Interim consolidated financial statements for the half year ended June 30, 2011

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1/ Interim consolidated financial statements as of June 30th, 2011

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1. CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS

(in thousands of euros)	Notes	June 30, 2010	June 30, 2011
Revenue	5	**395 052**	**440 270**
Cost of sales		(247 957)	(267 820)
Gross profit		**147 095**	**172 450**
Distribution and marketing costs		(38 471)	(44 605)
Research and development expenses		(40 557)	(39 185)
Administrative expenses		(45 208)	(51 478)
Profit from ordinary activities	5	**22 859**	**37 182**
Other operating income	6	362	112
Other operating expenses	6	(2 417)	(5 862)
Profit from operating activities		**20 804**	**31 432**
Finance income	7	35 581	22 132
Finance expense	7	(38 203)	(36 448)
Net Finance costs		**(2 622)**	**(14 316)**
Share of profit of equity-accounted investees		(746)	(1 043)
Profit before income tax		**17 436**	**16 073**
Income tax expense	8	(6 285)	(5 088)
Profit for the period		**11 151**	**10 985**
Attributable to:			
- Ingenico S.A. shareholders		11 151	10 985
- non controlling interests		-	-
Earnings per share (in euros)			
Net earnings			
- basic earnings per share		0,23	0,22
- diluted earnings per share		0,23	0,21

2. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	June 30, 2010	June 30, 2011
Profit for the period attributable to Ingenico S.A. shareholders	**11 151**	**10 985**
Translation differences	22 968	(13 843)
Remeasurement of derivative hedging instruments at fair value	977	(479)
Remeasurement of available-for-sale financial assets at fair value	-	-
Actuarial gains/(losses) on long-term employee benefit obligations (defined benefit plans)	158	(370)
Share of gains/(losses) of associates recognized directly in equity	10	-
Taxes on gains/(losses) recognized directly in equity (1)	(867)	1 082
Other	(18)	9
Total gains/(losses) recognized directly in equity and attributable to Ingenico S.A. shareholders	**23 228**	**(13 601)**
Total comprehensive income attributable to Ingenico S.A. shareholders	34 379	(2 616)
Total comprehensive income attributable to non-controlling interests	-	-
Total comprehensive income for the period	**34 379**	**(2 616)**
(1) Breakdown of taxes		
On translation differences	*(487)*	*823*
On remeasurement of derivative hedging instruments	*(337)*	*165*
On remeasurement of available-for-sale financial assets	-	-
On actuarial gains/(losses) on long-term employee benefit obligations (defined benefit plans)	*(43)*	*94*
Total	***(867)***	***1 082***

3. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (in thousands of euros)	**Notes**	**December 31, 2010**	**June 30, 2011**
Non-current assets			
Goodwill	9	466 260	458 783
Other intangible assets		156 810	143 642
Property, plant and equipment		31 275	28 274
Investments in equity-accounted investees		21 116	19 169
Financial assets		4 561	4 488
Deferred tax assets		22 883	22 283
Other non-current assets		20 460	18 857
Total non-current assets		**723 365**	**695 496**
Current assets			
Inventories	10	105 497	100 412
Trade and related receivables		254 123	244 588
Other current assets		7 440	12 701
Current tax assets		10 582	13 742
Derivative financial instruments	13	3 461	1 516
Cash and cash equivalents	12	158 937	362 315
Total current assets		**540 040**	**735 274**
Total assets		**1 263 405**	**1 430 770**

Equity and liabilities (in thousands of euros)		**December 31, 2010**	**June 30, 2011**
Share capital	11	51 512	51 971
Share premium account		382 517	394 701
Retained earnings and other reserves		97 250	117 192
Translation reserve		14 288	447
Equity attributable to Ingenico S.A. shareholders		**545 567**	**564 311**
Non-controlling interests		-	-
Total equity		**545 567**	**564 311**
Non-current liabilities			
Long-term loans and borrowings	12	228 775	386 893
Provisions for retirement benefit obligations	15	8 650	8 908
Other provisions	15	20 109	19 958
Deferred tax liabilities		39 123	52 341
Other non-current liabilities		15 531	9 794
Total non-current liabilities		**312 188**	**477 894**
Current liabilities			
Short-term loans and borrowings	12	39 228	69 923
Other provisions	15	14 030	10 289
Trade and related payables		267 730	219 975
Other current liabilities		73 813	75 580
Current tax liabilities		8 633	11 205
Derivative financial instruments	13	2 216	1 593
Total current liabilities		**405 650**	**388 565**
Total liabilities		**717 838**	**866 459**
Total equity and liabilities		**1 263 405**	**1 430 770**

4. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Share capital	Issue and contribution premiums	Translation reserve	Effective portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total equity attributable to Ingenico S.A. shareholders
Balance at December 31, 2009	**48 638**	**380 320**	**(3 547)**	**681**	**(25 156)**	**92 152**	**493 088**
Dividends paid to shareholders (1)						(9 404)	(9 404)
Stock dividends paid to shareholders (2)	290	4 601				(4 891)	
Treasury shares (3)					6 203	(12 425)	(6 222)
Share-based payment and exercise of stock options (4)	217	1 858				6 179	8 254
Reduction of capital	(250)	(4 059)			4 309		
Increase in capital reserved to employees	172	2 241					2 414
Increase in capital - free shares	2 445	(2 445)					
Total gains/(losses) recognized for the period			17 214	(462)		40 685	57 437
Other			623			(623)	
Balance at December 31, 2010	**51 512**	**382 516**	**14 290**	**219**	**(14 644)**	**111 672**	**545 567**
Dividends paid to shareholders (1)						(5 260)	(5 260)
Stock dividends paid to shareholders (2)	439	12 065				(12 504)	-
Treasury shares (3)					3 843	(2 353)	1 490
Share-based payment and exercise of stock options (4)	20	119				735	874
Equity component of OCEANE, net of tax (5)						24 256	24 256
Total gains/(losses) recognized for the period			(13 843)	(314)		11 541	(2 616)
Other							-
Balance at June 30, 2011	**51 971**	**394 700**	**447**	**(95)**	**(10 801)**	**128 087**	**564 311**

June 2011:
(1) Cash dividend paid on May 31, 2011
(2) Stock dividend financed through capitalization of reserves and issuance of 439,205 new shares.
(3) At January 1, 2011, the Company held 875,443 treasury shares. At June 30, 2011, the Company held 606,889 treasury shares bought back by virtue of authorizations granted at shareholders' meeting.
(4) Share-based payment:
- The increase in retained earnings and other reserves reflects fair value adjustments to stock options and free share awards and recognized each year in administrative expenses and profit from ordinary activities, and in other revenues and operating expenses, including an income tax expense of € 1,483 thousand.
- The increase in share capital and issue and contribution premiums reflects the exercise of stock options.

