2008	
INTANGIBLE ASSETS												
CONCESSIONS, PATENTS & SIMILAR RIGHTS												
Hardware and software technology under development	17,150		17,150									
Existing hardware and software technology	17,358	(4,340)	13,019					4,287	(989)	(369)	(2,929)	(5,328)
• Software applications	11,345	(1,702)	9,643									(1,702)
• Brand name				2,517	(470)	339	2,386	1,005	(304)	(72)	629	(774)
OTHER INTANGIBLE ASSETS												
Long-term customer contracts	36,643	(2,748)	33,895	6,534	(405)	894	7,023	2617	(530)	(257)	1,830	(3,683)
TOTAL INTANGIBLE ASSETS	**82,497**	**(8,790)**	**73,707**	**9,051**	**(875)**	**1,233**	**9,409**	**7,909**	**(1,823)**	**(698)**	**5,388**	**(11,487)**
Inventories	6,087	(6,087)	0	1,441	(1,614)	173						(7,701)
TOTAL IDENTIFIED AND ALLOCATED ASSETS	**88,584**	**(14 877)**	**73,707**	**10,492**	**(2,489)**	**1,406**	**9,409**	**7,909**	**(1,823)**	**(698)**	**5,388**	**(19,188)**

	2007				
(in thousands of euros)	Licenses, trademarks, technology	Development expenses (incurred internally)	Other intangible assets	Advances and down payments	Total
COST					
AT JANUARY 1	**19,074**	**40,794**	**5,947**		**65,816**
Investments	973	3,226	3,014		7,213
Disposals	(1,588)		(67)		(1,655)
Changes in consolidation scope (*)	2,871		1,638		4,509
Translation differences	(395)	(945)	122		(1,218)
Other	(267)	(7,477)	(388)		(8,132)
AT DECEMBER 31	**20,668**	**35,600**	**10,266**		**66,534**
AMORTIZATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	**(11,915)**	**(28,308)**	**(4,232)**		**(44,455)**
Amortization	(3,147)	(4,823)	(1,921)		(9,891)
Disposals and impairment losses	2,218				2,218
Changes in consolidation scope (*)	(24)		(38)		(62)
Translation differences	304	816	(8)		1,112
Other	323	7,456	344		8,123
AT DECEMBER 31	**(12,243)**	**(24,859)**	**(5,854)**		**(42,956)**
CARRYING AMOUNT					
AT JANUARY 1	**7,159**	**12,486**	**1,716**		**21,361**
AT DECEMBER 31	**8,425**	**10,741**	**4,412**		**23,576**

(*) The change in consolidation scope in 2007 primarily reflects the allocation of goodwill on Ingenico Turkey. The following gross amounts were allocated to the intangible assets identified:

Licenses:
Trademarks: €500,000
Technology: €2,300,000
Other intangible assets:
Long-term customer contracts: €1,500,000

The amortization of these intangible assets in the period totaled €526,000, equivalent to slightly less than six months of amortization from the date of acquisition of Ingenico Turkey.

13. PROPERTY, PLANT AND EQUIPMENT

2009					
(in thousands of euros)	Land and buildings	Technical facilities and equipment	Other assets	Assets in progress	TOTAL
COST					
AT JANUARY 1	**1,402**	**35,878**	**23,361**	**840**	**61,480**
Investments	496	6,644	5,632	15	12,787
Disposals		(1,814)	(1,028)	(61)	(2,903)
Changes in consolidation scope	141	6,130	748	(15)	7,005
Translation differences	4	864	2,691	0	3,559
Other	276	(2,868)	2,192	(757)	(1,156)
AT DECEMBER 31	**2,319**	**44,835**	**33,596**	**22**	**80,772**
DEPRECIATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	**(611)**	**(22,515)**	**(12,993)**		**(36,118)**
Depreciation	(191)	(6,650)	(4,641)		(11,481)
Disposals and impairment losses		1,618	707		2,325
Changes in consolidation scope	(62)	(1,999)	1,118		(943)
Translation differences	(2)	(691)	(1,450)		(2,144)
Other	(140)	1,729	(923)		667
AT DECEMBER 31	**(1,006)**	**(28,508)**	**(18,182)**		**(47,695)**
CARRYING AMOUNT					
AT JANUARY 1	**791**	**13,363**	**10,367**	**840**	**25,361**
AT DECEMBER 31	**1,313**	**16,327**	**15,414**	**22**	**33,075**

2008					
(in thousands of euros)	Land and buildings	Technical facilities and equipment	Other assets	Assets in progress	TOTAL
COST					
AT JANUARY 1	**897**	**31,977**	**15,723**	**22**	**48,619**
Investments	438	6,874	5,366	761	13,439
Disposals	(379)	(5,394)	(1,433)		(7,206)
Changes in consolidation scope	297	6,133	3,165	96	9,690
Translation differences	(21)	(2,977)	(2,056)	1	(5,054)
Other	170	(735)	2,596	(40)	1,990
AT DECEMBER 31	**1,402**	**35,878**	**23,361**	**840**	**61,480**
DEPRECIATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	**(512)**	**(20,360)**	**(9,918)**		**(30,791)**
Depreciation	(118)	(5,193)	(2,966)		(8,277)
Disposals and impairment losses	176	4,905	754		5,834
Changes in consolidation scope	(82)	(3,930)	(1,718)		(5,730)
Translation differences	20	1,777	1,195		2,991
Other	(94)	287	(338)		(146)
AT DECEMBER 31	**(611)**	**(22,515)**	**(12,993)**		**(36,118)**
CARRYING AMOUNT					
AT JANUARY 1	**385**	**11,617**	**5,804**	**22**	**17,829**
AT DECEMBER 31	**791**	**13,363**	**10,367**	**840**	**25,361**

(in thousands of euros)	2007 Land and buildings	Technical facilities and equipment	Other assets	Assets in progress	TOTAL
COST					
AT JANUARY 1	**842**	**37,105**	**18,858**	**46**	**56,852**
Investments	89	5,780	2,345	24	8,238
Disposals	(33)	(10,033)	(6,246)		(16,312)
Changes in consolidation scope		290	855		1,144
Translation differences	(1)	(1,396)	89		(1,308)
Other		232	(178)	(48)	6
AT DECEMBER 31	**897**	**31,977**	**15,723**	**22**	**48,619**
DEPRECIATION AND IMPAIRMENT LOSSES					
AT JANUARY 1	**(395)**	**(26,656)**	**(13,000)**		**(40,051)**
Depreciation	(150)	(4,379)	(1,999)		(6,528)
Disposals and impairment losses	33	9,758	5,458		15,249
Changes in consolidation scope		(34)	(524)		(558)
Translation differences		951	(30)		921
Other			176		176
AT DECEMBER 31	**(512)**	**(20,360)**	**(9,918)**		**(30,791)**
CARRYING AMOUNT					
AT JANUARY 1	**447**	**10,449**	**5,858**	**46**	**16,801**
AT DECEMBER 31	**385**	**11,617**	**5,804**	**22**	**17,829**

14. INVESTMENTS IN ASSOCIATES

Breakdown of investments in associates

(in thousands of euros)	Fixed & Mobile Pte Ltd	Roam Data	Total
Interest in associate (%)	38.27%	43.92%	
AT JANUARY 1	**-**	**-**	**-**
Goodwill	1,154	3,090	4,244
Share of net assets	1,012	1,662	2,674
INVESTMENT	**2,165**	**4,752**	**6,917**
Share of profit or loss	(154)	(129)	(283)
Translation differences	12	141	153
AT DECEMBER 31	**2,023**	**4,764**	**6,787**

During the second half of 2009, through its subsidiary Ingenico Ventures SAS, the Group acquired stakes in two companies:
- Fixed & Mobile Pte Ltd in Singapore.
- Roam Data in the United States.

Accounting method

Since the governance structure established at the time of the investments provides for control to be exercised jointly by Ingenico and the previous owners, the equity method of accounting was chosen.

Call options to acquire outstanding shares

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

Impairment losses

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

15. FINANCIAL ASSETS

At December 31, 2007, 2008 and 2009, financial assets included security deposits and guarantees paid, equity interests in non-consolidated companies and related receivables.

