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HALF-YEAR FINANCIAL REPORT

First half ended June 30th 2012

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1/ Condensed interim consolidated financial statements as of June 30, 2012

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1 CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	30th June 2011 Published	30th June 2011 Restated *	30th June 2012
REVENUE	5	**440 270**	**440 270**	**542 261**
Cost of sales *		(267 820)	(270 099)	(316 452)
GROSS PROFIT		**172 450**	**170 171**	**225 809**
Distribution and marketing costs		(44 605)	(44 605)	(58 686)
Research and development expenses		(39 185)	(39 185)	(45 776)
Administrative expenses		(51 478)	(51 478)	(68 582)
PROFIT FROM ORDINARY ACTIVITIES	5	**37 182**	**34 903**	**52 765**
Other operating income	6	112	112	9 771
Other operating expenses	6	(5 862)	(5 862)	(5 537)
PROFIT FROM OPERATING ACTIVITIES		**31 432**	**29 153**	**56 999**
Financial income	7	22 132	22 132	27 716
Financial expenses	7	(36 448)	(34 169)	(34 494)
NET FINANCE COSTS		**(14 316)**	**(12 037)**	**(6 778)**
Share of profit of associates		(1 043)	(1 043)	(462)
PROFIT BEFORE INCOME TAX		**16 073**	**16 073**	**49 759**
Income tax expense	8	(5 088)	(5 088)	(16 010)
PROFIT FOR THE PERIOD		**10 985**	**10 985**	**33 749**
Attributable to:				
• owners of Ingenico S.A.		10 985	10 985	31 478
• non-controlling interests		-	-	2 271
EARNINGS PER SHARE (in euros)				
Net earnings				
• Basic earnings per share		0,22	0,22	0,61
• Diluted earnings per share		0,21	0,21	0,61

* As of 2012, exchange gains or losses arising on translation of revenues and expenses denominated in foreign currency (including the effective portion of any associated hedges) are now recognized in cost of sales, instead of in net finance costs. To facilitate comparison, the income statement for the half year ended June 30, 2011 has been restated. A net expense of €2.279 million has accordingly been reclassified from net finance costs to cost of sales.

2 CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	June 30, 2011	June 30, 2012
Profit for the period attributable to Ingenico S.A. shareholders	**10 985**	**31 478**
Translation differences	(13 843)	8 363
Remeasurement of derivative hedging instruments at fair value	(479)	(3 395)
Remeasurement of available-for-sale financial assets at fair value	-	-
Actuarial gains/(losses) on long-term employee benefit obligations (defined benefit plans)	(370)	-
Share of gains/(losses) of associates recognized directly in equity	-	-
Taxes on gains/(losses) recognized directly in equity (1)	1 082	942
Other	9	18
Total gains/(losses) recognized directly in equity and attributable to Ingenico S.A. shareholders	**(13 601)**	**5 928**
Total comprehensive income attributable to Ingenico S.A. shareholders	(2 616)	37 406
Total comprehensive income attributable to non-controlling interests	-	2 569
Total comprehensive income for the period	**(2 616)**	**39 975**
(1) Breakdown of income taxes recognized in equity		
On translation differences	*823*	*(241)*
On remeasurement of derivative hedging instruments	*165*	*1 183*
On remeasurement of available-for-sale financial assets	*-*	*-*
On actuarial gains/(losses) on long-term employee benefit obligations (defined benefit plans)	*94*	*-*
Total	***1 082***	***942***

3 CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(in thousands of euros)	Notes	Dec. 31, 2011	June 30, 2012
NON-CURRENT ASSETS			
Goodwill	9	529 022	568 279
Other intangible assets		151 952	144 334
Property, plant and equipment		34 224	36 471
Investments in equity-accounted investees		18 265	-
Financial assets		4 667	5 639
Deferred tax assets		23 502	22 043
Other non-current assets		20 353	22 029
TOTAL NON-CURRENT ASSETS		**781 985**	**798 795**
CURRENT ASSETS			
Inventories	10	94 899	128 232
Trade and related receivables		335 329	319 704
Other current assets		11 209	27 659
Current tax assets		9 359	21 167
Derivative financial instruments	13	6 861	9 991
Cash and cash equivalents	12	347 602	313 435
TOTAL CURRENT ASSETS		**805 259**	**820 188**
TOTAL ASSETS		**1 587 244**	**1 618 983**

EQUITY AND LIABILITIES

(in thousands of euros)		Dec. 31, 2011	June 30, 2012
Share capital	11	51 980	52 482
Share premium account		394 796	404 156
Retained earnings and other reserves		158 160	165 607
Translation reserve		18 551	26 932
EQUITY ATTRIBUTABLE TO INGENICO S.A. SHAREHOLDERS		**623 487**	**649 177**
NON-CONTROLLING INTERESTS		**7 096**	**1 689**
TOTAL EQUITY		**630 583**	**650 866**
NON-CURRENT LIABILITIES			
Long-term loans and borrowings	12	427 563	405 424
Provisions for retirement benefit obligations	15	12 785	8 535
Other provisions	15	22 276	14 581
Deferred tax liabilities		43 696	41 478
Other non-current liabilities		11 869	17 519
TOTAL NON-CURRENT LIABILITIES		**518 189**	**487 537**
CURRENT LIABILITIES			
Short-term loans and borrowings	12	29 691	62 703
Other provisions	15	11 184	19 185
Trade and related payables		297 332	261 200
Other current liabilities		79 855	98 445
Current tax liabilities		16 640	28 343
Derivative financial instruments	13	3 770	10 704
TOTAL CURRENT LIABILITIES		**438 472**	**480 580**
TOTAL LIABILITIES		**956 661**	**968 117**
TOTAL EQUITY AND LIABILITIES		**1 587 244**	**1 618 983**

4 CONDENSED INTERIM 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	Non-controlling interests	Total equity
Balance at Dec. 31, 2010	**51 512**	**382 516**	**14 290**	**219**	**(14 644)**	**111 674**	**545 567**	**-**	**545 567**
Dividends paid to shareholders (1)						(5 260)	(5 260)		(5 260)
Stock dividends paid to shareholders (2)	439	12 065				(12 504)	-		-
Treasury shares (3)					(3 038)	(2 504)	(5 542)		(5 542)
Share-based payments and exercise of stock options (4)	29	213				3 117	3 359	42	3 401
Equity component of OCEANE, net amount (5)						24 256	24 256		24 256
Acquisition of additional interest in Landi (6)						1 788	1 788		1 788
Acquisition of Xiring (7)							-	5 550	5 550
Unwinding of Landi put option discount (8)						(754)	(754)		(754)
Total gains/(losses) recognized for the period			4 279	1 444		54 350	60 073	1 504	61 577
Other							-		-
Balance at Dec. 31, 2011	**51 980**	**394 794**	**18 569**	**1 663**	**(17 682)**	**174 163**	**623 487**	**7 096**	**630 583**
Dividends paid to shareholders (1)						(11 543)	(11 543)	(2 397)	(13 940)
Stock dividends paid to shareholders (2)	423	13 613				(14 036)	-		-
Treasury shares (3)					11 090	(5 456)	5 634		5 634
Share-based payments and exercise of stock options (4)	79	713				(1 744)	(952)	21	(931)
Acquisition of Xiring (5)		1 783				(1 783)	-	(5 600)	(5 600)
Acquisition of ROAM Data (6)						(3 638)	(3 638)		(3 638)
Unwinding of put option discount (7)						(1 217)	(1 217)		(1 217)
Total gains/(losses) recognized for the period			8 363	(2 212)		31 255	37 406	2 569	39 975
Other (8)		(6 747)				6 747	-		-
Balance at June 30, 2012	**52 482**	**404 156**	**26 932**	**(549)**	**(6 592)**	**172 748**	**649 177**	**1 689**	**650 866**

June 2012:

(1) Cash dividend paid on May 31, 2012

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

(3) At January 1, 2012, the Company held 868,484 treasury shares. At June 30, 2012, the Company held 277,335 treasury shares bought back by virtue of authorizations granted at shareholders' meetings.