(5) Reflects the net tax value of the equity component of « OCEANE » bond

December 2010:
(1) Cash dividend paid on June 15, 2010
(2) Stock dividend financed through capitalization of reserves and issuance of 290,272 new shares.
(3) At January 1, 2010, the Company held 1,361,958 treasury shares. At December 31, 2010, the Company held 875,443 treasury shares bought back by virtue of authorizations granted at shareholders' meeting.
(4) Share-based payment:
- The increase in retained earnings and other reserves reflects fair value adjustments to stock options and free share awards and recognized each year in administrative expenses and profit from ordinary activities.
- The increase in share capital and issue and contribution premiums reflects the exercise of stock options.

5. CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE INTERIM PERIOD

(in thousands of euros)	June 30, 2010	June 30, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	11 151	10 985
Adjustments for:		
Share of profits of equity-accounted investees	746	1 043
Income tax expense / (income)	6 284	5 088
Depreciation, amortization and provisions	27 206	24 032
Change in fair value	1 758	844
Gains / (losses) on disposal of assets	(31)	187
Net interest costs	6 633	10 984
Share-based payment expense	2 621	2 216
Interest paid	(6 409)	(7 713)
Income tax paid	(21 359)	(8 691)
Cash flow from operating activities before change in net working capital	**28 600**	**38 975**
Change in working capital		
inventories	(10 726)	389
trade and other receivables	(1 644)	5
trade and other payables	13 232	(39 321)
Change in net working capital	862	(38 927)
Net cash flow from operating activities	**29 462**	**48**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of non-current assets	(11 182)	(12 230)
Proceeds from sale of non-current assets	57	360
Acquisition of subsidiaries, net of cash acquired	(7 160)	50
Disposal of subsidiaries, net of cash disposed of	2 508	-
Loans and advances granted	(532)	(380)
Loan repayments received	207	283
Interest received	274	2 788
Dividends received	-	-
Net cash flow from (used in) investing activities	**(15 828)**	**(9 129)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share capital issues	890	255
Purchase/(sale) of own shares	(7 582)	255
Proceeds from loans and borrowings	1 126	257 667
Repayment of loans and borrowings	(1 981)	(46 442)
Changes in the fair value of hedging instruments	(1)	-
Dividends paid	(9 404)	(5 260)
Net cash flow from (used in) financing activities	**(16 952)**	**206 475**
Effect of exchange rate fluctuations	3 084	(3 185)
Change in cash and cash equivalents	**(234)**	**194 209**
Cash and cash equivalents at beginning of period	76 430	145 557
Cash and cash equivalents at end of period (1)	76 192	339 766

Comments

	June 30, 2010	June 30, 2011
(1) Cash and cash equivalents		
UCITS (only portion readily convertible into cash)	26 721	124 511
Cash on hand	68 651	237 804
Bank overdrafts (included in short-term borrowings)	(19 180)	(22 549)
Total cash and cash equivalents	**76 192**	**339 766**
Available-for-sale assets	-	-
Total cash, cash equivalents and short-term investments	**76 192**	**339 766**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY

The preceding condensed consolidated financial statements present the operations of the company Ingenico and its subsidiaries (together referred to as "the Group"), and 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 the Nyse-Euronext regulated market of Paris, with its registered office in Neuilly-sur-Seine.

The interim condensed consolidated financial statements were approved by the Board of Directors on July 27, 2011.

2. ACCOUNTING PRINCIPLES AND METHODS

The accounting principles used for establishing condensed interim consolidated accounts for the period between January 1st, 2011 to June 30th, 2011 are identical to those used for presentation of annual consolidated financial statements for the fiscal year closed as of December 31, 2010, with the exception of application, for the first time, of new standards, amendments of standards and following interpretations adopted by the European Union:

- IAS 24 amended: "Related party disclosures"
- Amendment to IAS 32 "Classification of rights issues"
- IFRIC 19 "Extinguishing financial liabilities with equity instruments"
- Amendment to IFRIC 14 "Prepayments of a minimum funding requirement".
- Annual improvements of IFRS published in 2010

Additionally, IFRS 9 "Financial instruments" (phase 1: classification and evaluation of financial assets), IFRS 12 "Information to provide concerning involvement of other entities", IFRS 13 "Evaluation at the fair value", and the amendment to IFRS 7 "Information- Transfers of Financial assets", not yet adopted by the European Union, have not been applied by the Group.

The condensed interim financial statements have been prepared in accordance with the international financial reporting standard IAS 34 "Interim financial information". They do not include all information required for complete annual financial statements and shall be read along with the financial statements of the Group for the fiscal year ended on December 31, 2010.

Conversion of financial statements

The conversion rates for the main currencies used by the Group on the fiscal year 2010 and the periods of 6 months closed as of June 30, 2010 and 2011 shall be the following:

Closing Rate	December 31, 2010	June 30, 2011
U.S. dollar	1,3362	1,4453
Canadian dollar	1,3322	1,3951
Australian dollar	1,3136	1,3485
British pound	0,8608	0,9025
Brazilian real	2,2177	2,2601
Chinese Yuan	8,8220	9,3416

Average rate	June 30, 2010	June 30, 2011
U.S. dollar	1,3285	1,4031
Canadian dollar	1,3737	1,3703
Australian dollar	1,4859	1,3580
British pound	0,8700	0,8680
Brazilian real	2,3868	2,2871
Chinese Yuan	9,0678	9,1755

Estimates

In preparing these interim financial statements, Group management was led to exercise a fair amount of judgment and to make use of assumptions and estimates affecting the application of the accounting methods, the assets and liabilities recorded on the balance sheet, and the income and expenses in the income statement. Actual results may differ materially from the estimates and assumptions.

The cases in which management exercised a significant degree of judgment in applying the accounting methods adopted by the Group in these interim financial statements and the main sources of uncertainty regarding estimates are the same as those described in the consolidated financial statements for the year ended December 31, 2010.

Determination of the income tax rate on the results

The income tax expense is accounted for each interim period based on the best estimate of the weighted average annual tax rate expected for the entire year.

For the records, the Group treats the CVAE Component of the former business tax as an income tax, according to the definition given by IFRIC of a tax entering in the field of application of IAS12.