(in thousands of euros)	2007	2008	2009
Non-current financial assets	1,295	3,265	3,567
TOTAL	**1,295**	**3,265**	**3,567**

16. OTHER NON-CURRENT ASSETS

At December 31, 2007, 2008 and 2009, other non-current assets included:

(in thousands of euros)	2007	2008	2009
Other non-current assets	2,338	1,030	14,730
TOTAL	**2,338**	**1,030**	**14,730**

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

(in thousands of euros)	2007	2008	2009
Receivables	2,042	466	182
Finance lease receivables			13,493
Tax receivables other than corporate income tax	295	0	0
Income tax receivables (carry-backs)	0	324	985
Accruals, more than one year	0	240	71
TOTAL	**2,338**	**1,030**	**14,730**

17. INVENTORIES

(in thousands of euros)	2007	2008	2009
Raw materials and consumables	11,785	16,651	17,398
Finished products	50,816	76,312	73,439
Depreciation on raw materials and consumables	(4,065)	(3,825)	(3,291)
Depreciation on finished products	(6,064)	(11,926)	(13,316)
NET TOTAL	**52,472**	**77,211**	**74,230**

18. TRADE AND RELATED RECEIVABLES

Trade and related receivables break down as follows:

(in thousands of euros)	2007	2008	2009
Advances & down-payments to suppliers	3,513	5,659	2,170
Receivables on the sale of goods and services	132,943	163,428	206,796
Finance lease receivables			12,162
Employee-related receivables	166	100	537
Tax receivables other than corporate income tax	4,293	8,861	15,975
Current accounts, receivables	70	257	0
Other receivables	1,828	3,246	5,571
Provisions for bad debt	(3,737)	(4,047)	(17,868)
Provisions for other receivables	(138)	(114)	(16)
TOTAL	**138,938**	**177,390**	**225,327**

Financial receivables from finance leases are mainly attributable to Easycash and total €12.1 million.

The aging schedule of trade receivables is as follows:

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

The increase in provisions for bad debt in 2009 reflects the inclusion of Easycash in the consolidated accounts of Ingenico. At December 31, 2009, the Easycash Group's share of provisions for bad debt was 68.30 percent of the total.

(in thousands of euros)	2008				
	Closing	Not due	< 120 days	120–180 days	> 180 DAYS
Trade receivables	163,428	130,812	23,058	2,327	7,232
Provisions for bad debt	(4,047)	(165)	(223)	(537)	(3,122)
NET	**159,381**	**130,647**	**22,835**	**1,790**	**4,109**

(in thousands of euros)	2007				
	Closing	Not due	< 120 days	120–180 days	> 180 DAYS
Trade receivables	132,943	98,155	28,686	1,797	4,304
Provisions for bad debt	(3,737)	(53)	(35)	(174)	(3,474)
NET	**129,206**	**98,102**	**28,651**	**1,623**	**830**

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

2009									
Balance-sheet items				December 31, 2008	Changes in consolidation scope	Change in net working capital	Translation differences and other movements	December 31, 2009
INVENTORY				77,211				74,230
	Working capital items			77,211	(4,695)	(2,578)	4,292	74,230
CHANGES IN INVENTORY IN THE CASH-FLOW STATEMENT			(1)	**77,211**	**(4,695)**	**(2,578)**	**4,292**	**74,230**
OTHER NON-CURRENT ASSETS				1,030				14,730
	Working capital items	Other non-current assets		705	13,547	(510)	4	13,746
	Non-WC items	Other non-operating receivables		324				985
TRADE AND RELATED RECEIVABLES				177,390				225,327
	Working capital items	Trade receivables		*165,041*	*24,282*	*9,519*	*4,419*	*203,260*
	Working capital items	Other operating receivables		*12,350*	*1,220*	*5,932*	*56*	*19,559*
	Non-WC items	Other non-operating receivables		0				2,508
OTHER CURRENT ASSETS				3,577	0	0	0	5,825
	Working capital items	Other operating receivables		3,536	552	866	131	5,085
	Non-WC items	Other non-operating receivables		41				739
CHANGE IN RECEIVABLES IN THE CASH-FLOW STATEMENT			(2)	**181,631**	**39,601**	**15,808**	**4,610**	**241,650**
OTHER NON-CURRENT LIABILITIES				4,827				10,385
	Working capital items	Trade payables		4,535	4	774	1,258	6,571
	Non-WC items	Other non-operating liabilities		291				3,814
TRADE AND RELATED PAYABLES				153,960				188,162
	Working capital items	Trade payables		103,184	11,671	12,245	6,522	133,622
	Working capital items	Other current liabilities		31,878	2,976	18,128	580	53,562
	Non-WC items	Other non-operating liabilities (*)		18,898				978
OTHER LIABILITIES				47,880				47,758
	Working capital items	Other liabilities		47,800	(971)	(19,711)	1,507	28,625
	Non-WC items	Other non-operating liabilities (*)		80				19,133
CHANGE IN LIABILITIES IN THE CASH-FLOW STATEMENT			(3)	**187,397**	**13,681**	**11,437**	**9,866**	**222,380**
CHANGE IN NET WORKING CAPITAL			(1)-(2)+(3)	**(71,446)**	**(21,225)**	**(1,794)**	**965**	**(93,500)**

(*) In 2009, the put option on the remaining 45 percent of Fujian Landi shares was reclassified from “Trade and related payables” to “Other liabilities” and valued at €19,133,000 (versus €16,371,000 in 2008).

2008							
Balance-sheet items			December 31, 2007	Changes in consolidation scope	Change in net working capital	Translation differences and other movements	December 31, 2008
INVENTORY			52,472				77,211
	Working capital items		52,472	33,325	(979)	(7,606)	77,211
CHANGE IN INVENTORY IN THE CASH-	FLOW STATEMENT	(1)	52,472	33,325	(979)	(7,606)	77,211
OTHER NON-CURRENT ASSETS			2,338				1,030
	Working capital items	Other non-current assets	2,338	187	(1,804)	(15)	705
	Non-WC items	Other non-operating receivables	0				324
TRADE AND RELATED RECEIVABLES			138,938				177,390
	Working capital items	Trade receivables	132,719	55,496	(14,946)	(8,228)	165,041
	Working capital items	Other operating receivables	6,219	2,367	4,024	(261)	12,350
	Non-WC items	Other non-operating receivables	0				0
OTHER CURRENT ASSETS			6,917	0	0	0	3,577
	Working capital items	Other operating receivables	6,748	376	(3,447)	(137)	3,536
	Non-WC items	Other non-operating receivables	170				41
CHANGE IN RECEIVABLES IN THE CASH-FLOW STATEMENT		(2)	148,023	58,426	(16,173)	(8,641)	181,635
OTHER NON-CURRENT LIABILITIES			1,697				4,827
	Working capital items	Trade payables	1,497	68	4,683	(1,713)	4,535
	Non-WC items	Other non-operating liabilities	200				291
TRADE AND RELATED PAYABLES			110,260				153,960
	Working capital items	Trade payables	90,557	28,391	(8,447)	(7,317)	103,184
	Working capital items	Other current liabilities	19,550	8,196	4,638	(4,819)	31,878
	Non-WC items	Other non-operating liabilities	153				18,898
OTHER LIABILITIES			35,209				47,880
	Working capital items	Other liabilities	35,201	7,508	6,669	(1,579)	47,800
	Non-WC items	Other non-operating liabilities	8				80
CHANGE IN LIABILITIES IN THE CASH-FLOW STATEMENT		(3)	146,805	44,162	7,544	(15,427)	187,397
CHANGE IN NET WORKING CAPITAL		-(1)-(2)+(3)	(53,690)	(47,588)	24,696	819	(71,449)

2007								
Balance-sheet items				December 31, 2006	Changes in consolidation scope	Change in net working capital	Translation differences and other movements	December 31, 2007
INVENTORY				49,960				52,472
	Working capital items			49,960	2,886	1,108	(1,481)	52,472
CHANGE IN INVENTORY IN THE CASH-FLOW STATEMENT			**(1)**	**49,960**	**2,886**	**1,108**	**(1,481)**	**52,472**
OTHER NON-CURRENT ASSETS				6,544				2,338
	Working capital items	Other non-current assets		4,246	21	(1,898)	(31)	2,338
	Non-WC items	Other non-operating receivables		2,298				0
TRADE AND RELATED RECEIVABLES				125,982				138,938
	Working capital items	TRADE RECEIVABLES		119,289	1,022	16,273	(3,865)	132,719
	WORKING CAPITAL ITEMS	OTHER OPERATING RECEIVABLES		6,693	88	3,327	(3,890)	6,219
	Non-WC items	Other non-operating receivables		0				0
OTHER CURRENT ASSETS				5,802	0	0	0	6,917
	Working capital items	Other operating receivables		5,486	174	1,725	(638)	6,748
	Non-WC items	Other non-operating receivables		315				170
CHANGE IN RECEIVABLES IN THE CASH-FLOW STATEMENT			**(2)**	**135,714**	**1,306**	**19,427**	**(8,424)**	**148,023**
OTHER NON-CURRENT LIABILITIES				1,931				1,697
	Working capital items	Trade payables		1,584	0	2,863	(2,949)	1,497
	Non-WC items	Other non-operating liabilities		347				200
TRADE AND RELATED PAYABLES				94,484				110,260
	Working capital items	Trade payables		76,492	4,329	13,735	(3,999)	90,557
	Working capital items	Other current liabilities		16,455	53	3,537	(3,474)	19,550
	Non-WC items	Other non-operating liabilities		1,536				153
OTHER LIABILITIES				37,276				35,209
	Working capital items	OTHER LIABILITIES		37,276	3	597	(2,674)	35,201
	Non-WC items	Other non-operating liabilities		0				8
CHANGE IN LIABILITIES IN THE CASH-FLOW STATEMENT			**(3)**	**131,807**	**4,385**	**20,731**	**(13,097)**	**146,805**
CHANGE IN NET WORKING CAPITAL			**(1)-(2)+(3)**	**(53,866)**	**194**	**197**	**(3,192)**	**(53,690)**