(4) Share-based payment:

- The decrease in retained earnings and other reserves reflects fair value adjustments to free share awards 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 and a capital increase. As part of the merger with Xiring, Ingenico S.A. also increased its share capital by issuing new shares for the benefit of 1) holders of Xiring free shares, at a conversion ratio of two Xiring shares for one Ingenico share; and 2) holders of stock options exercised between the date of the merger proposal and the date on which the merger was completed, at a ratio of two Xiring shares for one Ingenico share.

(5) During the first half of 2012, Ingenico finalized the buyout of the remaining non-controlling interests in Xiring, thus assuming full ownership of the company. On June 29, 2012, Xiring was absorbed into Ingenico S.A.

(6) On February 6, 2012, Ingenico Ventures gained a controlled interest in ROAM Data. The net effect of the subsequent exercise of the ROAM Data put option was to reduce equity by €3.6 million.

(7) The discounts unwound in the period pertain to the put option on Landi shares.

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

December 2011:

(1) Cash dividend paid on May 31, 2011.

(2) Stock dividend financed through incorporation of reserves into share capital and issuance of 439,205 new shares.

(3) At January 1, 2011, the Company held 875,443 treasury shares. At December 31, 2011, the Company held 868,484 treasury shares bought back by virtue of authorizations granted at shareholders' meetings.

(4) Share-based payment:

- The increase in retained earnings and other reserves reflects fair value adjustments to free share awards recognized each year in administrative expenses and profit from ordinary activities, after deduction of deferred taxes.
- The increase in share capital and issue and contribution premiums reflects the exercise of stock options.

(5) Results from the issue of 6,677,350 OCEANE-type bonds (convertible into or exchangeable for new or existing shares) in the total principal amount of €250 million, with their issue date on March 11, 2011 and maturing on January 1, 2017.

(6) On September 22, 2011, Ingenico Holding Asia (formerly Autogain Hong Kong) acquired an additional 10% stake in Landi. The net effect of the subsequent renegotiation of the Landi put option was to increase equity by €1.8 million.

(7) On November 14, 2011, Ingenico launched a contractual voluntary tender offer for all the shares of the company Xiring. As of December 5, 2011, Ingenico held 91.81% of Xiring's shares, thus crossing the threshold set for the offer to be successful.

(8) On September 22, 2011, the put option on Landi shares was renegotiated to apply to the remaining 22% held by non-controlling shareholders.

5 CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	30th June 2011	30th June 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	10 985	33 749
Adjustments for:		
• Share of profit of associates	1 043	462
• Income tax expense / (income)	5 088	16 010
• Depreciation, amortization and provisions	24 032	24 734
• Change in fair value	844	2 057
• Gains / (losses) on disposal of assets	187	(8 643)
• Net interest costs	10 984	6 272
• Dividend income	-	-
• Share-based payment expense	2 216	1 145
• Interest paid	(7 713)	(9 110)
• Income tax paid	(8 691)	(15 758)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL	**38 975**	**50 918**
Change in working capital		
• Inventories	389	(32 338)
• Trade and other receivables	5	11 381
• Trade and other payables	(39 321)	(23 776)
CHANGE IN NET WORKING CAPITAL	(38 927)	(44 733)
NET CASH FLOW FROM OPERATING ACTIVITIES	**48**	**6 185**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of non-current assets	(12 230)	(26 398)
Proceeds from sale of non-current assets	360	3 962
Acquisition of subsidiaries, net of cash acquired	50	(20 071)
Disposal of subsidiaries, net of cash disposed of	-	430
Loans and advances granted and other financial assets	(380)	(657)
Loan repayments received	283	117
Interest received	2 788	4 351
Impact of changes in accounting method and percentage	-	(718)
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(9 129)**	**(38 984)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share capital issues	255	-
Purchase/(sale) of own shares	255	2 665
Proceeds from loans and borrowings	257 667	5 102
Repayment of loans and borrowings	(46 442)	(2 108)
Changes in other financial liabilities	-	(366)
Dividends paid	(5 260)	(11 507)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**206 475**	**(6 214)**
Effect of exchange rates fluctuations	(3 185)	2 059
Financial asset reclassified to cash equivalents	-	
CHANGE IN CASH AND CASH EQUIVALENTS	**194 209**	**(36 954)**
Cash and cash equivalents at beginning of the year	145 557	327 931
Cash and cash equivalents at year end (1)	339 766	290 977

Comments:

	30th June 2011	30th June 2012
(1) CASH AND CASH EQUIVALENTS		
Short-term investments (only portion readily convertible into cash)	124 511	142 065
Cash on hand	237 804	171 370
Bank overdrafts (included in short-term borrowings)	(22 549)	(22 456)
TOTAL CASH AND CASH EQUIVALENTS	**339 766**	**290 979**
Available-for-sale assets	-	-
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	**339 766**	**290 979**

NOTES TO THE CONDENSED INTERIM 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 Paris.

The condensed interim consolidated financial statements were approved by the Board of Directors on July 25, 2012.

2. ACCOUNTING PRINCIPLES AND METHODS

The condensed interim consolidated financial statements for the period from January 1, 2012 to June 30, 2012 were drawn up using the same accounting principles and methods used in the consolidated financial statements for the fiscal year ended December 31, 2011, except for the change in accounting method set forth in the section titled Change of Accounting Method.

Moreover, Ingenico did not apply the following new standards, amendments and interpretations which have not yet been adopted by the European Union and which concern the Group:

- The amendment to IAS 1, Presentation of Items of Other Comprehensive Income
- The amendment to IAS 19, Employee Benefits

These interim condensed consolidated financial statements were drawn up in accordance with International Financial Reporting Standard IAS 34, Interim Financial Statements. They do not include all the information required for complete annual financial statements and should be read in conjunction with the Group's financial statements for the year ended December 31, 2011.

Translation of financial statements

The conversion rates for the main currencies used by the Group in fiscal year 2011 and half-year periods ended June 30, 2011 and 2012 are as follows:

Closing rate	Dec. 31, 2011	June 30, 2012
U.S. Dollar	1,2939	1,259
Canadian Dollar	1,3215	1,2871
Australian Dollar	1,2723	1,2339
British Pound	0,8353	0,8068
Brazilian Real	2,4159	2,5788
Chinese Yuan	8,1588	8,0011

Average rate	June 30, 2011	June 30, 2012
U.S. Dollar	1,4031	1,2968
Canadian Dollar	1,3703	1,3041
Australian Dollar	1,3580	1,2560
British Pound	0,8680	0,8225
Brazilian Real	2,2871	2,4151
Chinese Yuan	9,1755	8,1918

Estimates

In preparing these interim condensed consolidated 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 statement of financial position, 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 condensed consolidated 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, 2011.

Determination of income tax expense

Income tax expense for each interim period is recognized based on the best estimate of the weighted average annual effective income tax rate expected for the full fiscal year.

It should also be recalled that Ingenico treats the CVAE component of the former local business tax *(Taxe Professionnelle)* as an income tax, in accordance with the IFRIC's definition of a tax that falls within the scope of IAS 12.

Change in accounting method

As of 2012, exchange gains or losses arising on translation of revenues and expenses denominated in foreign currency are now recognized in profit from ordinary activities, instead of in net finance costs as previously. These revenues and expenses are related to working capital items, as are the associated hedges.