3. 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	% interest Ingenico S.A.	Consolidation method
SOCIETE MERE				
INGENICO SA	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France		
FILIALES CONSOLIDEES				
IDS SOFRACIN SAS [1]	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France	100%	FC
Ingenico Transactions Services SAS [2]	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 (38,38% stake) and Roam Data in the U.S. (43.92%) accounted for with the equity method.*	France	100%	FC
Ingenico Prepaid Services France SAS	192, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex	France	100%	FC
Ingenico GmbH	Pfalzburger Straße 43-44 10717 Berlin, *along with its wholly-owned subsidiary EPOS EFT / POS Service GmbH*	Germany	100%	FC
Ingenico Healthcare GmbH	Konrad-Zuse-Ring 1 - 24220 Flintbek	Germany	100%	FC
DI Deutsche Ingenico Holding GmbH	c/o Debevoise & Plimpton LLP - Taubenstrasse 7-9 - 60313 Frankfurt am Main, *along with its wholly-owned subsidiaries easycash Loyalty Solutions GmbH, easycash GmbH*	Germany	100%	FC
Ingenico International (Pacific) PTY Ltd	6 Prosperity Parade - Warriewood NSW 2102	Australia	100%	FC
Ingenico International (Singapore) Pte Ltd	46 East Coast Road Eastgate Building #10-05 428766	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*	U.K.	100%	FC
Ingenico Iberia SL	Avenida del Partenon 16-18, Campo de las Naciones 28042 Madrid, *along with its subsidiaries Ingenico Services, wholly-owned, and 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 (Latin America) 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. [3]	6 colonail Lake drive Lawrenceville - New jersey USA	U.S.	100%	FC
Ingenico do Brasil Ltda	City of Barueri, State of São Paulo, at Avenida Tambore, nr.418, Tambore District - Zip Code 06460-000 *along with its wholly-owned 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 Holdings Asia	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, *along with its subsidiaries Landi (38% stake) and Ingeserve Ltd (wholly-owned, directly and indirectly), fully consolidated, and its subsidiaries Korvac Holdings Pte (49% stake and accounted for with the equity method) and Fixed and Mobile Pte Ltd (51.62% stake)*	Hong Kong	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 Suisse 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 LLC	Godovikova street,9 - 119085, Moscow - Russia	Russia	100%	FC
Ingenico CZ S.r.o.	Myslíkova 25 - 110 00, Praha 1 - Czech Republic	Czech Republic	100%	FC
Ingenico Ödeme	ITU Ayazaga Kampusu Ari 2 Binasi B blok N° 6/1 Koruyolu - 34469 Maslak Istanbul, *along with its wholly-owned subsidiary Ingenico Elektronik*	Turkey	100%	FC

1, 2 : IDS Sofracin SAS and Ingenico Transactions Services SAS have been absorbed by Ingenico SA as at June 30, 2011
3 : The company Descartes Inc. have been disolved at June 22, 2011

4. ACQUISITIONS AND DIVESTITURES

No acquisition or disposal of subsidiary or activity has been carried out during the 1st semester of 2011.

5. SEGMENT REPORTING

The Group applies the IFRS 8 standard "Operating Segments". The principles used to determine operating segments are presented in note 2 "Accounting principles and methods" of financial statements of the Group as of December 31, 2010.

Given the methods of information monitoring by the Internal Management, the retained segments are the following:

- SEPA;
- Asia /Pacific (Australia, China...);
- North America (United States, Canada...);
- Latin America (Brazil, Mexico...);
- Central Europe, Africa, Middle East.

The segment information is therefore presented according to this structure for 2011 and 2010.

Analysis of sector results:

On June 30, 2011, the segment profit or loss is broken down as follows:

At June 30, 2011

Breakdown of segment profit or loss (in thousands of euros)	Sepa	Asia-Pacific	North America	Latin America	Central Europe Middle East Africa	Unallocated*	Eliminations
External revenue	219 308	80 493	29 808	78 556	32 106	0	
Inter-segment revenue	8 195	3 499	4 453	3 018	14 489	105 507	-139 161
Total revenue	*227 504*	*83 991*	*34 261*	*81 574*	*46 594*	*105 507*	*-139 161*
Profit from ordinary activities	25 317	10 602	3 987	4 683	-2 582	-4 826	
Profit from operations	24 927	10 734	1 882	4 584	-2 568	-8 127	
Net finance costs							
Share of profits of associates							
Income tax							
Profit for the period							
Attributable to Ingenico S.A. shareholders							
Revenue by location of customers is as follows:							
External revenue	*218 540*	*74 799*	*29 563*	*79 537*	*37 832*		

(*) The non-allocated elements correspond to holding activities unallocated to operating geographic segments.

On June 30, 2010, the segment profit or loss was broken down as follows:

At June 30, 2010

Breakdown of segment profit or loss (in thousands of euros)	Sepa	Asia-Pacific	North America	Latin America	Central Europe Middle East Africa	Unallocated*	Eliminations
External revenue	198 971	41 968	50 946	69 702	33 465	0	
Inter-segment revenue	14 331	350	820	3 308	17 230	129 663	-165 701
Total revenue	213 302	42 318	51 766	73 009	50 695	129 663	-165 701
Profit from ordinary activities	17 400	5 900	3 991	1 546	1 467	-7 446	
Profit from operations	16 194	6 716	3 997	1 487	1 615	-9 205	
Net finance costs							
Share of profits of associates							
Income tax							
Profit for the period							
Attributable to Ingenico S.A. shareholders							
Revenue by location of customers is as follows:							
External revenue	*200 263*	*42 167*	*49 979*	*70 666*	*31 977*		

(*) The non-allocated elements correspond to holding activities unallocated to operating geographic segments.

Analysis of segment assets and liabilities

The segment assets and liabilities are broken down as follows on June 30, 2011:

At June 30, 2011

Breakdown of segment assets and liabilities (in thousands of euros)	Sepa	Asia-Pacific	North America	Latin America	Central Europe Middle East Africa	Consolidated
Goodwill	328 926	58 303	45 099	8 182	18 272	458 783
Other external segment assets*	665 269	118 646	62 888	67 769	15 387	929 959
Deferred tax assets						22 283
Current tax receivables						13 742
Financial receivables						4 489
Derivative financial instruments						1 516
Assets held for sale						
Total Assets	994 195	176 949	107 987	75 951	33 659	1 430 770
External segment liabilities	199 463	78 372	16 573	41 930	8 166	344 505
Consolidated equity						564 311
Deferred tax liabilities						52 341
Current tax payable						11 205
Financial liabilities						456 816
Derivative financial instruments						1 593
Liabilities included in disposal groups						0
Total Liabilities	199 463	78 372	16 573	41 930	8 166	1 430 770

(*) The increase of other segment assets excluding the SEPA Group is mainly due to cash and cash equivalents for € 322 million, upon issuance of the OCEANE bond

The segment assets and liabilities were broken down as follows on December 31, 2010:

At December 31, 2010

Breakdown of segment assets and liabilities (in thousands of euros)	**Sepa**	**Asia-Pacific**	**North America**	**Latin America**	**Central Europe Middle East Africa**	**Consolidated**
Goodwill	314 263	61 967	46 002	8 339	35 691	466 260
Other external segment assets	470 689	122 939	75 532	72 209	14 288	755 658
Deferred tax assets						22 883
Current tax receivables						10 582
Financial receivables						4 561
Derivative financial instruments						3 461
Assets held for sale						
Total Assets	**784 952**	**184 905**	**121 534**	**80 548**	**49 979**	**1 263 405**
External segment liabilities	231 419	83 748	24 963	52 149	7 584	399 863
Consolidated equity						545 567
Deferred tax liabilities						39 123
Current tax payable						8 633
Financial liabilities						268 003
Derivative financial instruments						2 216
Liabilities included in disposal groups						0
Total Liabilities	**231 419**	**83 748**	**24 963**	**52 149**	**7 584**	**1 263 405**

6. OTHER OPERATING INCOME AND EXPENSES

The other operating income and expenses are as follows:

(in thousands of euros)	**June 30, 2010**	**June 30, 2011**
Restructuring costs	(1 839)	(5 645)
Litigation expenses	33	(93)
Gains/(losses) on disposal of assets	(415)	-
Disposal or retirement of property, plant and equipment or intangible assets, etc.	145	(123)
Other	21	111
Total	**(2 055)**	**(5 750)**

The other revenues and operating expenses as of June 2011 include mainly restructuring costs paid under the Group restructuring for a total of € 5.6 million including in particular:

- additional costs related to application migration to the Telium Platform (mainly in the "North American" region) for an amount of € 1.5 million;
- expenses incurred in connection with transfers, shutdowns or activity restructuring for € 0.9 million;
- fees incurred as part of an assets purchase project on the American market for payments of € 1.1 million;
- fees incurred as part of the project of relocation project of the main office to Paris for € 2.0 million, including 0.7 million related to accelerated depreciation of some assets.

