BELLON S.A.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For year ended August 31, 2016

PricewaterhouseCoopers Audit
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This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BELLON S.A.
17 place de la Résistance
92130 Issy-les-Moulineaux

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended August 31, 2016, on:

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

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

I- Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 August 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II- Justification of our assessments

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

- the Company has tested goodwills and intangible assets with an indefinite useful life for impairment, and has assessed whether assets with a finite useful life presented an indication of impairment, in accordance with the methods set out in notes 2.8 and 4.9 to the consolidated financial statements.

  We have reviewed the methods used for the aforementioned test, as well as the methodology applied to assess value in use based on the present value of future cash flows after tax. We have also reviewed both the documentation prepared for this purpose and the consistency of the data used, particularly the assumptions used to prepare the business plans.

- the provisions for pension and other post-employment benefits as described in notes 2.17 and 4.16 to the consolidated financial statements have chiefly been assessed by independent actuaries. We have reviewed the data and assumptions used by these actuaries as well as their conclusions, and have verified that note 4.16 provides appropriate information.

The aforementioned items are based on estimates and underlying assumptions which are uncertain by nature. As stated in note 2.2 to the consolidated financial statements, actual results may differ materially from such estimates in different conditions.

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

III- Specific verification

As required by law and in accordance with professional standards applicable in France, we also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, 26 January 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	KPMG Audit *Department of KPMG S.A.*
Agnès Hussherr	Jean-Claude Reydel

CONSOLIDATED FINANCIAL STATEMENTS - FISCAL 2016

1 CONSOLIDATED INCOME STATEMENT

(in millions of euro)	Notes	Fiscal 2016	Fiscal 2015
Revenues	**3**	**20,245**	**19,815**
Cost of sales	4.1	(17,135)	(16,657)
Gross profit		**3,110**	**3,158**
Administrative and Sales Department costs	4.1	(2,003)	(1,983)
Other operating income	4.1	22	12
Other operating expenses	4.1	(42)	(56)
Operating profit before share of profit of companies consolidated by the equity method that directly contribute to the group's business [(1)]	**3**	**1,087**	**1,131**
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business	3 and 4.8	6	7
Operating profit		**1,093**	**1,138**
Interest income	4.2	32	82
Financial expense	4.2	(170)	(208)
Share of profit of other companies consolidated by the equity method	3 and 4.8	7	7
Profit for the period before tax		**962**	**1,019**
Income tax expense	4.3	(330)	(321)
Profit for the year		**632**	**698**
Of which:			
Non-controlling interests		432	480
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**200**	**218**

(1) Including 108 million euro in costs recorded in Fiscal 2016 in connection with the adaptation and simplification program (see note 2.22.4).

2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euro)	Notes	Fiscal 2016	Fiscal 2015
Profit for the year		**632**	**698**
Components of other comprehensive income to be reclassified subsequently to profit or loss			
Change in fair value of available-for-sale financial assets	4.10.2 and 4.13	1	(1)
Change in fair value of Cash Flow Hedge instruments	4.15 and 4.13	(2)	(5)
Change in fair value of Cash Flow Hedge instruments reclassified to profit or loss	4.15 and 4.13	1	3
Currency translation adjustment		(7)	37
Tax on components of other comprehensive income to be reclassified subsequently to profit or loss	4.13		1
Share of other components of comprehensive income of companies consolidated by the equity method, net of tax	4.13	4	3
Components of other comprehensive income that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan obligation	4.16.1 and 4.13	(211)	56
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	4.13	31	(13)
Total other comprehensive income (loss), after tax		**(183)**	**81**
COMPREHENSIVE INCOME		**449**	**779**
Of which:			
Equity holders of the parent		136	246
Non-controlling interests		313	533

3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in millions of euro)	Notes	August 31, 2016	August 31, 2015
NON-CURRENT ASSETS			
Property, plant and equipment	4.4	604	594
Goodwill	4.5	5,534	5,506
Other intangible assets	4.6	467	505
Client investments	4.7	562	485
Companies consolidated by the equity method	4.8	95	71
Financial assets	4.10	92	89
Derivative financial instrument assets	4.15	11	10
Other non-current assets	4.11	25	22
Deferred tax assets	4.19	287	232
Total non-current assets		**7,677**	**7,514**
CURRENT ASSETS			
Financial assets	4.10	44	24
Derivative financial instrument assets	4.15		35
Inventories		268	270
Income tax receivable		184	176
Trade and other receivables	4.11	3,990	3,912
Restricted cash and financial assets related to the Benefits and Rewards Services activity	4.10	799	739
Cash and cash equivalents	4.12	1,390	2,075
Total current assets		**6,675**	**7,231**
TOTAL ASSETS		**14,352**	**14,745**