To facilitate comparison, prior-period data has been restated.

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 and entities over which the Group has significant influence.

Corporate name	Address	Country	% interest Ingenico S.A.	Consolidation method
PARENT COMPANY				
INGENICO SA	28/32 Boulevard de Grenelle 75015 Paris	France		
CONSOLIDATED SUBSIDIARIES				
Ingenico Ventures SAS	28/32 Boulevard de Grenelle 75015 Paris along with its subsidiaries Fixed & Mobile Pte Ltd in Singapore (wholly-owned, directly and indirectly), and Roam Data in the U.S. (84.26% stake)	France	100%	FC
Ingenico Prepaid Services France SAS	28/32 Boulevard de Grenelle 75015 Paris	France	100%	FC
Ingenico 1	28/32 Boulevard de Grenelle 75015 Paris	France	100%	FC
Ingenico 2	28/32 Boulevard de Grenelle 75015 Paris	France	100%	FC
Ingenico GmbH	Pfalzburger Straße 43-44 10717 Berlin	Germany	100%	FC
Ingenico Healthcare GmbH	Konrad-Zuse-Ring 1 - 24220 Flintbek	Germany	100%	FC
DI Deutsche Ingenico Holding GmbH	Am Gierath 20 D-40468 Ratingen 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	600 North Bridge Road, #05-01 Parkview Square Singapore 188778	Singapore	100%	FC
Ingenico UK Ltd	Ridge Way - Donibristle Industrial Park - Dalgety Bay along with its wholly-owned subsidiaries Ingenico Ireland Ltd and Ingenico 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	9 East Loockerman Street - City of Dover 19901 Delaware along with its American and Canadian subsidiaries, all wholly-owned	U.S.	100%	FC
Ingenico IVI Inc	9155 South Date Land Blvd - Suite 1500 Miami Florida 33156 along with its wholly-owned subsidiary in Mexico	U.S.	100%	FC
Ingenico do Brasil Ltda	Avendida Tamboré, 418 Bairro Tamborré, Barueri - CEP 06460-000 - Sao Paulo 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	Italy	100%	FC
Mobile payments solutions NV	Prinses Margrietplantsoen 79, 2595BR 's- Gravenhage	Netherlands	100%	FC
Ingenico Holdings Asia Ltd	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong along with its subsidiaries Landi (78% stake) et Ingeserve Ltd, and Ingeserve Ltd, wholly-owned, and Fixed and Mobile Pte Ltd (wholly-owned, directly and indirectly)	Hong Kong	100%	FC
Ingenico Software Services Philippines Inc.	15 & 17 Floors pearl Bank Center - 146 Valero Street 1227 Metro Manila, Salce do Village Mkt Philippines	Philippines	100%	FC
Ingenico International Private India Ltd	Ground Floor, 25 DSIDC Scheme II, Okhla Phase II - New Delhi - 110020, New Delhi	Inde	100%	FC
Ingenico Switzerland SA	Impasse des Ecureuils 2 Case postale 56 CH-1763 Granges-Paccot	Switzerland	100%	FC
Ingenico Hungary	14 Hattyù utca 1014 Budapest	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	100%	FC
Ingenico Payment Systems LLC	Ul. Shapalernaya 51, 191015 Saint-Petersburg	Russia	100%	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 Sanayi	Turkey	100%	FC

4. ACQUISITIONS AND DIVESTITURES

Disposal of Korvac Holdings Pte Ltd

Description of the transaction

At the end of January 2012, Ingenico sold its entire 49-percent interest in Korvac Holdings Pte Ltd, a Singapore-based payment service provider operating in Southeast Asia.

Transaction price

The consideration for the transaction was €15.2 million, yielding a consolidated gain on disposal of €0.9 million. The corresponding receivable, which amounted to €15.0 million, was recognized in other current assets at the June 30, 2012 reporting date. Korvac has undertaken to pay that amount during the second half of the year.

Contribution to the Group's financial position

Korvac, which was previously accounted for using the equity method, contributed the following to the Group's consolidated financial position:

- –€0.2 million in January 2012
- –€3.0 million in 2011
- –€0.5 million in 2010.

Acquisitions

Acquisition of Russia Distribution

On April 12, 2012, Ingenico finalized the acquisition from ARCOM of Russia Distribution, an entity established to buy back assets from its distributor in Russia and the Commonwealth of Independent States (CIS). This acquisition is part and parcel of Ingenico's strategy of increasing its direct presence in the payment terminal market of high-growth countries and consolidating its expansion. With its hardware offer and payment solutions, the Group now addresses the needs of hundreds of banks in the region. The newly acquired entity has been included in the EEMEA segment.

Ingenico acquired Russia Distribution for a total of €6.9 million. In addition, there is a provision for an earn-out amount of €2.3 million, to be paid if the cash flow generated by Russia Distribution between the acquisition date and the end of 2014 exceeds a specific threshold.

Goodwill

Goodwill on the acquisition was €8.7 million (see Note 9, Goodwill).

Contribution to the Group's financial position (starting April 2012)

Russia Distribution contributed the following to the Group's consolidated financial position:

- €4.3 million to revenue
- €0.8 million to profit from ordinary activities
- €0.6 million to profit for the period.

Move to a controlling interest in ROAM Data

To enhance its mobile payment offer, particularly to independent merchants, Ingenico moved in February 2012 to acquire a controlling interest in the Boston-based company ROAM Data, in which it held a 43-percent stake since November 2009. ROAM Data's innovative solutions combine hardware, software and services for the mobile payment market with an m-Commerce platform. The company has been included in the Central Operations segment.

Ingenico thus acquired an additional 38-percent interest in ROAM Data for a total of €36.1 million. The ROAM Data shares previously held by Ingenico had a fair value of €12.5 million at the date of acquisition, which led the Group to recognize a net gain of €8.5 million.
On this basis, Ingenico granted ROAM Data the right to offer stock options, subject to a limit guaranteeing that the Group's holding in ROAM Data will remain above a 74.7-percent floor.

Goodwill

Goodwill amounted to €26.0 million (see Note 9, Goodwill).

Contribution to the Group's financial position (starting February 2012)

A fully consolidated subsidiary since February 2012, ROAM Data contributed the following to the Group's consolidated financial position:

- €4.0 million to revenue
- – €1.6 million to profit from ordinary activities
- – €1.6 to profit for the period.

Other transactions

During the first half of 2012, Ingenico finalized the buyout of the remaining non-controlling interests in Xiring for €4.8 million, thus moving to full ownership of the company (from its 91.8-percent stake at December 31, 2011).

At the Board meeting of June 29, 2012, Xiring was absorbed into Ingenico S.A., after absorbing its own subsidiary Baracoda. Xiring's business is now included in the Central Operations segment.

In Italy, TNET was merged into Ingenico Italia Spa.

5. SEGMENT REPORTING

The criteria used to determine reportable segments are set out in Note 2, Accounting Principles and Methods, of the consolidated financial statements for the year ended December 31, 2011. The information presented below is based on the management reporting used by the Executive Committee, the chief operating decision-maker as defined by IFRS 8, to evaluate the performance of the different segments.

The reportable segments are as follows:

- Central Operations, a division that brings together cross-functional and support services, particularly the distribution of products and services to the Regions identified below, as well as the business of specific subsidiaries, including Fixed & Mobile, ROAM Data and business taken over from Xiring;
- SEPA;
- Asia-Pacific (including Australia and China);
- North America (the U.S.A. and Canada);
- Latin America (including Brazil and Mexico);
- Central Europe, Africa and the Middle East.

Review of segment results

Revenue and profit from operations generated by Group entities that contribute to more than one segment have been allocated to specific segments.