The other revenues and operating expenses as of June 30, 2010 mainly include restructuring fees supported under Group activities re-structuring, including research and development activities, for a total of € 1.8 million. Among these activities, additional costs related to application migration to the Telium platform represent an amount of € 1.2 million.

7. NET FINANCE COSTS

(in thousands of euros)	June 30, 2010	June 30, 2011
Interest expense on borrowings	(5 574)	(10 144) *
Interest expense on finance lease contracts	(540)	(374)
Interest expense	**(6 114)**	**(10 518)**
Income from cash and cash equivalents	345	1 153
Interest income on finance lease contracts	1 378	1 562
Net finance costs	**(4 391)**	**(7 803)**
Foreign exchange gains	33 851	19 309
Foreign exchange losses	(30 515)	(22 264)
Foreign exchange gains and losses	**3 336**	**(2 955)**
Gains/(losses) on short-term investments (remeasurement, disposal)	3	-
Other financial income	5	108
Other financial expenses	(1 575)	(3 666)
Other financial income and expenses	**(1 567)**	**(3 558)**
Total finance costs	**(2 622)**	**(14 316)**

* inclusive of €1.9 million notional interest for the "OCEANE" bond.

The analysis of net finance cost for the 1st half of 2011 is the following:

Finance costs are composed of interest expense on short-term and medium terms loans, and on financial leases. Finance costs on medium-term loans concern three loans contracted by Ingenico SA, a € 210 million credit taken out by the parent company in September 2009 for the acquisition of easycash, a loan of € 100 million in July 2010 (€ 34 million was drawn in August 2010 and fully reimbursed in April 2011), and an issue of an OCEANE bond. The amounts of interest charges related to these three loans is € -9.5 million, in addition to the net variation of the fair value of the interest rate cap for an amount of € -0.2 million. Finance costs on short-term loans amount to € -0.5 million and concern mainly a loan from the Brazilian subsidiary committed and reimbursed during the first half of 2011. The interest expense, as well as interest income on finance lease contracts mainly concern easycash.

In addition to interest expense on borrowings, net finance costs include income from cash and cash equivalents as well as finance lease revenues, with most of the latter related to easycash.

The net foreign exchange loss of -€ 3.0 million results from foreign exchange rate gains and losses generated by Group activities, as well as from a hedging strategy put in place by the parent company.

The other financial income and expenses consist of:

- of dividends paid to minorities of the Chinese subsidiary Fujian Landi for an amount of € 2.9 million;
- Discounting charges related to commitments to purchase of minority interests, as well as the variation of fair value of assets relating to pension obligations to services defined by various subsidiaries.

For the first half of 2010, the breakdown of finance costs was as follows:

Finance costs were composed of interest expense on short- and medium-term loans contracted by the Group. Interests of the period were mainly related to the €210 million credit taken out by the parent company in September to finance easycash acquisition and a short-term loan contracted by a subsidiary in Brazil.

In addition to interest expense on borrowings, net finance costs included income from cash and cash equivalents as well as finance lease revenues, with most of the latter related to easycash.

The net foreign exchange gain of €3.3 million was attributable to a hedging strategy put in place by the parent company.

Other financial income and expenses consisted of dividends paid to the minority shareholders of a Chinese subsidiary and the discounted present value of financial instruments related to the acquisition of subsidiaries and post-employment benefit obligations.

8. INCOME TAX

Income tax expenses for the period

(in thousands of euros)	June 30, 2010	June 30, 2011
Profit for the period (excluding share of associates' profit)	**11 899**	**12 028**
Income tax expense	**(6 285)**	**(5 088)**
Profit before income tax (excluding share of associates' profit)	**18 183**	**17 116**
Effective tax rate	34,56%	29,73%

On June 30, 2011 the income tax expense is estimated according to elements known and anticipated on closing date, according to the projected rate method. This method determines an estimation of the annual income tax rate that is applied to half yearly results. The combination of projected profits will change significantly in favor of countries with a lower tax rate than the parent company, which has a positive impact on the average tax rate of the Group, despite the classification of CVAE in current taxes.

Income tax expense for the first half 2010 consisted mainly of tax expense recognized in France, Australia, Germany, the United States and Italy.

The ratio of income tax expense for the first half to profit before income tax, i.e. 36.0%, was impacted by the transfer of the CVAE component of local business tax to current tax expense. The impact of this change was enlightened by the net positive effect of tax rates for certain foreign subsidiaries that are lower than the tax rate applied to the parent company.

9. GOODWILL

Goodwill

(in thousands of euros)	December 31, 2010	June 30, 2011
At January 1	**414 227**	**466 260**
Investments	48 866	
Divestitures	-	
Impairment losses	(22 086)	
Translation differences	4 018	(7 584)
Remeasurement	21 236	107
At end of period	**466 260**	**458 783**

Goodwill Details

Cash-generating units	December 31, 2010			June 30, 2011		
(in thousands of euros)	Gross carrying amount	Total impairment losses	Net carrying amount	Gross carrying amount	Total impairment losses	Net carrying amount
Asia-Pacific	61 966	0	61 967	58 303	-	58 303
Central Europe/ Middle East/ Africa	35 691	-	35 691	33 220	-	33 220
SEPA	316 107	(1 844)	314 263	315 777	(1 798)	313 978
Latin America	8 339	-	8 339	8 182	-	8 182
North America	67 394	(21 392)	46 002	66 491	(21 392)	45 099
Total	**489 496**	**(23 235)**	**466 260**	**481 973**	**(23 190)**	**458 783**

Put of the Fujian Landi subsidiary

In relation to its commitment to repurchase minority interests from the company Fujian Landi, in the form of a put which has expired, a valuation of the company is in process. While waiting for this valuation to be finalized, the Group continues to account for the effect of discounting of the debt related to the minority put, but kept at June 30, 2011 the goodwill valuation performed at the end of the previous financial year.