20. CURRENT TAX RECEIVABLES AND OTHER CURRENT ASSETS

(in thousands of euros)	2007	2008	2009
Prepaid expenses	6,748	3,536	5,085
Accrued interest on receivables and loans	170	0	0
Loans, securities and other payables		41	739
TOTAL	**6,917**	**3,577**	**5,825**
GOVERNMENT, INCOME TAX	4,111	8,602	9,456

21. ASSETS HELD FOR SALE

At December 31, 2009, the Group had not initiated any processes for disposing of significant assets or subsidiaries.

22. CONSOLIDATED EQUITY

Number of outstanding shares

	2007	2008	2009
Shares issued at January 1	**32,108,576**	**32,930,070**	**47,791,674**
Shares issued in connection with options exercised and dividend payout	450,430	135,342	845,461
Shares issued in connection with the acquisition of Planet Odeme	271,064		
Shares issued in connection with the acquisition of Sagem payment terminals business		10,663,046	
Shares issued in connection with the conversion of OCEANE bonds		4,063,216	
Shares issued in connection with free share grants	100,000		
Shares issued at December 31	**32,930,070**	**47,791,674**	**48,637,135**
TREASURY SHARES AT DECEMBER 31	634,332	1,624,290	1,361,958

At December 31, 2005, Ingenico's authorized share capital consisted of 48,637,135 shares with a par value of €1.

Treasury shares

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

	2007	Acquisitions	Disposals	Other	2008
Number of shares	634,332	3,350,504	(1,881,447)	(479,099)	1,624,290
Unit value (in euros)	17.06	16.86	17.09	16.40	16.81
TOTAL	**10,823,149**	**56,478,556**	**(32,147,452)**	**(7,857,130)**	**27,297,123**

	2006	Acquisitions	Disposals	Other	2007
Number of shares	782,829	498,595	(459,154)	(187,938)	634,332
Unit value (in euros)	15,31	19,92	(19,47)	11,47	17,06
TOTAL	**11,986,536**	**9,932,627**	**(8,941,152)**	**2,154,862**	**10,823,149**

Shares repurchased to be awarded or retired

In 2009, no Ingenico shares were repurchased to be awarded or retired. Of the existing portfolio of treasury shares, 135,096 shares were used to meet obligations to beneficiaries of free share programs at the expiration of the acquisition period.
At December 31, 2009, the treasury share portfolio (excluding shares held under the liquidity contract) totaled 1,166,780 shares at an average price of €18.69, of which 250,000 shares were repurchased in 2008 at an average price of €17.23 to reduce the share capital. The capital was reduced in January 2010, in accordance with the decision made by the Board of Directors on January 20, 2010.

In 2008, the Board of Directors exercised two authorizations granted by the shareholders to buy shares on the market (excluding the liquidity contract):

- The authorization granted at the Shareholders' Meeting of May 10, 2007 (exercised by the Board on September 19, 2007, and January 23, 2008).
- The authorization granted at the Shareholders' Meeting of May 15, 2008, which replaced the authorization granted on May 10, 2007 (exercised by the Board on May 15, 2008).

250,000 shares were bought back in 2008 at an average price of €17.23 to reduce the share capital.
986,143 treasury shares were bought back in 2008 at an average price of €18.95 to be granted under free share programs.

479,099 treasury shares from the portfolio of Ingenico stock were used in 2008, including 462,217 shares to meet obligations to beneficiaries of free share programs at the expiration of the acquisition period and 16,882 shares for the conversion of OCEANE-type convertible bonds.

In 2007, no shares were purchased by virtue of the authorization granted by the Shareholders at their Ordinary and Extraordinary Meeting on May 10, 2007.
60,290 treasury shares were used in June 2007 to meet the Company's obligations under a free share program to beneficiaries Mr. David Znaty and Mr. Amedeo d'Angelo at the expiration of the acquisition period. 127,648 shares were used to convert the OCEANE-type bonds into existing shares following the request of one bondholder in December 2007.
At December 31, 2007, the portfolio of Ingenico treasury shares totaled 544,832 shares at an average price of €16.44.

Shares repurchased under the liquidity contract entered into in 2004

In 2009, 2,135,945 shares were repurchased at an average price of €14.33 and 2,263,181 shares were sold at an average price of €13.46.
At December 31, 2009, the portfolio of stock held under the liquidity contract totaled 195,178 shares.
In 2008, 2,114,361 shares were acquired at an average price of €15.84 and 1,881,447 shares were sold at an average price of €17.09.
At December 31, 2008, the portfolio of stock held under the liquidity contract totaled 322,414 shares.
In 2007, 498,595 shares were acquired at an average price of €19.92 and €459,154 shares were sold at an average price of €19.47.
At December 31, 2007, the portfolio of stock held under the liquidity contract totaled 89,500 shares.

Stock subscription option plans and free share awards

Plans in force at December 31, 2009

The main features of the plans in force at December 31, 2009 are as follows:

a) Stock option subscription plans

On May 4, 2000 and October 18, 2004, the shareholders authorized the Board of Directors to grant a certain number of employees options to subscribe for shares during a five-year or a 24-month period.

In 2007, following an adjustment made to reflect the payment of a dividend out of the share premium account, 3,904 additional options were awarded to the grantees who had not yet exercised their entitlement on June 27, 2007 (date of the Board meeting during which the formula for calculating the adjustment was approved). Given this adjustment and the options that have been exercised, the number of existing options totaled 700,386 at December 31, 2007.
No new stock option subscription plan was set up during 2009. The number of existing options totaled 281, 991 at December 31, 2009.

Tranche A:

In accordance with the delegation of power granted by the Board of Directors on March 18, 2003, the Chairman of the Board allocated a first tranche of options on April 15, 2003, called Tranche A. The Chairman listed the beneficiaries of Tranche A, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche A was set at €5.67, the equivalent of 95 percent of the share's average opening price over the twenty trading days preceding the grant date (April 15, 2003). Following the payment of the dividend with free shares, this price was adjusted to €5.64 in 2007.

Tranche B:

On July 25, 2003, the Board of Directors allocated a second tranche of options, called Tranche B. The Board listed the beneficiaries of Tranche B, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche B was set at €8.46, the equivalent of 95 percent of the share's average opening price over the twenty trading days preceding the grant date (July 25, 2003). In 2007, the subscription price was adjusted to €8.42.

Tranche C:

On April 20, 2004, the Board of Directors allocated a third tranche of options, called Tranche C. The Board listed the beneficiaries of Tranche C, the number of options to be allocated to each beneficiary and the subscription price.
The subscription price for Tranche C was set at €10.93, the equivalent of 95 percent of the share's average opening price over the twenty trading days preceding the grant date (April 20, 2004). In 2007, this price was adjusted to €10.88.

Tranche D:

On June 10, 2004, the Board of Directors allocated a fourth tranche of options, called Tranche D. The Board listed the beneficiaries of Tranche D, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche D was set at €11.04, the equivalent of 95 percent of the share's average opening price over the twenty trading days preceding the grant date (June 10, 2004). In 2007, this price was adjusted to €10.99.

Tranche E:

In accordance with the sub-delegation of power granted by the company's Board of Directors on July 8, 2004, the Chief Executive Officer allocated a fifth tranche of options, called Tranche E. The CEO listed the beneficiaries of Tranche E, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche E was set at €13.93, the equivalent of 95 percent of the share's average opening price over the twenty trading days preceding the date of the Board of Directors meeting (July 8, 2004).