Breakdown of segment results

At June 30, 2012, segment results are broken down as follows:

At June 30, 2012

Breakdown of segment profit or loss (in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	Central Europe Middle East Africa	Central Operations	Eliminations	Consolidated
External revenue	247 945	80 426	36 725	91 413	38 731	47 021		542 261
Inter-segment revenue	7 169	3 051	704	3 251	19 537	131 139	-164 850	0
Total revenue	**255 113**	**83 477**	**37 429**	**94 664**	**58 268**	**178 160**	**-164 850**	**542 261**
Profit from ordinary activities	24 011	13 153	-595	8 838	1 497	5 861		52 765
Profit from operations	22 211	13 748	-375	8 889	1 504	11 022		56 998
Net finance costs								-6 778
Share of profit of associates								-462
Income tax								-16 010
Profit for the period								***33 749***
Attributable to Ingenico S.A. shareholders								
Revenue by location of customers is as follows:								
External revenue	*258 356*	*89 269*	*47 654*	*97 257*	*49 726*			*542 261*

At June 30, 2011, segment results are 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	Central Operations	Eliminations	Consolidated
External revenue	219 308	68 586	29 808	78 556	32 106	11 906		440 270
Inter-segment revenue	8 195	3 496	4 453	3 018	14 489	105 510	-139 161	0
Total revenue	**227 504**	**72 082**	**34 261**	**81 574**	**46 594**	**117 416**	**-139 161**	**440 270**
Profit from ordinary activities	25 317	11 528	3 987	4 683	-2 582	-5 752		37 182
Profit from operations	24 927	11 661	1 882	4 584	-2 568	-9 053		31 432
Net finance costs								-14 316
Share of profit of associates								-1 043
Income tax								-5 088
Profit for the period								***10 985***
Attributable to Ingenico S.A. shareholders								***10 985***
Revenue by location of customers is as follows:								
External revenue	*218 540*	*74 799*	*29 563*	*79 537*	*37 832*			*440 270*

Breakdown of segment assets and liabilities

At June 30, 2012, segment assets and liabilities are broken down as follows:

At June 30, 2012

Breakdown of segment assets and liabilities (in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	Central Europe Middle East Africa	Central Operations	Consolidated
Goodwill	202 792	55 603	18 380	5 981	25 519	260 003	568 279
Other external segment assets	333 016	169 080	49 579	79 612	43 562	317 012	991 862
Deferred tax assets							22 043
Current tax receivables							21 167
Financial receivables							5 639
Derivative financial instruments							9 991
Assets held for sale							
Total Assets							**1 618 981**
External segment liabilities	147 305	116 799	32 848	50 619	11 041	60 852	419 465
Consolidated equity							650 865
Deferred tax liabilities							41 478
Current tax payable							28 343
Financial liabilities							468 126
Derivative financial instruments							10 703
Liabilities included in disposal groups							0
Total Liabilities							**1 618 981**

At December 31, 2011, segment assets and liabilities are broken down as follows:

At December 31, 2011

Breakdown of segment assets and liabilities (in thousands of euros)	SEPA	Asia-Pacific	North America	Latin America	Central Europe Middle East Africa	Central Operations	Consolidated
Goodwill	202 794	54 472	18 381	6 384	15 741	231 250	529 022
Other external segment assets	323 747	155 922	78 169	80 767	19 059	356 169	1 013 833
Deferred tax assets							23 502
Current tax receivables							9 359
Financial receivables							4 667
Derivative financial instruments							6 861
Assets held for sale							
Total Assets							**1 587 244**
External segment liabilities	111 890	100 077	25 164	56 532	8 941	132 697	435 301
Consolidated equity							630 583
Deferred tax liabilities							43 696
Current tax payable							16 640
Financial liabilities							457 254
Derivative financial instruments							3 770
Liabilities included in disposal groups							0
Total Liabilities							**1 587 244**

6. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are as follows:

(in thousands of euros)	June 30, 2011	June 30, 2012
Restructuring costs	(5 645)	(5 247)
Litigation expenses	(93)	-
Gain on remeasurement of ROAM Data shareholding	-	8 619
Disposal or retirement of property, plant and equipment or intangible assets	(123)	862
Others	111	-
Total	**(5 750)**	**4 234**

The main components of other operating income and expenses for the half year ended June 30, 2012 are restructuring costs and gains or losses on acquisitions and divestitures. Restructuring costs primarily include the following:

- a cost of €3.3 million incurred in connection with the reorganization of the Group;
- a cost of €1.1 million incurred during the period to transfer the head office to Paris;
- costs incurred in connection with acquisitions and divestitures carried out during the period (see Note 4, Acquisitions and Divestitures).

The acquisition of additional ROAM Data shares led to an upward adjustment of €8.6 million to the cost of the Group's prior equity-accounted holding in the company.

Lastly, the Korvac disposal generated a consolidated gain of €0.9 million.

Restructuring costs of €5.6 million, incurred in connection with the reorganization of the Group, account for the bulk of other operating income and expenses for the half year ended June 30, 2011. They include the following:

- €1.5 million in additional costs for the migration of applications to the Telium platform (chiefly in North America);
- a cost of €0.9 million incurred on the disposal, abandon or reorganization of operations;
- a cost of €1.1 million incurred in connection with a program to acquire assets in the U.S. payment market;
- a cost of €2.0 million incurred during the period to transfer the head office to Paris, of which €0.7 million result from the accelerated depreciation of certain assets.

7. NET FINANCE COSTS

(in thousands of euros)	30th June 2011 Published	30th June 2011 Restated	30th June 2012
Other interest expense	(10 144)	(10 144)	(10 324) *
Interest expense on finance lease contracts	(374)	(374)	(300)
TOTAL INTEREST EXPENSE	**(10 518)**	**(10 518)**	**(10 624)**
Income from cash and cash equivalents	1 153	1 153	2 891
Interest income on finance lease contracts	1 562	1 562	1 820
NET INTEREST EXPENSE	**(7 803)**	**(7 803)**	**(5 913)**
Foreign exchange gains	19 309	19 309	17 407
Foreign exchange losses	(22 264)	(19 985)	(18 049)
FOREIGN EXCHANGE GAINS AND LOSSES, NET	**(2 955)**	**(676)**	**(642)**
Gains/(losses) on other investments (remeasurement, disposal)	-	-	7
Other financial income	108	108	50
Other financial expenses	(3 666)	(3 666)	(280)
OTHER FINANCIAL INCOME AND EXPENSES, NET	**(3 558)**	**(3 558)**	**(223)**
NET FINANCE COSTS	**(14 316)**	**(12 037)**	**(6 778)**

*Includes €3.2 million of notional interest on the “OCEANE” convertible bond.

As of 2012, exchange gains or losses arising on translation of revenues and expenses denominated in foreign currencies (including the effective portion of any associated hedges) are recognized in cost of sales, whereas they were previously recognized in net finance costs. To facilitate comparison, the income statement for the half year ended June 30, 2011 has been restated. A net expense of € 2,279,000 has accordingly been reclassified from finance costs to cost of sales.

Net finance costs for the first half of 2012 are broken down as follows:

Interest expense was related to short- and long-term borrowings and to finance lease contracts. Interest expense on long-term borrowings pertained to a syndicated loan of €360 million put in place on August 5, 2011 to replace the facility arranged in 2009 for the easycash acquisition, and to bond coupon payments. Interest expense on these two borrowings totaled €9.3 million, plus an additional expense of €0.3 million due to a change in the fair value of an interest rate cap. Interest expense on short-term borrowings, which amounted to €0.7 million, mainly involved a drawdown by the Group's Brazilian subsidiary on a short-term revolving loan facility contracted in 2012. Interest expense and interest income on finance lease contracts mainly involved easycash GmbH and Ingenico S.A.