10. INVENTORIES

(in thousands of euros)	December 31, 2010	June 30, 2011
Raw materials and consumables	26 780	34 704
Finished products	97 676	87 609
Depreciation on raw materials & consumables	(4 923)	(6 860)
Depreciation on finished products	(14 036)	(15 041)
Net Total	**105 497**	**100 412**

11. SHARE CAPITAL

Number of outstanding shares

	December 31, 2010	June 30, 2011
Shares issued at January 1	**48 637 135**	**51 511 971**
Shares issued in connection with options exercised and dividend distributions	507 349	458 857
Shares issued in connection with the capital increase reserved to employees	172 417	
Shares issued in connection with the capital increase by incorporation of reserves	2 445 070	
Shares canceled in connection with the capital reduction scheme	(250 000)	
Shares issued at end of period	**51 511 971**	**51 970 828**
Treasury shares at end of period	875 443	606 889
Shares outstanding at end of period	**50 636 528**	**51 363 939**

Ingenico's shares have a par value of €1.

Treasury shares

(in euros)	January 1, 2011	Acquisitions	Disposals	June 30, 2011
Number of shares	875 443	847 807	(1 116 361)	606 889
Average purchase price	16,73	28,81	25,32	17,80
Total	**14 645 220**	**24 422 389**	**(28 265 623)**	**10 801 985**

Shares repurchased to be awarded or cancelled

The portfolio of Ingenico stock repurchased by the Company to be granted under free share programs or to reduce the share capital totalled 823,699 shares at December 31, 2010.
At June 30, 2011, the portfolio totalled 562,389 shares, given that 267,750 shares have been used to meet the Company's obligations at the expiration of the acquisition period for free share programs and the acquisition of 6,440 shares.

Shares repurchased under the liquidity contract

Under the liquidity contract, Ingenico held a total of 51.744 treasury shares at December 31, 2010. At June 30, 2011, the portfolio totalled 44,500 treasury shares, representing a net disposal of 7,244 shares.

Stock options and free shares

Free shares

No new plans of free shares were granted during the 1st half of 2011.

During the period, beneficiaries became entitled to 267,750 free shares, and 27,205 free shares were cancelled. At June 30, 2011, there was a total of 69,531 free shares outstanding (364.486 as at December 31, 2010).

Co-investment Plan

On March 30, 2010, the Board of Directors voted to set-up a Co-investment Plan in 3 instalments (2010, 2011 and 2012) for the Group's top 37 executives. The 2011 instalment has not been set-up at June 30, 2011.

The plan takes the form of an agreement with the participants that provides for granting them a variable number of shares subject to subscription, continued employment and external and internal performance requirements. The maximum number of shares that could be allocated is 499,188, given the cancellations of rights (49,112 free shares) that occurred in the period.

Stock options

No new stock option plans were set up during the first half of 2011. Given that 19,625 stock options were exercised, there was a total of 44,548 stock options (Plans C, F and H) as at June 30, 2010.

Fair value of options granted

Ingenico measured the fair value of the goods and services received during the period based on the fair value of the equity instruments granted.

For the Co-investment Plan, Ingenico has calculated the fair value of the goods and services received based on the likelihood of internal performance and market conditions achievements. The IFRS 2 expense will be re-evaluated on the basis of changes in the internal performance criteria at each financial period. On June 30, 2011, Ingenico has started a revision of these criteria and a revision of the turnover rate of beneficiaries.

Impact on financial statements

On the basis of the parameters used to calculate fair value, a total of €2.426 million was charged to profit from ordinary activities in connection with free share grants in the first half of 2011 and €0.211 million in other operating charges.

12. NET DEBT

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

(in thousands of euros)	December 31, 2010	June 30, 2011
Cash and cash equivalents	158 937	362 315
Short-term investments	-	-
Financial liabilities	(268 004)	(456 816)
Net debt	**(109 067)**	**(94 501)**

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)	December 31, 2010	June 30, 2011
OCEANES		210 555
Bank borrowings	219 704	169 180
Treasury notes		
Finance lease obligations	8 924	7 017
Other financial liabilities	147	141
Total long-term financial liabilities	**228 775**	**386 893**
Short-term bank and related borrowings	20 832	42 392
Finance lease obligations	4 558	4 403
Bank overdrafts and other financial liabilities	13 838	23 128
Total short-term financial liabilities	**39 228**	**69 923**
Total financial liabilities	**268 004**	**456 816**

At June 30, 2011, bank borrowings totalled €212 million and correspond to the loan contracted by the parent company in September 2009 to finance the easycash acquisition. The additional loan contracted by the parent company to finance other acquisitions, for an amount of € 34 million, has been reimbursed on April 4, 2011.

Besides, Ingenico has proceeded with the issue of bonds with an option of conversion and/or exchange in new or existing Ingenico shares (OCEANES), with the dividend date of March 11, 2011 and due date of January 1, 2017. The nominal amount of the loan amounts to €250 million and it is represented by 6,677,350 bonds at a nominal unit value of € 37.44. The bonds have an annual nominal interest value of 2.75%. The interest rate, after deduction of debt issuance costs and re-classification of the share capital component of the loan is 6.22%.
This operation results in an information notice which has obtained the approval no. 11-062 from the Financial Markets Authority on March 3, 2011.

Conversion and/or exchange of bonds into shares

Bondholders may request that the bonds be converted into and/or exchanged for ordinary shares of the company at any time as of the issuance date (March 11, 2011) and until the 7th business day preceding the maturity or early redemption date, at a ration of one share per bond, subject to the adjustments set forth in the prospectus. The issuer may at its option deliver new shares or existing shares or a combination of both.

Redemption at maturity

Bonds will be redeemed in full on January 1, 2017, at a pair value.

Early redemption at the option of the Company

Early redemption is possible, at the option of the Company:

- For all or a portion of the bonds, at any time and without any limit on price or quantity, by means of repurchases on the stock exchange or not, or by offer of repurchase or exchange;
- at any time, starting from January 15, 2015 until the maturity date of the bonds, for all outstanding bonds subject to a notice of at least 30 calendar days, by pair reimbursement increased by accrued interest, if the arithmetic average, calculated over 20 consecutive trading days among the 30 that precede the publication of the anticipated notice of reimbursement, of revenues of 1st quoted share prices of the Company noted on Euronext Paris and of shares allocation ratio in force at each date, exceeds 130% of the nominal value of bonds;
- at any time, for all outstanding bonds subject to a notice of at least 30 calendar days, by reimbursement, to the pair increased by accrued interest, if their outstanding number is lower than 10% of the number of issued bonds.

Early redemption at the option of the bondholders

In case of change of control of the Company, all bondholders may request the full or partial reimbursement of their bonds, at pair plus interest accrued since the last date of payment of interest until the date set for anticipated reimbursement.

Early repayment

The OCEANE prospectus contains the usual provisions for early repayment at the option of the representative of all bondholders, especially in case of default of payment by the Company of any amount due, by way of any bond at the due date, in case of default for non-payment beyond a minimum threshold of breaching any loans or debt guarantees of the Company or an important subsidiary, in case of non-execution by the Company of any other stipulation relating to bonds, in case of liquidation, dissolution or total transfer of assets from the Company, as well as in case of ordinary shares of the Company shall no longer be admitted to trading on Euronext Paris or on another market regulated by the European Union.