Tranche F:

On December 14, 2004, the Board of Directors allocated a new tranche of options, called Tranche F. The Board listed the beneficiaries of Tranche F, the number of options to be allocated to each beneficiary and the subscription price. The subscription price for Tranche F was set at €11.68, the equivalent of 95 percent of the share's average opening price over the twenty trading days preceding the grant date. In 2007, this price was adjusted to €11.62.

Tranche H:

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

The subscription eligibility requirement for each stock option plan was a minimum of three years' seniority in the company on the date of grant.

b) Free share awards

The Annual Shareholders' Meeting of April 19, 2005 authorized the Board of Directors to award free existing or new shares to the Group's employees or executive officers, up to a maximum of two percent of the company's share capital (596,052 shares on the date of the meeting). The maximum number of shares was increased to 599,046 at the Annual Shareholders' Meeting of May 5, 2006, i.e. 2 percent of the Company's share capital.

At December 31, 2005, a total of 65,000 shares had been awarded, of which 10,000 to the Chairman and 50,000 to the Chief Executive Officer.

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

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

On March 15, 2006, the Board of Directors decided to set up a free share award program for key Company executives. On this basis, 635,000 free shares were awarded in several sub-groups to 41 beneficiaries. Out of this total, 150,000 shares were allocated to members of the Executive Board. The beneficiaries shall become unconditionally entitled to the shares after a two-year period, provided that on that date, said beneficiaries are still employed by the Ingenico Group. The freely awarded shares must be held by the beneficiaries for an additional two-year period following their acquisition.
No new free share award program was set up during 2007. Following an adjustment made to reflect the payment of a dividend out of the share premium account, 3,522 additional free shares were awarded to the grantees who had not yet exercised their entitlement on June 27, 2007 (date of the

Board meeting during which the formula for calculating the adjustment was approved).

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

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

100,000 shares were created by a capital increase and deducted from the share premium account to meet the Company's obligations to Mr. Amedeo d'Angelo under a free share program for which the acquisition period expired on December 14, 2009.

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

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

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

Given these allocations as well as the arrivals and departures of other grantees during the period, a total of 931,000 free shares were outstanding at December 31, 2009. At December 31, 2008, a total of 880,096 free shares had been granted.

Change in stock options and share prices for the period

2009	Options/shares outstanding at January 1	Options/shares granted during the year	Options/shares exercised during the year	Options/shares cancelled or expired, other movements	Existing options/shares at December 31 (1)	Weighted average life (in years	Weighted average exercise price (in €)
A Tranche	109,842	0	35,085	1,508	73,249	8	5.64 €
B Tranche	0	0	0	0	0	8	8.42 €
C Tranche	25,958	0	11,051	8,727	6,180	8	10.88 €
D Tranche	0	0	0	0	0	8	10.99 €
E Tranche	0	0	0	0	0	8	-
F Tranche	93,507	0	36,194	10,557	46,756	8	11.62 €
H Tranche	327,695	0	165,857	6,032	155,806	8	11.56 €
Free shares	880,096	275,000	135,096	89,000	931,000	-	-
TOTAL	**1,437,098**	**275,000**	**383,283**	**115,824**	**1,212,991**	**-**	**-**

(1) including 281,991 exercisable at December 31, 2009

2008	Options/shares outstanding at January 1	Options/shares granted during the year	Options/shares exercised during the year	Options/shares cancelled or expired, other movements	Existing options/shares at December 31 (1)	Weighted average life (in years	Weighted average exercise price (in €)
A Tranche	119,634	0	9,792	0	109,842	8	5.64 €
B Tranche	0	0	0	0	0	8	8.42 €
C Tranche	41,000	0	15,042	0	25,958	8	10.88 €
D Tranche	100,456	0	100,456	0	0	8	10.99 €
E Tranche	0	0	0	0	0	8	-
F Tranche	93,507	0	0	0	93,507	8	11.62 €
H Tranche	345,789	0	10,052	8,042	327,695	8	11.56 €
Free shares	637,457	775,000	462,217	70,144	880,096	-	-
TOTAL	**1,337,843**	**775,000**	**597,559**	**78,186**	**1,437,098**	**-**	**-**

(1) including 229,307 exercisable at December 31, 2008

2007	Options/shares outstanding at January 1	Options/shares granted during the year	Options/shares exercised during the year	Options/shares cancelled or expired, other movements	Existing options/shares at December 31 (1)	Weighted average life (in years	Weighted average exercise price (in €)
A Tranche	427,500	747	287,613	21,000	119,634	8	5.64 €
B Tranche	10,000	24	10,024	0	0	8	8.42 €
C Tranche	55,000	244	11,244	3,000	41,000	8	10.88 €
D Tranche	100,000	456	0	0	100,456	8	10.99 €
E Tranche	0	0	0	0	0	8	-
F Tranche	129,500	566	13,053	23,506	93,507	8	11.62 €
H Tranche	395,000	1,867	15,078	36,000	345,789	8	11.56 €
Free shares	760,000	158,522	160,290	120,775	637,457	-	-
TOTAL	**1,877,000**	**162,426**	**497,302**	**204,281**	**1,337,843**	**-**	**-**

(1) including 354,597 exercisable at December 31, 2007

Fair value of options granted

Ingenico measured the fair value of the goods and services received during the year based on the fair value of the equity instruments granted.
For stock options:
The initial value of the share is the grant date value.
The assumed volatility is the volatility calculated over a one-year period preceding the grant date, except for Tranches A and B, for which volatility was calculated based on a multicriteria analysis taking into account the implicit volatility of financial instruments on the calculation date.
The interest rate curve is calculated using Bloomberg currency rates and swap rates.
For free share awards:
Fair value is equal to the share price at the date of grant.

Assumptions made in measuring fair value

	A Tranche	B Tranche	C Tranche	D Tranche	E Tranche	F Tranche	H Tranche
Underlying share price on grant date (€)	6.43	8.91	12.53	14.39	15.45	11.1	12.24
Exercise price (€)	5.67	8.46	10,93	11,04	13.93	11.68	11.62
Expected volatility (%)	61.83%	54.69%	41.32%	41.28%	40.28%	38.71%	38.55%
Option life (in years)	8	8	8	8	8	8	8
Expected dividend rate	1%	1%	1%	1%	1%	1%	1%
Risk-free interest rate	4.12%	3.87%	4.05%	4.30%	4.13%	3.46%	3.35%

Impact on the financial statements

On the basis of the parameters used to calculate fair value, an expense of €6,663,000 was recognized in "Profit from ordinary activities" in connection with the award of free shares in 2009. No expense was recognized in 2009 in connection with the award of stock options, since the acquisition period had expired.

In 2008, the expense was as follows:
- For stock options, €411,000 were charged to "Profit from ordinary activities" and €24,000 to "Other operating expenses."
- For free share awards, €8,104,000 were charged to "Profit from ordinary activities."

In 2007, the expense was as follows:
- For stock options, €996,000 were charged to "Profit from ordinary activities" and €415,000 to "Other operating expenses."
- For free share awards, €5,028,000 were charged to "Profit from ordinary activities."

23. EARNINGS PER SHARE

Basic earnings per share

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

	2007	2008	2009
Net profit or loss attributable to Ingenico S.A. shareholders	39,447	36,683	26,840
Weighted average number of ordinary shares	31,738,076	44,010,097	46,670,139
BASIC EARNINGS PER SHARE (IN EUROS)	**1.24**	**0.83**	**0.58**

Diluted earnings per share

To calculate diluted earnings per share, the weighted average number of ordinary shares is adjusted to take into account the impact of the potential conversion of all dilutive instruments.

At December 31, 2009, dilutive instruments included stock subscription options and free shares. There were no anti-dilutive instruments outstanding in 2009, since the early redemption of all OCEANE-type bonds was completed in 2008.

(in thousands of euros)	2007	2008	2009
NET PROFIT OR LOSS ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS	**39,447**	**36,683**	**26,840**
DILUTED NET PROFIT OR LOSS ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS	**39,447**	**36,683**	**26,840**
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**31,738,076**	**44,010,097**	**46,670,139**
Impact of dilutive instruments:			
Exercise of stock options and free share grants	918,580	781,281	854,736
DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**32,656,656**	**44,791,378**	**47,524,875**
DILUTED EARNINGS PER SHARE (IN EUROS)	**1.21**	**0.82**	**0.56**

24. NET DEBT

For the Ingenico Group, net financial liabilities consist of current and non-current financial liabilities, less short-term investments and cash and cash equivalents.