Ingenico posted a net foreign exchange loss of €0.6 million for the period.

Net finance costs for the first half of 2011 are broken down as follows:

Interest expense was related to short- and long-term borrowings and to finance lease contracts. Interest expense on long-term borrowings pertained to three borrowings by Ingenico S.A.: a €210 million syndicated loan put in place at the end of 2009 for the easycash acquisition; a €100 million facility contracted in July 2010, of which €34 million were drawn down in August 2010 and fully repaid in April 2011; and an OCEANE-type bond issue. Interest expense on these borrowings totaled €9.5 million, plus an additional expense of €0.2 million due to a change in the fair value of an interest rate cap. Interest expense on short-term borrowings, which amounted to €0.5 million, mainly involved a loan contracted by the Group's Brazilian subsidiary and repaid in the first half of 2011. Interest expense and interest income on finance lease contracts mainly involved easycash GmbH.

In addition to interest expense on borrowings, net finance costs included net finance lease receivables and income from cash and cash equivalents.

Ingenico posted a net foreign exchange loss of €3.0 million for the period. This result was attributable to realized and unrealized gains and losses related to the Group's operating activity, as well as to the hedging strategy put in place by the parent company to hedge risks assumed by the parent company for the entire Group.

Other financial income and expenses consisted of the following:

- €2.9 million in dividends paid to the non-controlling shareholders of the Chinese subsidiary Fujian Landi;
- the unwinding of the discounted present value of share purchase commitments with non-controlling shareholders and of changes in the fair value of financial instruments used to hedge post-employment defined benefit obligations at a number of subsidiaries.

8. INCOME TAX

Income tax expense for the period

(in thousands of euros)	June 30, 2011	June 30, 2012
PROFIT FOR THE PERIOD (EXCL. SHARE OF ASSOCIATES' PROFIT)	**12 028**	**34 210**
INCOME TAX EXPENSE	**(5 088)**	**(16 010)**
PROFIT BEFORE INCOME TAX (EXCL. SHARE OF ASSOCIATES' PROFIT)	**17 116**	**50 220**
Effective tax rate	29,73%	31,88%

Income tax expense for the half year ended June 30, 2012 has been estimated based on the information known to or anticipated by the Group at the reporting date, using the rate expected to be incurred in the full year. This method allows for more accurate estimates of income tax expense for half-year periods.

The favorable ratio of income tax expense for the first half of 2012 to profit before tax, i.e., 31.88 percent, reflects the fact that certain foreign subsidiaries are taxed at a lower rate than the parent company, as well as the remeasurement of ROAM Data shares previously held by Ingenico, even though a number of tax losses were not recognized at June 30, 2012 (most notably in the United States) and the CVAE has been classified as a current tax liability.

The favorable ratio of income tax expense for the first half of 2011 to profit before tax, i.e., 29.73 percent, reflects the fact that certain foreign subsidiaries are taxed at a lower rate than the parent company, and even though the CVAE has been classified as a current tax liability.

9. GOODWILL

Goodwill

(in thousands of euros)	December 31, 2011	June 30, 2012
At January 1	**466 260**	**529 022**
Investments	52 243	34 679
Divestitures	-	-
Impairment losses	-	-
Translation differences	1 387	3 861
Remeasurement	9 132	717
Other	-	-
At end of period	**529 022**	**568 279**

Investments during the period

To enhance its mobile payment offer, particularly to independent merchants, Ingenico moved in February 2012 to acquire a controlling interest in the Boston-based company ROAM Data, in which it held a 46-percent stake (see Note 4, Acquisitions and Divestitures).

Ingenico thus acquired an additional 38-percent interest in ROAM Data for a total of €36.1 million. The goodwill arising on this acquisition was €26.0 million, after the cost of Ingenico's previous holding in the company was adjusted upward by €8.5 million. The cost of the acquisition will be allocated during the second half to Ingenico's interest in the identifiable assets, liabilities and contingent liabilities.

In April 2012, Ingenico finalized the acquisition from ARCOM of Russia Distribution, an entity established to buy back assets from its distributor in Russia and the Commonwealth of Independent States (CIS).
The consideration paid by Ingenico to acquire Russia Distribution totaled €9.2 million, which included a €2.3 million earn-out amount. The goodwill arising on this acquisition was €8.7 million. The cost of the acquisition will be allocated during the second half to the identifiable assets acquired and liabilities and contingent liabilities assumed.

Adjustments to goodwill

After remeasuring at fair value the assets acquired and liabilities assumed in acquiring Xiring in November 2011, Ingenico recognized additional goodwill of €0.7 million. The Group intends to finalize the process of allocating the cost of the acquisition to the identifiable assets acquired and liabilities and contingent liabilities assumed by the end of the second half.

Fujian Landi put option

Fujian Landi is currently being valued in connection with the put option written by Ingenico on the shares held in the company by non-controlling-interest shareholders, which has expired. Pending the valuation results, Ingenico has continued to recognize the unwinding of the discounted present value of its put option as a financial expense, but has made no change to the goodwill amount recognized at the end of 2011 in these interim financial statements.

Breakdown of goodwill

Cash-generating units	December 31, 2011			June 30, 2012		
(in thousands of euros)	Gross carrying amount	Total impairment losses	Net carrying amount	Gross carrying amount	Total impairment losses	Net carrying amount
SEPA	205 056	(2 262)	202 794	205 092	(2 297)	202 794
Asia-Pacific	54 472	-	54 472	55 602	-	55 602
North America	39 773	(21 392)	18 381	39 773	(21 392)	18 381
Latin America	6 384	-	6 384	5 980	-	5 980
Central Europe/ Middle East/Africa	15 740	-	15 740	25 519	-	25 519
Central Operations	231 251	-	231 251	260 002	-	260 002
Total	**552 676**	(23 654)	**529 022**	**591 968**	(23 689)	**568 279**

10. INVENTORIES

(in thousands of euros)	December 31, 2011	June 30, 2012
Raw materials and consumables	32 276	36 209
Finished products	86 037	115 478
Depreciation on raw materials and consumables	(7 272)	(8 477)
Depreciation on finished products	(16 142)	(14 978)
Net	**94 899**	**128 232**

The increase in inventories results primarily from the seasonal nature of Ingenico's business.

11. SHARE CAPITAL OF THE PARENT COMPANY

Number of shares outstanding

	Dec. 31, 2011	**June 30, 2012**
Shares issued at January 1	**51 511 971**	**51 980 303**
Shares issued in connection with options exercised and dividend distributions	468 332	501 551
Shares issued at end of period	**51 980 303**	52 481 854
Treasury shares at end of period	**868 484**	**277 335**
Shares outstanding at end of period	51 111 819	52 204 519

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

Treasury shares

(in euros)	**January 1, 2012**	**Acquisitions**	**Disposals**	**June 30, 2012**
Number of shares	868 484	1 361 126	(1 952 275)	277 335
Average purchase price	20,36	35,05	30,12	23,77
Total	**17 683 462**	**47 712 514**	**(58 802 753)**	**6 593 223**

Shares repurchased to be awarded or retired

The portfolio of Ingenico stock repurchased by the Company to be granted under free share programs or to reduce the share capital totaled 768,989 shares at December 31, 2011.

At June 30, 2011, the portfolio totaled 259,991 shares, after 513,173 shares were used to meet obligations to beneficiaries of free share programs at the expiration of the vesting period and 4,175 shares were repurchased.

Shares repurchased under the liquidity contract

Under its liquidity contract, Ingenico held a total of 99,495 treasury shares at December 31, 2011. At June 30, 2012, the portfolio totaled 17,344 shares, representing a net disposal of 82,151 shares.