Allocation of the OCEANE between equity and financial liabilities

In application of the accounting principle described in the paragraph "Compound Financial Instruments" of accounting principles and methods page 45 of the 2010 registration document, the fair value of the debt corresponding to the liability on the balance sheet, as well as the part allocated to equity are calculated based on the issue date of the OCEANE, which is March 11, 2011.

The fair value of the recognized liability classified as long-term debt, is calculated using the average market rate for a straight bond. The difference between the face value of the bond and its fair value is allocated in equity under "retained earnings and other reserves", net of deferred taxes.

Given that OCEANE is issued at a nominal interest rate of 2.75% lower than the market price (for a period, the comparable financial rate is 5.887% on the basis of an interpolated mid swap of 3.137%), the fair value of the debt component is equal to € 208.83 million and to € 37.02 million for the optional component, after taking in account the cost of the "investors" put and the assignment of issuance costs (€ 4.14 million prorated between the debt and equity).

On June 30, 2011, the value of the debt component on the balance sheet amounts to € 210.56 million.

13. DERIVATIVE FINANCIAL INSTRUMENTS

(i) Interest rate hedging

	Interest rate derivative Instruments	
(in thousands of euros)	**December 31, 2010**	**June 30, 2011**
Current assets	439	405
Current liabilities	-	-
Total	**439**	**405**

(ii) Exchange rate hedging

	Foreign exchange derivative Instruments	
(in thousands of euros)	**December 31, 2010**	**June 30, 2011**
Current assets	3 022	1 111
Current liabilities	(2 216)	(1 593)
Total	**807**	**(482)**

At June 30, 2011, the Group's exchange rate hedging instruments consisted of forward exchange contracts, swaps and currency options.

The global market value of exchange rate hedging instruments at June 30, 2011 showed an unrealized loss of €77 thousands, including an unrealized gain of €244 thousands recognized in equity and a €321,000 loss recorded in profit and loss.

14. RELATED PARTY TRANSACTIONS

The percentage of indirect shareholding of the capital of the Cryptolog Company, supplier to Ingenico, by two administrators of the company has not changed since December 31, 2010. The amount of invoicing during the 1st semester of 2011 by this company to the parent company is not significant (less than € 124 thousand).

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

- A manufacturing contract between Morpho (formerly Sagem Security) and Ingenico for payment terminals (EFT type principally), ended at the end of June 2011, representing 0.82% of the revenue of the 1st half of 2011;
- A Telium license Contract giving Morpho the right to develop non-payment terminals from Ingenico's Telium platform, representing 0.01% of the revenue of the 1st half of 2011;
- A purchasing contract of Ingenico for a biometric module representing 0.17% of the revenue of the 1st half of 2011.

On the contrary, no transaction has been realized between Korvac, a company consolidated according to the equity method, and other companies of the Group over the same period.

Total compensations and benefits paid to the Chairman of the Board of Directors and current members of the Executive Committee as of June 30, 2011, breaks down as follows:

(in thousands of euros)	June 30, 2010	June 30, 2011
Fixed compensation	2 297	3 451
Variable compensation	529	1 575
Miscellaneous benefits	94	1 959
Stock options and free share awards (service cost recognized)	1 394	1 656
Total	**4 314**	**8 642**

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. Previously composed by 28 members as of June 30, 2010, the Executive Committee now comprises 42 members as at June 30, 2011.

Other benefits include exceptional bonuses paid in the 1st half of 2011.

15. PROVISIONS

(in thousands of euros)	Balance at Jan. 1, 2011	Translation differences	Changes in consolidation scope	Additions	Deductions of amounts used	Deductions of unused amounts	Other movements	Balance at June 30, 2011
Provisions for retirement benefit obligations	8 650	(68)	-	502	(520)	-	344	8 908
Provisions for warranties	13 195	(507)	-	8 762	(11 161)	-	-	10 289
Provisions for litigation and claims	5 885	(5)	-	1 066	(550)	(1 323)	-	5 073
Provisions for restructuring	1 125	(40)	-	17	(279)	-	-	823
Other provisions	13 933	(497)	-	6 131	(3 516)	(1 988)	-	14 062
Total other provisions	34 138	(1 049)	-	15 976	(15 506)	(3 311)	-	30 247

(i) Warranties

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

(ii) Litigations 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.

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 a past event, 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.

The primary deductions of unused amounts stem from legal proceedings that are settled in the Group's favour.

With regard to tax litigations in which the Brazilian subsidiary is involved, the situation has not changed since December 31, 2010. Ingenico Do Brasil continues to challenge the adjustments notified by various tax administrations and no request for recovery has been received as at June 30, 2011. In this context, concerning the risk assessment in view of the expertise performed and based on the criteria of the standard IAS 37, no provision has been recognized in the accounts as of June 30, 2011. The legal costs are accounted for throughout the process of the dispute.

(iii) Other provisions

Other provisions relate to provisions for business-related expenses (e.g. commitments to repurchase supplier inventories, losses on finance leases).

16. OFF-BALANCE SHEET COMMITMENTS

The off-balance sheet commitments are the same as at December 31, 2010.

In addition, the liabilities guarantees received by Ingenico SA in the context of the purchase of 55% from the company Fujian Landi for an amount of € 12.8 million and in the context of the purchase of easycash group for an amount of € 8.2 million have ended respectively on May 23, 2011 and February 28, 2011.

Likewise, the "corporate and dispute" liabilities guarantee given by Ingenico SA, in the context of the transfer of the company Sagem Danemark in 2009, for an amount of € 10.1 million ended at the end of June 30, 2011. The tax guarantee, for an amount of € 20.3 million remains.

17. SUBSEQUENT EVENTS

On July 5, 2011, easycash, the German subsidiary of the Group extends into Belgium by the purchase of assets from the company BTG, an independent distributor of payment solutions. This operation allows easycash to purchase a base of payment terminals installed at the point of sale and to benefit from a sales force dedicated to independent traders, not related to a specific bank. In doing this, easycash is penetrating a new market of 2000 points of sale in Belgium, allowing it to rollout Ingenico's Telium terminals equipped with NFC Technology, in a country where its presence is still limited.

Besides, the Italian subsidiary of the Group has very recently purchased the company TNET. This small-scale purchase will allow Ingenico Italy to increase its profitability and to penetrate a new market segment, that of the oil companies.

The Group has also purchased the company Paycom, a payment services operation based in Germany, to consolidate its commercial network, with the purchase of a base of 8500 terminals in North Germany.