(in thousands of euros)	2007	2008	2009
Cash and cash equivalents	87,479	142,770	91,205
Short-term investments	21,338	2,847	
Financial debt	(111,273)	(68,167)	(235,645)
NET DEBT	**(2,457)**	**77,450**	**(144,440)**

Breakdown of cash and cash equivalents and short-term investments

(in thousands of euros)	2007	2008	2009
Cash and cash equivalents	42,811	44,484	66,570
UCITS classified as cash	44,668	98,286	24,635
CASH AND CASH EQUIVALENTS	**87,479**	**142,770**	**91,205**
UCITS and other short-term investments classified as investment	21,338	2,847	-
CASH AND SHORT-TERM INVESTMENTS	**108,817**	**2,847**	**91,205**

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

(in thousands of euros)	2007	2008	2009
BALANCE AT JANUARY 1	**68,343**	**66,005**	**101,133**
Increase/Purchases	47,171	53,412	2,953
Decrease/Sales	(47,456)	(14,088)	(79,415)
Translation differences	(33)	(39)	33
Other movements	(2,020)	(4,158)	(68)
BALANCE AT DECEMBER 31	**66,005**	**101,133**	**24,636**

UCITS are classified as cash when they meet the requirements set forth in IAS 7. Otherwise, they are classified as short-term investments.

Breakdown of financial liabilities

Financial liabilities are broken down into long-term and short-term liabilities. The latter include the portion of less than one year of long-term debt as well as financial liabilities with a term of less than one year.

(in thousands of euros)	2007	2008	2009
Bonds convertible into or exchangeable for new or existing shares (OCEANE)	56,302		
Bank borrowings	151	0	206,352
Short-term notes	24,549	59,674	
Finance lease obligations	2,913	1,340	9,018
Other financial liabilities	217	4	
LONG-TERM FINANCIAL LIABILITIES	**84,132**	**61,018**	**215,370**
Bonds convertible into or exchangeable for new or existing shares (OCEANE)	5,206		
Bank and similar borrowings	2,878	2,002	596
Finance lease obligations	1,769	1,433	4,904
Bank overdrafts and other financial liabilities	17,288	3,714	14,775
SHORT-TERM FINANCIAL LIABILITIES	**27,142**	**7,149**	**20,275**
TOTAL DEBT	**111,273**	**68,167**	**235,645**

1) Bank borrowings and short-term notes

2009

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

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

2008

On May 4, 2005, Ingenico issued 5,194,806 OCEANE-type bonds maturing on January 1, 2012.
In the period from December 31, 2007 to January 14, 2008, Ingenico bought back 1,000,000 OCEANE bonds and used 144,530 treasury shares to meet applications for the conversion of 143,811 OCEANE bonds.
As of February 21, 2008, at the end of the early redemption program launched on January 21, 2008 for all OCEANE bonds, Ingenico had redeemed 7,974 OCEANE bonds not converted and met applications for the conversion of 4,043,021 OCEANE bonds by issuing 4,063,236 new shares.
At December 31, 2008, Ingenico drew down the entire €60 million A Tranche of the financing facility that was set up in 2007 to replace the former syndicated loan.

2007

In the first half of 2007, Ingenico completed the early repayment of a €72.5 million syndicated loan contracted in 2005. In the same period, the Group also set up new financing arrangements.

2) Bank credit facilities

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

At December 31, 2008, bank credit facilities totaled €3.6 million, mainly involving Brazil, the United Kingdom and France.

At December 31, 2007, bank credit facilities totaled €17.3 million, mainly involving Italy, France and Brazil.

3) Finance lease obligations

Finance lease obligations reflect leases totaling €12.2 million entered into by Easycash, a company integrated into the Group in November 2009; leases totaling €1.2 million entered into by Ingenico Italia, with its Easy Leasing business launched in 2007; and, to a lesser extent, leases involving Ingenico Iberia.

Principal features of borrowings and other financial liabilities

Interest rates and maturities

				2009			
(in thousands of euros)		Carrying amount	Average annual rate	Less than 1 year	1-2 years	2-5 years	More than 5 years
BANK BORROWINGS	Ingenico SA	206,352	3-month EURIBOR + 200 pts	23,579	38,579	144,194	
	Landi	44	5.103% fixed rate	44			
TOTAL		**206,396**		**23,623**	**38,579**	**144,194**	
FINANCE LEASE OBLIGATIONS	Ingenico SA		1			1	
	Ingenico Iberia	541	7% pour la part < 1 an	288	97	147	9
			0% subsidized loan for payments > 1 year				
	Italia SpA	1,175	3-month EURIBOR + 250 pts	504	480	191	
	Easycash	12,204	6.5%	4,112	3,170	4,922	
TOTAL		**13,921**		**4,904**	**3,747**	**5,261**	**9**
BANK OVERDRAFTS	Ingenico SA	393	Eonia + rate ranging from 0.30% to 0.60%	393			
	Ingenico Do Brasil Ltda	2,714	Brazil Central Bank rate (CDI) +20.64%	2,714			
	Ingenico UK	271		271			
	Ingenico Data Systems SA	1		1			
	Easycash	11,397		11,397			
TOTAL		**14,776**		**14,776**			
Other financial liabilities	Ingenico SA	552	3-month EURIBOR + 200 pts	552			
TOTAL		**552**		**552**			
TOTAL FINANCIAL LIABILITIES		**235,645**		**43,855**	**42,326**	**149,455**	**9**

(in thousands of euros)		Carrying amount	Average annual rate	2008 Less than 1 year	1-2 years	2-5 years	More than 5 years
BANK BORROWINGS	Ingenico SA (short-term notes)	59,674	1-month EURIBOR + 60 pts			59,674	
	Ingenico Barcelona SA	148	0% subsidized loan	148			
	Landi	1,703	Fixed rate ranging from 2.88% to 6.03%	1,703			
TOTAL		**61,525**		**1,851**		**59,674**	
FINANCE LEASE OBLIGATIONS	Ingenico Iberia	1,587	7% fixed rate	1,019		512	56
	Ingenico Hungary	17		7		10	
	Ingenico Pacific	2		2			
	Planet Odeme Sistem	1			1		
	Italia SpA	1,149	3-month EURIBOR + 250 pts	401	698	50	
	Matsu	4		4			
TOTAL		**2,760**		**1,433**	**699**	**572**	**56**
BANK OVERDRAFTS	Ingenico SA	98	1-month EURIBOR + 30 pts	98			
	Ingenico Do Brasil Ltda	2,550	Ptax + 0.20% at +1.55% per month	2,550			
	Italie SpA						
	Ingenico UK	902		902			
TOTAL		**3,550**		**3,550**			
OTHER FINANCIAL LIABILITIES	Ingenico SA	154	1-month EURIBOR + 60 pts	150	4		
	Ingenico Do Brasil Ltda	13			13		
TOTAL		**167**		**150**	**17**		
ACCRUED INTEREST ON BORROWINGS	Ingenico SA	165	1-month EURIBOR + 60 pts	165			
TOTAL		**165**		**165**			
TOTAL FINANCIAL LIABILITIES		**68,167**		**7 149**	**716**	**60 246**	**56**

				2007			
(in thousands of euros)		Carrying amount	Average annual rate	Less than 1 year	1-2 years	2-5 years	More than 5 years
OCEANES	Ingenico SA Océane	61,508	5,67%	5,206		56,302	
TOTAL		**61,508**		**5,206**		**56,302**	
BANK BORROWINGS	Ingenico SA (short-term notes)	24,549	3-month EURIBOR + 60 pts			24,549	
	Ingenico Barcelona SA	312		161	151		
	Planet Elektronik Sanayi	1		1			
	Planet Odeme Sistem	542	3-month variable rate	542			
TOTAL		**25,404**		**704**	**151**	**24,549**	
FINANCE LEASE OBLIGATIONS	Ingenico SA	126			126		
	Ingenico Do Brasil Ltda	137	20.88%		137		
	Ingenico Iberia	2,672	7%	1,133	1,071	286	182
	Ingenico Hungary	32		7	7	18	
	Ingenico Pacific	3	10.12%	3			
	Planet Elektronik Sanayi	52	10.21%		52		
	Planet Odeme Sistem	280	10.21%		280		
	Italia SpA	1,309		626	683		
TOTAL		**4,611**		**1,769**	**2,356**	**304**	**182**
BANK OVERDRAFTS	Ingenico SA	4,209	Eonia + 40 pts	4,209			
	Ingenico Do Brasil Ltda	4,495	18.48%	4,495			
	Italie SpA	8,476	4.8%	8,476			
	Ingenico UK	86	6%	86			
	Ingenico Data systems SA	1		1			
TOTAL		**17,267**		**17,267**			
OTHER FINANCIAL LIABILITIES	Ingenico SA	204			204		
	Ingenico Data Systems SA	13			13		
	Ingenico Electronic Equipment	39			39		
	Planet Odeme Sistem	31			31		
TOTAL		**287**			**287**		
ACCRUED INTEREST ON BORROWINGS	Ingenico SA	1,910	2.75%	1,910			
	Iberia	286		286			
TOTAL		**2,196**		**2,196**			
TOTAL FINANCIAL LIABILITIES		**111,273**		**27,142**	**2,794**	**81,155**	**182**

Breakdown by currency

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

(en milliers d'euros)	2007	2008	2009
Euro	105,575	62,975	232,616
British pound	86	906	271
Other currencies	5,612	4,286	2,758
TOTAL DEBT	**111,273**	**68,167**	**235,645**

All amounts shown at their euro equivalent.