Stock subscription option plans and free share awards

Free share programs

On June 22, 2012, the Board of Directors resolved to award 73,000 free shares.

During the period, 1,752 free share awards were canceled, and 50,807 free shares vested and were delivered to program beneficiaries. As a result, at June 30, 2012, a total of 88,750 free shares were outstanding (68,309 at December 31, 2011).

Joint investment plan

At the same meeting, the Board of Directors resolved to set up a joint investment plan intended for the 46 key managers in the Group.

This plan takes the form of an agreement with the beneficiaries, under which a variable number of free shares will be granted subject to a number of conditions, namely agreement to subscribe, continued presence within the Group and level of performance (external and internal). The maximum number of free shares that may be awarded is 392,384.

The joint investment plan set up in March 2010 expired during the first half of 2012. Of the 474,640 free share awards outstanding at December 31, 2011, 462,366 had vested and were delivered to the beneficiaries, and 12,274 were canceled.

Stock option plans

No new stock option plans were set up during the first half of 2012. Given that 3,112 stock options were exercised, 7,916 stock options were canceled and 94 additional stock options were granted to stock option holders following dividend distribution, a total of 24,139 stock options were outstanding at June 30, 2012 (Plans F and H).

Fair value of options granted

Ingenico has 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 joint investment plan, Ingenico has calculated the fair value of the goods and services received based on the likelihood that internal performance and market conditions will meet expectations. The IFRS 2 expense will be remeasured on the basis of changes in the internal performance criteria at each reporting date.

Impact on financial statements

On the basis of the parameters used to calculate fair value, in the first half of 2012, an expense of €1.1 million was recognized in profit from ordinary activities in connection with free share grants and the joint investment plan.

12. NET DEBT

The net debt of Ingenico consists of current and non-current financial borrowings and debt, less short-term investments and cash and cash equivalents.

(in thousands of euros)	Dec. 31, 2011	June 30, 2012
Cash and cash equivalents	347 602	313 435
Financial borrowings and debt	(457 254)	(468 126)
Net debt	**(109 652)**	**(154 692)**

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)	Dec. 31, 2011	June 30, 2012
OCEANE bonds	213 637	216 881
Bank borrowings	207 790	181 846
Finance lease obligations	6 011	3 650
Other financial liabilities	125	3 047
Non-current borrowings and long-term debt	**427 563**	**405 424**
Bank and similar borrowings	5 630	34 428
Finance lease obligations	3 572	3 880
Bank overdrafts and other financial liabilities	20 489	24 395
Short-term borrowings	**29 691**	**62 703**
Total financial borrowings and debt	**457 254**	**468 126**

1) Bank borrowings and advances

At June 30, 2012, short- and long-term bank borrowings totaled €216.3 million. The syndicated loan put in place in August 2011 and maturing in 2016 accounted for a large share of that total.

Banks advances amounted to €22.4 million, with easycash GmbH receiving €18.4 million of the total.

2) Bond issue

In 2011, Ingenico issued “OCEANE” bonds, i.e. convertible into and/or exchangeable for new or existing shares, with their issue date on March 11, 2011 and maturing on January 1, 2017. The total principal amount of the issue is €250 million, or 6,677,350 bonds with a face value of €37.44 each. The bonds pay an annual coupon of 2.75 percent. After deduction of issuance costs and reclassification of the equity component of the issue, the interest rate on the bonds is 6.22 percent.
The bond issue was accompanied by an information memorandum approved by the *Autorité des Marchés Financiers* under visa number 11-062 on March 3, 2011.

13. DERIVATIVE FINANCIAL INSTRUMENTS

(i) Fair value of interest rate hedging instruments

	Interest rate hedging instruments	
(in thousands of euros)	**Dec. 31, 2011**	**June 30, 2012**
Current assets	-	
Current liabilities	(2 072)	(4 928)
Total	**(2 072)**	**(4 928)**

(ii) Fair value of exchange rate hedging instruments

	Foreign exchange hedging instruments	
(in thousands of euros)	**Dec. 31, 2011**	**June 30, 2012**
Current assets	6 861	9 991
Current liabilities	(1 698)	(5 775)
Total	**5 163**	**4216**

At June 30, 2012, the Group's exchange rate hedging instruments consisted of forward exchange contracts, swaps and currency options.

The fair market value of the Group's hedging instruments at June 30, 2012 showed an unrealized loss of €712,000, including an unrealized loss of €3,395,000 recognized in equity and a €1,489,000 loss recorded in profit and loss.

14. RELATED PARTY TRANSACTIONS

Transactions in 2012 between Ingenico and the Safran group, a member of the Board of Directors, involve only small-amount contracts in relation to the size of the Group. Morpho invoices in the first half of 2012 totaled a mere €0.5 million.

Total compensation and benefits paid to the Chairman of the Board of Directors and members of the Executive Committee in office from January 1, 2012 and June 30, 2012 breaks down as follows:

(in thousands of euros)	**June 30, 2011**	**June 30, 2012**
Fixed compensation	3 451	3 061
Variable compensation	1 575	1 512
Other benefits	1 959	484
Stock options and free share awards	1 656	545
Total	**8 642**	**5 603**

The Executive Committee has been reduced in size from 42 members at June 30, 2011 to 33 members at June 30, 2012. This explains the decrease in total compensation and benefits between the two periods.

15. PROVISIONS

(in thousands of euros)	**Balance at January 1, 2012**	Translation differences	Changes in consolidation scope	Additions	Reversals of amounts used	Reversal of unused amounts	Others movements	**Balance at June 30, 2012**
Provisions for retirement benefit obligations	12 785	77		387	(72)		(4 642)	8 535
Provisions for warranties	11 124	124	9	4 952	(5 115)	(48)	51	11 096
Provisions for litigation and claims	8 613	53	-	1 714	(3 774)	(198)	(1 163)	5 245
Provisions for restructuring	168	-	-	630	(168)	-	-	630
Other provisions	13 555	143	-	5 126	(6 431)	(994)	5 396	16 795
Total other provisions	33 459	320	9	12 421	(15 487)	(1 240)	4 284	33 766

(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) Litigation and claims

Ingenico is engaged in a number of claims and arbitration proceedings arising in connection with its business. Ingenico believes that adequate provisions have been recorded to cover all outstanding disputes.

Ingenico recognizes provisions for litigation and claims when the Group has a current obligation in respect of litigation in progress, administrative inquiries, disputed proceedings and other claims arising from past events not yet settled, and that it is probable that an outflow of economic benefits, which can be reliably estimated, will be required to settle the obligation.

Reversals of unused amounts chiefly reflect the resolution of legal proceedings that were settled in the Group’s favor.

There has been no change since December 31, 2011 in the tax dispute involving Ingenico Do Brasil, the Group’s Brazilian subsidiary, and the procedures are still in progress. Ingenico Do Brasil continues to contest all the ICMS tax assessments of which it has been notified by the various tax authorities (totaling BRL 197 million at June 30, 2012). The background is the “Tax War” currently pitting Brazilian States against each other. Based on an analysis of the risks involved and on the criteria set out in IAS 37, no provision has been recognized in the consolidated financial statements at June 30, 2012. The legal costs are recognized as they are incurred. At the June 30, 2012 reporting date, no demand for payment had been received.

(iii) Other provisions

Other provisions pertain to provisions for expenses incurred in the course of business (e.g. commitments to purchase supplier inventories, losses on finance leases). Other movements primarily involve the reclassification of the provision for retirement benefit obligations at Ingenico U.K. from non-current to current liabilities.

16. OFF-BALANCE SHEET COMMITMENTS

At June 30, 2012, Ingenico had the same off-balance sheet commitments as at the December 31, 2011 reporting date.