2/ Interim management report

The consolidated financial data has been drawn up in accordance with International Financial Reporting Standards. In order to provide meaningful comparable information, that data has been presented on an adjusted basis, i.e. restated to reflect the depreciation and amortization expense arising on the acquisition of new entities. Pursuant to IFRS 3, the purchase price for new entities is allocated to the identifiable assets acquired and subsequently amortized over specified periods (excluding goodwill).
To facilitate the assessment of Ingenico's performance in 2011, revenue and key financial figures for H1 2010 have been restated from January 1, 2010 to reflect the change in the scope of consolidation which have occurred during 2010 fiscal year and presented on an adjusted basis ("2010 pro forma"): acquisition of TransferTo, Ingenico Prepaid Services France (formerly Payzone France), Ingenico Services Iberia (formerly First Data Iberica).
EBITDA is not an accounting term; it is a financial metric defined here as profit from ordinary activities before amortization, depreciation and provisions and before expenses of shares distributed to employees and officers.
EBIT is equal to profit from ordinary activities, adjusted for amortization of the purchase price for newly acquired entities allocated to the identifiable assets acquired.
Cash flow from operations is defined as EBITDA less change in working capital less investments net of disposals.
Following IAS 18, revenue from certain activities related to transaction services operated by the Group (TransferTo and "Credit Acquiring"of easycash) is presented gross without deducting TransferTo's payments to operators and interchange fees paid by easycash, respectively.

Key figures

(in millions of euros)	H1 2011	H1 2010	H1 2010 pro forma
Revenue	**440.3**	395.1	412.0
Gross profit	**172.4**	147.1	152.3
as a % of revenue	**39.2%**	37.2%	37.0%
Adjusted operating expenses	**(121.3)**	(110.4)	(115.7)
EBITDA	**63.0**	53.6	54.6
as a % of revenue	**14.3%**	13.6%	13.3%
EBIT	**51.1**	36.7	36.6
as a % of revenue	**11.6%**	9.3%	8.9%
Profit from operations	**31.4**	20.8	-
Net profit (IFRS)	**11.0**	11.2	-

Operating cash flow	**12.2**	43.3	-
Net debt	**(94.5)**	144.3	-
Equity	**564.3**	513.8	-

2.1 Subsequent events occurred in the first half of 2011

On March 11, 2011, the Group issued convertible bonds (OCEANE) due 1 January 2017 amounting to €250 million (see Note 12 in the notes to the condensed interim consolidated financial statements for first half ended June 30, 2011).

2.1.1 Financial data

Reported revenue up 11.4 percent

in millions of euros	H1 2011	H1 2010		Change –	
		Reported	Pro forma	Like-for-like[1]	on reported amounts
By region					
Europe-SEPA	219.2	199	207.5	5.5%	10.2%
Latin America	78.6	69.7	69.7	9.8%	12.8%
Asia-Pacific	80.6	42.0	50.4	55.8%	91.9%
North America	29.8	50.9	50.9	-40.1%	-41.5%
EEMEA	32.1	33.5	33.5	0.7%	-4.2%
Total	440.3	395.1	412.0	6.4%	11.4%

In first-half 2011, revenue totaled €440.3 million, with a favorable foreign exchange impact of €2.1 million. Total revenue included €365.8 million generated by the Payment Terminal business (hardware, servicing and maintenance) and €74.5 million generated by Transaction Services.

In first-half 2011, all regions contributed to the Group's overall growth, with the exception of North America, as anticipated. Ingenico continued to leverage high growth in emerging markets[2] , which now account for 43% of revenue, compared with 37% in the H1 2010 pro forma figure with growth still strong in Asia-Pacific (+92%), dynamic in Latin America (+13%) and on the road to recovery in EEMEA (-4%). Sales have also held up well in the Europe-SEPA region (+10%). As anticipated, business was down in North America, although recovery got under way in the second quarter.

On a comparable basis, revenue was up by 6.4% vs. H1 2010 pro forma figure. This performance was made possible by 4.4% growth in Payment Terminal sales, particularly in emerging markets. The 17.1% increase in Transaction Services revenue reflects good sale dynamics across all segments.

Gross profit up

On a reported basis, gross profit amounted to €172.4 million, compared with €147.1 million in H1 2010. Gross profit gained 200 basis points to 39.2% due to higher gross profit across all business segments.

On a comparable basis, gross profit rose by 220 basis points to 39.2% in first-half 2011.

1 Like-for-like, i.e. based on a comparable scope of consolidation and identical exchange rates

2 The term "emerging markets" refers here to the Latin America, Asia-Pacific and EEMEA regions.

Gross profit in the Payment Terminals business (hardware, servicing and maintenance) gained 220 basis points to 39.7% of revenue, due to higher gross profit on the Maintenance business. Gross profit in Hardware was stable compared to H1 2010, as lower production costs – brought about primarily by the favorable trend in the euro/U.S. dollar exchange rate – were offset by the cost of managing the end-of-life for Ingenico's older product range. Excluding the non-recurring expense of €6.1 million booked in H1 2010, gross profit would be up by 50 basis points, attesting to rising profitability in the Group's Payment Terminals business.
Gross profit in the Transaction Services increased by 280 basis points to 36.7% due to a more fine_tuned approach to allocating indirect costs between Payment Terminals and Transaction Services. Gross margin decreased as anticipated, following the application of IAS 18 to revenue recognition in certain fast-growing transaction services (credit acquiring, TransferTo). Those services accounted for 24% of Transactions revenue in H1 2011, compared with 20% in H1 2010 (pro forma).

Operating expenses under control

Reported operating expenses were €135,2 million in H1 2011, up from €124,2 million in H1 2010 and included €13,9 million depreciation and amortization charges arising on the acquisitions of entities. This increase was primarily attributable to expenses related to the companies acquired in 2010 and increased spending on sales and administrative expenses equaling 30.7% of revenue, 70 basis points lower than the H1 2010 figure.

	H1 2010 reported	H1 2010 pro forma adjusted	H1 2011 reported	Restatement related to depreciation & amortization charges on acquisitions	H1 2011 adjusted
Sales and Marketing	38.5	32.2	44.6	(9.0)	35.6
Research and Development	40.5	34.9	39.1	(4.9)	34.2
General and Administrative	45.2	48.6	51.5	-	51.5
Total operating expenses	**124.2**	**115.7**	**135.2**	**(13.9)**	**121.3**
As a % of revenue	**31.4%**	**28.1%**	**30.7%**		**27.5%**

Adjusted current operating expenses (restated by €13.9 million depreciation and amortization charges arising on the acquisitions of entities) rose slightly from €115.7 million in H1 2010 pro forma to €121.3 million in H1 2011. This increase was primarily attributable to the higher sales and administrative expenses made necessary by the Group's growth. Operating expenses represented 27.5% of revenue, 60 basis points lower than the H1 2010 pro forma figure.

EBITDA up 17.5%

EBITDA increased 17.5% to €63.0 million, compared with €53.6 million in H1 2010, as a result of better absorption of operating expenses. The EBITDA margin was 14.3%, up 70 basis points.

On a comparable basis, the EBITDA margin was 14.3% of revenue, up 100 basis points.