Change in financial liabilities

Change in financial liabilities is broken down as follows:

(in thousands of euros)	Financial liabilities
BALANCE AT JANUARY 1, 2007	**159,403**
New borrowings	26,842
Repayments	(69,408)
Net change in drawdowns on lines of credit	(7,135)
Translation differences	193
Other movements	224
Changes in consolidation scope	1,154
BALANCE AT DECEMBER 31, 2007	**111,273**
New borrowings	63,153
Repayments	(35,378)
Net change in drawdowns on lines of credit	(12,885)
Translation differences	(912)
Other movements	(57,092)
Changes in consolidation scope	8
BALANCE AT DECEMBER 31, 2008	**68,167**
New borrowings	210,741
Repayments	(190,995)
Net change in drawdowns on lines of credit	(4,375)
Translation differences	1,942
Other movements	(4,439)
Changes in consolidation scope	154,605
BALANCE AT DECEMBER 31, 2009	**235,645**

New borrowings mainly reflect the new €210 million loan contracted by Ingenico S.A. in connection with the Easycash group acquisition, which replaced the syndicated loan.

Repayments mainly reflect the following:

- The repayment by Ingenico S.A. of the €60 million A Tranche of the former syndicated loan.
- The repayment by Easycash Holding GmbH of its two bank loans of €27.9 million and €75.6 million for a total of €103.5 million.
- The repayment by Easycash Beteiligungen GmbH of a €24.7 million loan from its former shareholder Easycash Luxembourg.

25. DERIVATIVE FINANCIAL INSTRUMENTS

Fair value of derivative instruments at balance sheet date

	Interest rate hedging instruments			Foreign exchange hedging instruments		
(in thousands of euros)	At Dec. 31, 2007	At Dec. 31, 2008	At Dec. 31, 2009	At Dec. 31, 2007	At Dec. 31, 2008	At Dec. 31, 2009
Current assets	8	9	147	266	153	3,286
Current liabilities			(78)	(1,713)	(2,472)	(728)
TOTAL	**8**	**9**	**69**	**(1,447)**	**(2,319)**	**2,558**

Breakdown of instruments by investment policy

(in thousands of euros)	2007	2008	2009
INSTRUMENTS DESIGNATED AS FUTURE FLOW HEDGES			
Foreign exchange forward contracts	(1,374)	(1,550)	1,010
Foreign exchange options			627
Interest rate swaps	8	9	
Interest rate options			69
INSTRUMENTS NOT DESIGNATED AS FUTURE FLOW HEDGES			
Foreign exchange options	(136)	(769)	
Foreign exchange options	63		458
Foreign exchange swaps			463
TOTAL	**(1,439)**	**(2,310)**	**2,627**

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

26. PROVISIONS FOR RETIREMENT BENEFIT OBLIGATIONS

The change in provisions for retirement benefit obligations is broken down as follows:

(in thousands of euros)	Balance at Dec. 31, 2008	Newly consolidated entities	Translation differences and other movements	Additions	Reversals	Changes in consolidation scope	Actuarial gains or losses	Balance at Dec. 31, 2009
PROVISIONS FOR FUNDED DEFINED-BENEFIT RETIREMENT PLANS								
United Kingdom	1,735		132		(914)		2,907	3,860
PROVISIONS FOR OTHER UNFUNDED DEFINED-BENEFIT PLANS								
Provisions for other unfunded defined-benefit plans	3,041	2,633	0	766	(347)	(57)	519	6,555
TOTAL	**4,776**	**2,633**	**132**	**766**	**(1,261)**	**(57)**	**3,426**	**10,415**

(in thousands of euros)	Balance at Dec. 31, 2007	Translation differences and other movements	Additions	Reversalss	Changes in consolidation scope	Actuarial gains or losses	Balance at Dec. 31, 2008
PROVISIONS FOR FUNDED DEFINED-BENEFIT RETIREMENT PLANS							
United Kingdom	4,040	(660)	151			(1,795)	1,735
PROVISIONS FOR OTHER UNFUNDED DEFINED-BENEFIT PLANS							
Provision for retirement benefit obligations (France, Italy, Turkey)	2,074	(220)	495	(340)	1,031	0	3,041
TOTAL	**6,114**	**(880)**	**646**	**(340)**	**1,031**	**(1,795)**	**4,776**

(in thousands of euros)	Balance at Dec. 31, 2006	Translation differences and other movements	Additions	Reversals	Changes in consolidation scope	Actuarial gains or losses	Balance at Dec. 31, 2007
PROVISIONS FOR FUNDED DEFINED-BENEFIT RETIREMENT PLANS							
United Kingdom	5,927	(401)	68			(1,553)	4,040
PROVISIONS FOR OTHER UNFUNDED DEFINED-BENEFIT PLANS							
Provision for retirement benefit obligations (France, Italy, Turkey)	1,628		820	(374)			2,074
TOTAL	**7,555**	**(401)**	**888**	**(374)**	**0**	**(1,553)**	**6,114**

There are two main types of retirement plans:

1) Defined-contribution plans

Defined-contribution plans exist in most European countries (France, Benelux, Germany, Italy and Spain) as well as in the United States and the Asia-Pacific region. Under these plans, contributions are paid to organizations authorized to manage the funds and are expensed for the period.

2) Defined-benefit plans

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

• Funded defined-benefit plans (in the United Kingdom, for example).

• Unfunded defined-benefit plans. Under these plans, provisions for termination benefits are recognized as a liability in the balance sheet under "Provisions for retirement benefit obligations." The main countries involved are France, Italy, Turkey and now, since the acquisition of Easycash, Germany.

Provisions for funded defined-benefit retirement plans

Breakdown of obligations

(in thousands of euros)	2007	2008	2009
Assets and liabilities recognized in the balance sheet			
Actuarial obligations	16,150	9,642	14,887
Fair value of plan assets	12,109	7,907	11,026
NET COMMITMENTS	4,040	1,735	3,860
Recorded in the balance sheet as follows:			
Assets			
Liabilities	4,040	1,735	3,860
NET COMMITMENTS	4,040	1,735	3,860

Changes in 2007, 2008 and 2009 break down as follows:

(in thousands of euros)	Present value of the obligation	Fair value of plan assets	Net obligation recorded in the balance sheet	Present value of the obligation	Fair value of plan assets	Net obligation recorded in the balance sheet	Present value of the obligation	Fair value of plan assets	Net obligation recorded in the balance sheet
		2007			2008			2009	
AT DECEMBER 31, Y-1	17,812	11,885	5,927	16,150	12,109	4,040	9,643	7,907	1,735
Service cost	865	(1)	866	601		601	185		185
Interest cost	914		914	874		874	686		686
Expected return on assets		859	(859)		655	(655)		492	(492)
Benefits paid to employees		853	(853)		669	(669)		1,294	(1,294)
Contributions to plans	298	298		235	235		155	155	
Payments	(304)	(304)		(169)	(169)		(184)	(184)	
Net actuarial gains or losses recognized in equity in the year	(1,944)	(391)	(1,553)	(4,879)	(3,083)	(1,795)	3,688	781	2,907
Translation differences	(1,491)	(1,090)	(401)	(3,169)	(2,509)	(660)	714	582	132
Other changes									
AT DECEMBER 31, Y	16,150	12,109	4,040	9,643	7,907	1,735	14,887	11,026	3,860

The Group applies the option introduced by the revised version of IAS 19, and accordingly records all actuarial gains or losses in full in equity.