In addition, in connection with the additional interest it acquired in ROAM Data Inc. (see Note 4, Acquisitions and Divestitures), Ingenico received a $0.7 million seller's warranty with no time limit.

Moreover, the €17.8 million seller's warranty Ingenico received upon acquiring a 49-percent interest in Korvac ceased to apply when the entity was disposed of in January 2012.

17. SUBSEQUENT EVENTS

There were no material events subsequent to the reporting date.

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 expenses arising on the acquisition of new entities. Pursuant to IFRS 3 and to IFRS3R, the purchase price for new entities is allocated to the identifiable assets acquired and subsequently amortized over specified periods.

As of 2012, foreign exchange gains and losses from translation of operations denominated in foreign currency (including the effective portion of any related hedging instruments) are now recognized in cost of sales, instead of in net finance costs. To facilitate comparison, the income statements for the half year ended June 30, 2011.

To facilitate the assessment of Ingenico's performance in 2012, revenue and key financial figures for first half 2011 have been restated from January 1, 2011 to reflect the change in the scope of consolidation which have occurred during 2011 fiscal year (acquisition of TNET, Paycom and XIRING) and the change in the recognition of foreign exchange gains and losses arising on translation of transactions denominated in foreign currency (« pro forma 2011 restated »).

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.

Key figures

(in million euros)	**H1 12**	H1 11 Reported restated[1]	H1 11 Reported	H1 11 Pro forma[2] restated[1]
Revenue	**542.3**	440.3	440.3	453.9
Adjusted gross profit	**226.4**	170.1	172.4	177.3
As a % of revenue	**41.7%**	38.6%	39.2%	39.1%
Adjusted operating expenses	**(160.0)**	(121.3)	(121.3)	(127.2)
Profit from ordinary activities, adjusted (EBIT)	**66.4**	48.8	51.1	50.1
As a % of revenue	**12.2%**	11.1%	11.6%	11.0%
Profit from operating activities	**57.0**	29.1	31.4	-
Net profit	**33.7**	11.0	11.0	-
Net profit attributable to shareholders	**31.5**	11.0	11.0	-
EBITDA	**80.0**	60.7	63.0	63.5
As a % of revenue	14.8%	13.8%	14.3%	14.0%

Net debt	154.7	94.5	94.5	-
Equity attributable to shareholders	650.9	564.3	564.3	-

[1] *Data restated to reflect a change in the recognition of exchange gains or losses on operations denominated in foreign currency.*

[2] *Data restated to reflect the Group's structure at January 1, 2012.*

2.1 Financial data

Reported revenue up 23%

In 2011, the Group changed its internal reporting revenue and therefore its segmental information in order to reflect its new structure more adequately. As a consequence, Group created a "Central Operations" division responsible for internal development and production work on terminals sold to sales subsidiaries, as well as businesses operated on an international basis and monitored at Group level, i.e., TransferTo, XIRING and ROAM Data (controlled by Ingenico since February 10, 2012).
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 for credit acquiring, respectively.

	H1 2012	H1 2011		Change 2012/2011	
	€m	Reported	Pro forma[2]	Comparable[3]	Reported
Europe-SEPA	247.2	214.0	217.1	12.5%	15.5%
Amérique du Sud	91.4	78.6	78.6	21.8%	16.4%
Asie Pacifique	80.4	68.6	68.6	6.7%	17.2%
Amérique du Nord	36.7	29.8	29.8	15.3%	23.2%
EEMEA	38.7	32.1	32.1	23.6%	22.7%
Central Operations	47.8	17.2	27.7	48.8%	177.7%
Total	542.3	440.2	453.9	16.5%	23.3%

In the first half of 2012, revenue totaled €542.3 million, up 23.3 percent on a reported basis. This included a positive foreign exchange impact of €9.6 million and a €4.1 million contribution from ROAM Data. Total revenue included €432.9 million generated by the Payment Terminal activity (hardware, servicing and maintenance) and €109.4 million generated by Transaction Services.

All regions contributed to the Group's overall performance. Ingenico continued to leverage growth in emerging countries. The business trend remained favorable in Latin America, EEMEA and even Asia-Pacific, following first-quarter figures impacted, as anticipated, by an unfavorable basis of comparison with Q1 2011 in China.
In the Europe-SEPA region, Ingenico further increased its share in the payment terminal market, most notably in the United Kingdom and in Central Europe. At the same time, Transaction Services continued to develop as easycash and Axis expanded in Europe.
In North America, growth was driven by strong business in the United States, where the new payment terminal range incorporating EMV and contactless technology was deployed and terminal sales to small merchants through distributor networks and ISOs began to produce positive results.

On a comparable basis, revenue was 16.5 percent above the H1 2011 pro forma figure, driven by vigorous expansion in all segments. Sales in emerging countries and a changing competitive landscape were both factors behind the strong growth recorded in Payment Terminals (up 12.9 percent). Revenue from Transaction Services also continued to rise (up 33.7 percent) thanks to deployment of easycash in Germany and several neighboring countries, Axis services, along with TransferTo activity. Excluding TransferTo, organic growth in Transaction Services reached 13.8 percent in the first half.

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[3]*On a like-for-like basis at constant exchange rates.*

In the first half of 2012, Services, Maintenance and Transactions accounted for 32 percent of total revenue, with Transactions alone contributing 20 percent, up 300 basis points compared with the reported figure for the first half of 2011.

Strong growth of gross margin

Reported gross profit amounted to €225.8 million, compared with €170.2 million in H1 2011 (restated). Gross profit included €0.6 million of amortization expense on allocated assets. Gross profit increased by 300 basis points to 41.6% mainly thanks to higher gross profit in Payment Terminal (hardware, servicing and maintenance).

On a pro forma basis, adjusted gross margin increased by 260 basis points to 41.7 percent in the first half of 2012. The main driver of this performance was the 440 basis-point increase in gross margin in Payment Terminals (hardware, servicing and maintenance) to 43.6 percent of revenue, notably due to strong growth and an enhanced product mix in this segment.
As anticipated, gross margin in Transaction Services was 34.6 percent, compared with 38.3 percent in H1 2011 on a pro forma basis, reflecting the growth of TransferTo, which has a dilutive impact on gross margin. Excluding TransferTo, gross margin increased by 30 basis points to 44.6 percent in H1 2012.

Higher operating expenses, as anticipated, to support an expanding Group

Reported operating expenses stood at €173.0 million in H1 2013 as compared to €135.2 million in H1 2011 and represented 31.9% of revenue.
This increase was primarily attributable to higher sales expenses and investments in future sources of growth, particularly in the United States and in the mobile payment segment. The higher general and administrative expenses reflect the move initiated in 2011 to expand support functions at Group and regional level, as well as Group performance-based expenses.

(en millions d'euros)	H1 2011 Reported	H1 2011 Pro forma adjusted	H1 2012 Reported	Restatement related to depreciation & amortization charges on acquisitions	S1 2012 Adjusted
Sales & Marketing	44.6	37.5	58.7	(8.9)	49.8
Research & Development	39.1	35.3	45.8	(4.1)	41.7
General & Administrative	51.5	54.4	68.5	-	68.5
Total operating expenses	135.2	127.2	173.0	(13.0)	160.0
As % of revenue	30.7%	28.0%	31.9%		29.5%

After accounting for Purchase Price Allocation expenses of €13.0 millions, operating expenses were €160.0 million in H1 2012 as against €127.2 million in H1'11 restated. Operating expenses represented 29.5% of revenue, 150 basis points increase than the H1'11 pro forma restated figure.