Margin on profit from ordinary activities up

Reported profit from ordinary activities grew by 62% to €37.2 million, versus €22.9 million in H1 2010. Margin on ordinary activities was equal to 8.4% of revenue, an increase of 260 basis points year on year. In H1 2011, profit from ordinary activities included purchase price allocation expenses of €13.9 million (as against €13.8 million in H1 2010) in connection with the easycash, First Data Iberica and TransferTo acquisitions.

On an adjusted basis, EBIT increased by 39.6% to €51.1 million, compared with €36.6 million in H1 2010 (pro forma). The EBIT margin was 11.6% of revenue, up 270 basis points.

Profit from operating activities up by a substantial 51 percent

In H1 2011, Purchase Price Allocation expenses (MoneyLine, Planet, Sagem Monetel, Landi and easycash) remained stable at €13.9 million. Other income and expenses amounted for -€5.8 million, versus -€2.1 million in H1 2010.

(in millions of euros)	H1 2010 reported	H1 2011 reported
Profit from ordinary activities	**22.9**	**37.2**
Other operating income and expenses	(2.1)	(5.8)
Profit from operating activities	20.8	31.4
As a % of revenue	**5.3%**	**7.1%**

After accounting for charges resulting from purchase price allocations and other operating income and expenses, profit from operating activities rose by 51 percent – from €20.8 million in H1 2010 to €31.4 million in H1 2011. This marked a 180 basis-point increase to 7.1 percent of revenue.

Reconciliation of profit from ordinary activities to EBITDA

(in millions of euros)	H1 2010	H1 2011
Profit from ordinary activities	22.9	37.2
Allocated assets amortization	13.8	13.9
Other D&A and changes in provisions	14.6	9.5
Share-based payment expenses	2.3	2.4
EBITDA	53.6	63.0

Net finance costs

(in millions of euros)	H1 2010	H1 2011
Interest expense	(6.1)	(10.5)
Income from cash and cash equivalents	1.7	2.7
Net interest costs	**(4.4)**	**(7.8)**
Foreign exchange gains/(losses)	3.3	(3.0)

Other financial income/(expenses)	(1.5)	(3.6)
Net finance costs	**(2.6)**	**(14.3)**

Finance costs increased in H1 2011 as a result of higher interest expense on short- and medium-term loans, as well as on the convertible bonds (OCEANE) issued on March 11, 2011.

Stable net profit

Net profit in H1 2011 remained stable with the prior-year period at €11 million. This figure included a rise in total finance costs to -€14.3 million (versus -€2.6 million in H1 2010) due to higher financial expenses in application of IFRS to the €250 million convertible bond issued in March 2011 and foreign exchange losses of €3 million resulting from the impact of exchange rate fluctuations on the conversion of transactions in foreign currencies.

Income tax expense was down to €5.1 million (compared with €6.3 million in H1 2010), and the tax rate stood at 29.7%[3] in H1 2011, i.e. 490 basis points lower than in H1 2010.

(in millions of euros)	H1 2010	H1 2011
Profit from operations	**20.8**	**31.4**
Total finance costs	(2.6)	(14.3)
Share of profit of equity-accounted investees	(0.7)	(1.0)
Profit before income tax	17.5	16.1
Income tax	(6.3)	(5.1)
Profit	**11.2**	**11.0**

An enhanced financial flexibility

Total equity increased to €565.3 million at June 30, 2011.

Net debt is down at €94.5 million at June 30, 2011 from €109.1 million at December 31, 2010.

(in millions of euros)	H1 2010	H1 2011
EBITDA	53.6	63.0
Change in net working capital	0.9	(38.9)
Capital expenditures	**(11.2)**	**(11.9)**
Net cash flow from operating activities	43.3	12.2

The €12.2 million generated in cash flow from operating activities resulted from high EBITDA, efficient management of investments net of disposals (€11.9 million, representing 2.7% of revenue) and the impact of a negative change in working capital of €38.9 million, mostly due to the remedy of a temporary postponed payment to suppliers.

[3] Tax rate: tax expense/(pre-tax earnings – share of profits of associates)

Cash flow from financing activities totaled €206.5 million, primarily from the €250 million convertible bond issued on March 11 maturing on January 1, 2017 and the repayment of the €34 million acquisition credit facility taken out in June 2010. This figure also includes a cash dividend payment of €5.3 million.

Ingenico's main financial ratios in H1 2011 demonstrate the Group's strong financial structure. At June 30, 2011, the net debt-to-equity ratio was 17%. At June 30, 2011, the net debt-to-EBITDA ratio was 0.5x.

2.2 Subsequent events as of June 30, 2011

See Note 17 "Subsequent events" in the notes to the condensed interim consolidated financial statements.

2.3 Principal risks and uncertainties in the second half

In the second half of 2011, Ingenico faces the same risks as described in the 2010 registration document *(Document de Référence).* The risks that are more specific to the second half have to do with the level of the Group's business activity which depends on the strength of economic recovery and which is likely to reflect the usual seasonal trend of higher revenue and operating profit in the latter half of the year. The recovery of North American results shall be given a particular attention.

2.4 Related-party transactions

In the first half of 2011, there were no material transactions liable to be considered new regulated agreements (see Note 15 in the notes to the condensed interim consolidated financial statements).

2.5 Outlook

Based on its performance in H1 2011 and considering current market trends, Ingenico confirms its revenue target of over €985 million (on a like-for-like basis at constant exchange rates) which has been revised upwards on April 25, 2011. This revenue target represents organic growth of more than 6.3%[3] and growth of over 8.6% compared with 2010 reported revenue.

The Group maintains its improved profitability guidance, with EBIT margin of more than 13.9% and EBITDA margin of more than 18.3% (as opposed to the 2010 pro forma figures of 13.5% and 18% respectively).

3/ Attestation of the party responsible for the interim condensed financial statements

"I certify that, to the best of my knowledge, the interim condensed financial statements for the preceding half year were drawn up in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the consolidated group of entities, and that the management report included herein gives a fair and true view of the significant events that occurred during the first six months of the year, of their effect on the Group's accounts and of the Group's principal related-party transactions, as well as a description of the principal risks and uncertainties confronting the Group in the remaining six months of the year."

Philippe Lazare
Chief Executive Officer

4/ Statutory Auditors' Report on H1'11 interim financial statements

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Ingenico S.A.

Registered office: 192, avenue Charles de Gaulle - 92200 Neuilly-sur-Seine
Share capital: €51,970,828

Statutory auditors' review report on the half-yearly consolidated financial statements

For the six-month period ended 30 June 2011

To the Shareholders,

Following our appointment as statutory auditors by your annual general meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Ingenico S.A. for the six-month period ended 30 June 2011,
- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

Without qualifying the conclusion expressed above, we draw your attention to the matters set out in the note 15 to the consolidated financial statements regarding the position in respect of the outstanding tax assessments concerning Ingenico S.A. Brazilian subsidiary as at 30 June 2011.

II. Specific verification

We have also verified the information given in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, on July 29, 2011	Paris, on July 29, 2011
KPMG Audit IS	C.G.E.C. S.A.
Jean-Pierre Valensi *Partner*	Sophie Brulebois *Partner*