A total of 277 current employees were covered in the United Kingdom at December 31, 2009, compared with 255 at December 31, 2008 and 221 at December 31, 2007.

The actuarial assumptions used are as follows:

- 5.75 percent discount rate for obligations in 2009 (6.60 percent in 2008 and 5.75 percent in 2007).
- 4.41 percent estimated return on assets in 2009 (3.70 percent in 2008 and 4.40 percent in 2007).
- The wage increase rate is not applicable in 2009 (2.80 percent in 2008 and 3.30 percent in 2007).

Provisions for unfunded defined-benefit retirement plans

At December 31, 2009, actuarial obligations totaled €6,555,000 (versus €3,041,000 in 2008 and €2,074,000 at December 31, 2007).

A total of 1,085 current employees are covered, most of them based in France.

(employees excluding temporary staff)	2007	2008	2009
France	318	560	598
Germany (Easycash)			318
Italy	44	54	68
Turkey	88	100	101
TOTAL	450	714	1,085

27. OTHER PROVISIONS

(in thousands of euros)	Balance at January 1, 2009	Translation differences	Changes in consolidation scope	Additions	Deductions of amounts used	Deduction of unused amounts	Other movements	Balance at December 31, 2009
Provisions for warranties	9,305	815	(345)	19,492	(18,116)	0	75	11,226
Provisions for litigation and claims	7,669	210	113	2,805	(1,506)	(3,717)	144	5,720
Provisions for restructuring	1,120	31	(771)	1,771	(151)	(629)	225	1,596
Other provisions	2,861	(11)	997	3,924	(1,271)	(105)	143	6,537
TOTAL	**20,955**	**1,046**	**(6)**	**27,992**	**(21,044)**	**(4,451)**	**587**	**25,079**

(in thousands of euros)	Balance at January 1, 2008	Translation differences	Changes in consolidation scope	Additions	Deductions of amounts used	Deduction of unused amounts	Other movements	Balance at December 31, 2008
Provisions for warranties	7,092	(1,219)	1,536	7,777	(5,562)	0	(319)	9,305
Provisions for litigation and claims	5,303	(395)	4,131	1,737	(1,917)	(1,190)	0	7,669
Provisions for restructuring	1,307	(76)	0	419	(505)	(25)	0	1,120
Other provisions	3,274	(18)	951	4,320	(5,333)	(332)	(1)	2,861
TOTAL	**16,976**	**(1,708)**	**6,618**	**14,253**	**(13,317)**	**(1,547)**	**(320)**	**20,955**

(in thousands of euros)	Balance at January 1, 2007	Translation differences	Changes in consolidation scope	Additions	Deductions of amounts used	Deduction of unused amounts	Other movements	Balance at December 31, 2007
Provisions for warranties	2,886	(330)		8,216	(4,008)	0	328	7,092
Provisions for litigation and claims	3,487	(72)		2,895	(1,893)	(516)	1,402	5,303
Provisions for restructuring	2,139	(20)		577	(733)	0	(656)	1,307
Other provisions	511	(4)		3,004	(169)	0	(69)	3,274
TOTAL	**9,023**	**(426)**		**14,691**	**(6,803)**	**(516)**	**1,005**	**16,976**

Warranties

The provision for warranties reflects the estimated foreseeable costs related to a one-year product warranty given at the time of sale.

Litigation and claims

Ingenico is engaged in a number of claims and arbitration proceedings arising in connection with the Company's ordinary business. Ingenico believes that adequate provisions have been recorded to cover all outstanding disputes. Unused amounts mainly include provisions for employment disputes.

Ingenico records provisions for litigation and claims when the Group has a present legal or constructive obligation related to lawsuits, government inquiries, legal disputes and other claims as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and provided that the amount of the outflow can be reliably estimated.

Other provisions

Other provisions include provisions for expenses incurred through business activity (such as commitments made to suppliers to purchase inventories or losses in relation to finance lease agreements).

28. OTHER NON-CURRENT LIABILITIES

At December 31, 2007, 2008 and 2009, other non-current liabilities included:

(in thousands of euros)	2007	2008	2009
Other non-current liabilities	1,697	4,827	10,385
TOTAL	**2,338**	**1,030**	**10,385**

(in thousands of euros)	2007	2008	2009
Trade payables	1,144	0	232
Tax liabilities	0	292	3,814
Deferred income	59	4,535	6,334
Other liabilities	494	0	5
TOTAL	**1,697**	**4,827**	**10,385**

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

29. TRADE PAYABLES AND RELATED ACCOUNTS

(in thousands of euros)	2007	2008	2009
Trade payables	88,849	96,950	126,183
AOther operating liabilities	21,410	57,011	61,979
Customer advances	1,552	6,453	7,026
Tax liabilities	6,367	10,443	24,132
Employee-related liabilities	13,182	21,435	29,430
Other	309	18,680	1,392
TOTAL	**110,260**	**153,960**	**188,162**

30. CURRENT TAX PAYABLE

At December 31, 2009, current tax payable was composed chiefly of income tax payable on taxable profit at Group subsidiaries.

(in thousands of euros)	2007	2008	2009
Canada	494	2,419	836
China		639	718
Czech Republic			226
Denmark		16	
Finland		231	
France		162	13,108
Germany		416	870
India			37
Ireland		3	
Italy	831	506	458
Poland		7	
Russia			5
Spain	657		70
Turkey	37	345	168
United Kingdom	260	439	441
USA			187
TOTAL	**2,280**	**5,184**	**17,124**

31. OTHER LIABILITIES

Other liabilities are broken down as follows:

(in thousands of euros)	2007	2008	2009
Accrued interest on borrowings	6	81	0
Other liabilities	10,048	24,326	21,388*
Deferred income	25,155	23,473	26,371
TOTAL	**35,209**	**47,880**	**47,758**

(*) Mainly reflecting the Fujian Landi put option, valued at €19,133,000 in 2009.

32. OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	At 12/31/2007	At 12/31/2008	At 12/31/2009
COMMITMENTS RECEIVED			
Liabilities warranty as part of Moneyline merger, expiring on November 1, 2007, then reduced to €1,500,000 (between November 1, 2007 and April 30, 2008).	1,500	-	-
Liabilities warranty as part of Planet acquisition, expiring on July 12, 2009 (amount deposited in an escrow account for one year, half of which can be released after six months, and the balance at July 13, 2008).	26,000	26,000	-
Liabilities warranty as part of Sagem Monetel merger, expiring on March 14, 2010 (no escrow account).	-	50,000	50,000
Liabilities warranty as part of acquisition of 55% stake in Fujian Landi: valid to May 23, 2011 (USD 17,050,000 commitment of which USD 500,000 deposited on an escrow account).	-	12,251	11,835
Liabilities warranty as part of acquisition of Payment Terminals business from Sagem Comunicaciones Iberica: valid to January 1, 2010.	-	500	500
Liabilities guarantee as part of acquisition of Easycash: valid to February 28, 2011.	-	-	8,150
Liabilities warranty as part of acquisition of 35% stake in Transfer To (Fixed & Mobile Pte), expiring on July 30, 2010 (USD 3,000,000 commitment).	-	-	2,082
Liabilities warranty as part of acquisition of 44% stake in Roam Data Inc.: no expiry (USD 500,000 commitment).	-	-	347
Unilateral promise to sell Ingenico S.A. the oustanding Fixed & Mobile shares held by the other associates; option exercisable in 2012 or 2013. Selling price dependent on the company's financial performance. Settlement in cash or Ingenico shares. Cash component cannot be less than USD 5m or 30 % of selling price.			
Unilateral promise to sell Ingenico S.A. the outstanding Roam Data shares held by the other associates: option exercisable in 2014. Selling price to depend on the company's financial performance. Selling price cannot be less than USD 0.10 per share. Settlement in cash or Ingenico shares.			
OTHER COMMITMENTS RECEIVED			
Unilateral promise by MBS to purchase outstanding shares: option exercisable in 2013. Purchase price to depend on MBS EBIT figure in 2012.			
COMMITMENTS GIVEN			
Bank and lease guarantees (in France, China, Spain et Turkey).	2531	4,126	11,011
Service agreement with a shareholder of the former Moneyline Group.	665	309	-
Shares of U.S. subsidiary of Ingenico Corp. pledged as security for the 2005 refinancing loan.	56,250	56,250	-
Liabilities warranty given by Ingenico Pacific to Cabcharge in connection with the disposal of the on-board terminals business, expiring on June 27, 2008.	791	-	-
Liabilities warranty as part of Sagem Denmark disposal in 2009:			
- Standard seller's warranty expiring on June 30, 2010	-	-	10,250
- Corporate and litigation warranties expiring on June 30, 2011	-	-	10,250
- Tax warranty valid until expiry of time limit for tax claims against the Group.	-	-	20,500
Liabilities warranty as part of disposal of 85% of MoneyLine Banking Systems shares in 2009:			
- Warranty covering 4 legal disputes, indefinite until expiry of time limit for claims (maximum estimated risk).	-	-	3,050
OTHER COMMITMENTS GIVEN			
Shares of DI Deutsche Ingenico pledged as security for €210m loan from BNP.			
Distributorship arrangement with an American customer as part of a partnership agreement.			for the record