However, the Group believes that after rising sharply over the last 18 months, operating expenses in the second half should stabilize in absolute value at close to the level recorded in the first half of 2012.

EBITDA up 32 percent

Reported EBITDA increased by 32 percent to €80.0 million, up from €60.7 million in the first half of 2011 (restated reported figures). The EBITDA margin was 14.8 percent of revenue, up by 100 basis points.

On a comparable basis, EBITDA margin increased to 14.8 percent, up 80 basis points compared to H1 2011 pro forma restated figures.

Significant growth in profit from ordinary activities: 51 percent

In the first half of 2012, profit from ordinary activities increased by 51% to €52.8 million, compared with €29.1 million in the first half of 2011 on a restated basis. Operating margin increased by 180 basis points to 9.7 percent of revenue. Profit from ordinary activities included Purchase Price Allocation expenses of €13.6 million (as against €13.9 million in H1 2011) based on acquisitions.

On a comparable basis, EBIT (adjusted profit from ordinary activities) increased by 32.5% percent to €66.4 million, compared with €50.1 million in H1 2011 (restated pro forma figures). The EBIT margin was 12.2 percent of revenue, up by 120 basis points.

Significant growth in profit from operating activities, up 95%

In the first half of 2012, Purchase Price Allocation expenses held steady at €13.6 million. Other operating income and expenses showed net income of €4.2 million, compared with a €5.8 million net expense in H1 2011, due in large part to the reevaluation of assets and liabilities previously acquired or taken over from ROAM Data when Ingenico gained control of that company in February 2012.

in millions of euros	**H1'12**	H1'11 Restated	H1'11 Reported
Profit from ordinary activities	**52.8**	34.9	37.2
Other income & expenses	**4.2**	(5.8)	(5.8)
Profit from operating activities	**57.0**	29.2	31.4
As a % of revenue	**10.5%**	6.6%	7.1%

After accounting for Purchase Price Allocation expenses and other operating income and expenses, profit from operating activities is up by 95 percent to €57.0 million. compared with €29.1 million in the first half of 2011 on a restated basis. Operating margin increased by 390 basis points to 10.5 percent of revenue.

Reconciliation of profit from ordinary activities to EBITDA

(in millions euros)	**H1'12**	H1'11 Restated	H1'11 Reported
Profit from ordinary activities	**52.8**	34.9	37.2
Allocated assets amortization	**13.6**	13.9	13.9
Other D&A and changes in provisions	**12.5**	9.5	9.5
Share based payment expenses	**1.1**	2.4	2.4
EBITDA	**80.0**	60.7	63.0

Financial result

(in millions euros)	**H1'12**	H1'11 Restated	H1'11 Reported
Interest expenses	**(10.6)**	(10.5)	(10.5)
Income from cash and cash equivalents	**4.7**	2.7	2.7
Net finance costs	**(5.9)**	(7.8)	(7.8)
Foreign exchange gains/(losses)	**(0.6)**	(0.7)	(3.0)
Other financial income	**(0.2)**	(3.6)	(3.6)
Financial result	**(6.8)**	(12.1)	(14.3)

Net profit attributable to shareholders multiplied by 2.9 to a total of €31.5 million

In the first half of 2012, net profit attributable to shareholders increased significantly to €31.5 million, compared with €11.0 million in H1 2011, even though income tax expense increased from €5.1 million in H1 2011 to €16.0 million. The tax rate stood at 31.9 percent[4] in 2012, versus 29.7 percent in H1 2011, due primarily to the growing contribution to results from entities taxed at above the average rate for the Group.

(in millions euros)	**H1'12**	H1'11 restated	H1'11 reported
Profit from ordinary activities	**57.0**	29.2	31.4
Financial result	**(6.8)**	(12.1)	(14.3)
Share of profit of equity-accounted investees	**(0.5)**	(1.0)	(1.0)
Profit before income tax	**49.8**	16.1	16.1
Income tax	**(16.0)**	(5.1)	(5.1)
Net profit	**33.7**	11.0	11.0
Net profit attributable to shareholders	**31.5**	11.0	11.0

A sound financial position

[4] Tax rate = income tax expense / (profit before income tax – share of profits of associates).

Total equity attributable to shareholders increased to €649.2 million.

Net debt increased from €109.7 million at December 31, 2011 to €154.6 million at June 30, 2012.

Cash flow from operating activities totaled €6.2 million. Before changes in working capital, cash flow from operating activities increased from €39.0 million in the first half of 2011 to €50.9 million. The negative change in working capital to €44.7 million primarily reflects a temporary build-up of inventory to facilitate rapid response to demand, particularly in emerging markets, and the remedy of a temporary postponed payment to suppliers.

Cash flow used in investing activities was -€38.9 million. This figure includes an increase in investments, net of disposals, to a net outflow of -€22.4 million, versus a net inflow of -€11.9 million in H1 2011, due to investments in real estate and Group information systems. Also included are expenditures of -€20.1 million for acquisitions carried out in the first half (the XIRING squeeze-out and the move to a controlling interest in ROAM Data in February).

Cash flow used in financing activities was -€6.2 million, including a cash dividend distribution of €11.5 million in respect of 2011. Stock dividends accounted for 55 percent of total dividends, testifying to strong shareholder confidence.

Ingenico's financial ratios at June 30, 2012 demonstrate the Group's sound financial position. The net-to-equity ratio was 24 percent. The net debt-to-EBITDA ratio was 0.8.

2.2 Subsequent events as of June 30. 2012

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 2012. Ingenico faces the same risks as described in the 2011 registration document (Document de Référence) filed by the Autorité des Marchés Financiers on March 29, 2012 under the number D.12-0240. 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.

2.4 Related-party transactions

In the first half of 2012. there were no material transactions liable to be considered new regulated agreements (see Note 14 in the notes to the condensed interim consolidated financial statements).

2.5 Outlook

Based on its performance since the start of the year and with the current uncertain economic environment, Ingenico confirms its revenue and profitability outlook.

The Group should post an organic growth in revenue greater than 8.3 percent at constant exchange rates and on a like-for-like basis. This means that on a reported basis, i.e., including the impact of exchange rates and the contribution of businesses acquired in 2012, Ingenico expects revenue to exceed €1.140 billion. The Group reminds that the fourth quarter of 2011 represents a very high basis of comparison, given that independently of economic conditions, revenues in that period were particularly strong in the Europe-SEPA region and Latin America.

Ingenico likewise confirms its profitability outlook, with EBITDA margin of 18.3 percent or above, even as the Group continues to invest in future sources of growth, most notably in the United States. Operating expenses in the second half should stabilize in absolute terms at close to the level recorded in the first half of 2012.

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 H1'12 interim financial statements

This is a free translation into English of the statutory auditors' report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Ingenico S.A.

Registered office: 28 - 32 Boulevard de Grenelle - 75015 Paris
Share capital: €. 52 481 854

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

For the six-month period ended 30 June 2012

To the Shareholders,

In compliance with the assignment entrusted to us by the shareholders in general meeting, we hereby report to you, on:

- the review of the accompanying condensed half-yearly financial statements of Ingenico S.A. for the six-month period ended 30 June 2012 ;
- the verification of information contained in the half year 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.

6 **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 following matters:

- the note 15 to the half-yearly consolidated financial statements regarding the Company's position in respect of the outstanding tax assessments concerning Ingenico S.A. Brazilian subsidiary as at 30 June 2012.
- the note 2 to the half-yearly consolidated financial statements which specifies the change in accounting principles on foreign exchange gain and loss effective since 1st January 2012.

7 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.

The statutory auditors

Paris La Défense and Paris, 27 July 2012

KPMG Audit IS	CGEC S.A.
Jean-Pierre Valensi *Partner*	Sophie Brulebois *Partner*