At December 31, 2009, the Company had the following commitments in connection with its business activity:

- The Group holds a put option that could lead to the buyout of minority interests in its Chinese subsidiary Landi. The put was recognized in the consolidated financial statements at December 31, 2008, and discounted to present value at December 31, 2009.
- The Group made a three-year commitment starting July 15, 2008, to compensate employees of the company Ingenico Barcelona under the same terms as those applied for the staff adjustment plan implemented; in the event of the sale of the company, Ingenico will remain liable for these payments.
- The Group placed firm price orders with manufacturers totaling approximately €59.8 million at December 31, 2009.
- Future payments under non-cancelable operating leases.

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

(in thousands of euros)	2007	2008	2009
Commitments given on non-cancelable lease	18,843	34,444	38,134
TOTAL	**18,843**	**34,444**	**38,134**

At December 31, 2009, the breakdown by term and by region of commitments given by the Group under non-cancelable operating leases was as follows:

2009							
(in thousands of euros)	Northern Europe	Southern Europe	Pacific Asia	North America	Latin America	Central Europe, Africa, Middle East	Total
Y+1	1,680	6,482	1,034	519	652	142	10,508
Y+2	1,548	5,848	343	532	400	63	8,734
Y+3	1,278	5,381	91	543	258	56	7,607
Y+4	779	4,834	0	523	62	54	6,252
Y+5 and following	504	4,154	0	321	0	54	5 033
TOTAL	**5,788**	**26,698**	**1,468**	**2,438**	**1,372**	**370**	**38,134**

At December 31, 2008, the breakdown by term and by region of commitments given by the Group under non-cancelable operating leases was as follows:

2008							
(in thousands of euros)	Northern Europe	Southern Europe	Pacific Asia	North America	Latin America	Central Europe, Africa, Middle East	Total
Y+1	1,511	5,251	746	1,065	686	100	9,358
Y+2	1,248	5,063	531	766	496	80	8,184
Y+3	1,169	4,881	127	456	258	7	6,898
Y+4	883	3,894	67	470	207	0	5,521
Y+5 and following	483	3,643	0	305	52	0	4,483
TOTAL	**5,294**	**22,732**	**1,470**	**3,061**	**1,699**	**187**	**34,444**

At December 31, 2007, the breakdown by term and by region of commitments given by the Group under non-cancelable operating leases was as follows:

2007						
(in thousands of euros)	Northern Europe	Southern Europe	Pacific Asia	North America	Central Europe, Africa, Middle East	Total
Y+1	202	1,661	479	502	593	3,438
Y+2	175	2,647	312	522	322	3,978
Y+3	155	2,647	289	490	172	3,754
Y+4	140	2,370	20	403	0	2,934
Y+5 and following	0	4,740	0	0	0	4,740
TOTAL	**672**	**14,065**	**1,101**	**1,917**	**1,087**	**18,843**

33. RELATED PARTY TRANSACTIONS

To the Company's knowledge, there are no potential conflicts of interest between the duties of any of the members of the Board of Directors with regard to the Company and their respective private interests or other duties.

Mr. Jacques Stern informed the Company that he and his wife indirectly hold a 23.53 percent stake in Cryptolog International, a company that is a supplier to Ingenico. Invoicing by Cryptolog International to the parent company totaled €20,800 in 2009, versus €186,000 in 2008 and €293,000 in 2007.

Total compensation and benefits paid to the Chairman of the Board of Directors and members of the Executive Committee at December 31, 2009, breaks down as follows:

(in thousands of euros)	2007	2008	2009
Fixed compensation	1,446	2,193	3,731
Variable compensation	667	1,644	2,472
Miscellaneous benefits	2,299	32	697
Stock options and free share awards (service cost recognized)	2,896	4,451	4,615
TOTAL	**7,308**	**8,319**	**11,516**

The increase in compensation and benefits paid to the Chairman of the Board of Directors and members of the Executive Committee is attributable to the enlargement of the Executive Committee. At December 31, 2009, the Executive Committee had 21 members, versus 10 at December 31, 2008.

The compensation of people who were no longer members of the Executive Committee on December 31, 2009, but were members during the year 2009, was calculated on a pro rata basis to their period of membership.

34. SUBSEQUENT EVENTS

No material events occurred after the balance sheet date of December 31, 2009.

35. PRO FORMA FINANCIAL INFORMATION

Pro forma consolidated income statement for the year ended December 31, 2009.

(in thousands of euros)	2009
Revenue	780,656
Cost of sales	(469,960)
GROSS PROFIT	**310,696**
Distribution and marketing costs	(70,922)
R&D expenses	(78,554)
Administrative expenses	(94,771)
PROFIT FROM ORDINARY ACTIVITIES	**66,450**
Other operating income and expenses	(13,387)
PROFIT FROM OPERATIONS	**53,063**
Net interest expense	(9,551)
TOTAL FINANCE COSTS	**(9,551)**
Share of profits of associates	(283)
PROFIT BEFORE INCOME TAX	**43,228**
Income tax	(17,633)
PROFIT FOR THE PERIOD	**25,595**

Assumptions, methods and principal adjustments involved in preparing the pro forma consolidated income statement

The pro forma consolidated income statement for the year ended December 31, 2009, was prepared on the basis of Ingenico's consolidated financial statements, to which the following adjustments were made:

- Profit or loss from Easycash for the period between January 1 and the acquisition date (November 30, 2009) was included in accordance with IFRS as adopted by the European Union and on the basis of the data available at the time this information was prepared. The accounting principles and methods used were the same as those applied in preparing the Group's consolidated financial statements in accordance with IFRS for the year ended December 31, 2009.
- Additional amortization expense was calculated for intangible assets identified and measured at fair value upon purchase price allocation. If the acquisition had occurred on January 1, 2009, it would have increased the Group's total amortization expense in 2009 by €8,315,000.
- The theoretical interest expense that would have been incurred to finance the acquisition if the financing had been arranged on January 1, 2009 was also calculated. If the acquisition had occurred on January 1, 2009, it would have cost Ingenico €8,394,000 in interest expense. This restatement eliminates the interest expense directly related to the replaced financing arrangements and thus reduces the amount of interest expense recognized in 2009 by €9,519,000 (including €4,682,000 charged to profit or loss from operations).
- Intragroup transactions between Easycash and the Ingenico Group during the period covered were eliminated.
- The tax impact of these pro forma restatements was accounted for based on tax rates in force in each country.

The pro forma adjustments do not factor in the effect of potential synergies or the possible cost of restructuring the acquired businesses.

The pro forma consolidated income statement for the year ended December 31, 2009 only restate the amounts related to the Easycash acquisition. No adjustments have been made to account for the disposal of Sagem Denmark and its subsidiary Manison Finland, which occurred on June 11, 2009.

Acquisitions were recognized in accordance with IFRS and the purchase method (IFRS 3).

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2009

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2009, on:

- the audit of the accompanying consolidated financial statements of Ingenico S.A.;
- the justification of our assessments;
- the specific verification required by law

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- As part of our assessment of the accounting principles applied by your company, we reviewed the capitalization criteria of development costs, as well as the criteria relating to their amortization and to the assessment of their recoverable value, described in the paragraphs "Research and development", "Amortization" and "Impairment of assets" of the note 2 to the financial statements.
- The company systematically performs at each reporting date an impairment test on goodwill and intangible assets that have an indefinite useful life according to the principles described in the paragraph "Impairment of assets" of the note 2 to the financial statements. We reviewed the implementation process of the impairment test as well as the assumptions used, and ensured that the note 12 to the financial statements "Goodwill and other intangible assets" provides an appropriate information.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information relative to the group, given in the management report.
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Statutory auditors'

Paris La Défense, on the 29 March 2010	Paris, on the 29 March 2010
KPMG Audit	C.G.E.C. S.A.
Jean-Pierre Valensi	Hervé Vanderbecq
Partner	Partner

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