Liabilities and shareholders' equity

(in millions of euro)	Notes	August 31, 2016	August 31, 2015
SHAREHOLDERS' EQUITY			
Share capital		0	0
Additional paid-in capital		397	397
Reserves and retained earnings		468	631
Equity attributable to equity holders of the parent		**865**	**1,028**
Non-controlling interests		**2,332**	**2,427**
Total shareholders' equity	**4.13**	**3,197**	**3,455**
NON-CURRENT LIABILITIES			
Borrowings	4.14	3,154	3,277
Derivative financial instrument liabilities	4.15	16	8
Employee benefits	4.16	589	421
Other non-current liabilities	4.18	193	192
Provisions	4.17	105	88
Deferred tax liabilities	4.19	149	130
Total non-current liabilities		**4,206**	**4,116**
CURRENT LIABILITIES			
Bank overdrafts	4.12	28	39
Borrowings	4.14	82	343
Derivative financial instrument liabilities	4.15		5
Income tax payable		124	133
Provisions	4.17	89	83
Trade and other payables	4.18	3,948	4,075
Vouchers payable		2,678	2,496
Total current liabilities		**6,949**	**7,174**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**14,352**	**14,745**

4 CONSOLIDATED CASH FLOW STATEMENT

(in millions of euro)	Notes	Fiscal 2016	Fiscal 2015
OPERATING ACTIVITIES			
Operating profit		**1,087**	**1,131**
Elimination of non-cash and non-operating items			
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		308	277
Provisions		23	(11)
(Gain)/loss on disposal and other non-cash items		9	
Dividends received from companies consolidated by the equity method		11	10
Interest paid		(160)	(215)
Interest received		33	37
Income tax paid		(314)	(289)
Operating cash flow		**997**	**940**
Change in working capital from operating activities		**(57)**	**22**
Change in inventories		(1)	5
Change in trade and other receivables		(76)	(260)
Change in trade and other payables		(64)	201
Change in vouchers payable		132	100
Change in financial assets related to the Benefits and Rewards Services activity		(48)	(24)
Net cash provided by operating activities		**940**	**962**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		(345)	(302)
Disposals of property, plant and equipment and intangible assets		25	18
Change in client investments	4.7	(76)	(62)
Change in financial assets		(47)	17
Acquisitions of subsidiaries		(38)	(56)
Dispositions of subsidiaries		(4)	7
Net cash used in investing activities		**(485)**	**(378)**
FINANCING ACTIVITIES			
Dividends paid to parent company shareholders		(11)	(9)
Dividends paid to non-controlling shareholders of consolidated companies		(221)	(192)
Purchases of treasury shares		(155)	
Increase in share capital			2
Acquisitions of non-controlling interests in consolidated companies		(438)	(84)
Dispositions of non-controlling interests in consolidated companies		63	58
Proceeds from borrowings		162	357
Repayment of borrowings		(548)	(1,418)
Net cash provided by/(used in) financing activities		**(1,148)**	**(1,286)**
CHANGE IN NET CASH AND CASH EQUIVALENTS		**(693)**	**(702)**
Net effect of exchange rates and other effects on cash		19	8
Net cash and cash equivalents, beginning of period		2,036	2,730
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	4.12	**1,362**	**2,036**

5 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(en millions d'euros)	Shares outstanding	Share capital	Share premium	Treasury shares	Reserves and comprehensive income	Translation adjustment	Total shareholders' equity: Attributable to equity holders of the parent	Total shareholders' equity: Non-controlling interests	Total shareholders' equity: Total
Notes	**4.13**			**4.13**	**4.13**				
Shareholders' equity as of August 31, 2014	**25,710**		**397**		**571**	**(177)**	**791**	**2,067**	**2,858**
Profit for the year					218		**218**	480	**698**
Other comprehensive income (loss), net of tax					15	13	**28**	53	**81**
Comprehensive income					**233**	**13**	**246**	**533**	**779**
Dividends paid					(8)		**(8)**	(193)	**(201)**
Other[1]					(1)		**(1)**	20	**19**
Shareholders' equity as of August 31, 2015	**25,710**		**397**		**795**	**(164)**	**1,028**	**2,427**	**3,455**
Profit for the year					200		**200**	432	**632**
Other comprehensive income (loss), net of tax					(62)	(2)	**(64)**	(119)	**(183)**
Comprehensive income					**138**	**(2)**	**136**	**313**	**449**
Dividends paid					(13)		**(13)**	(224)	**(237)**
Treasury shares				(135)			**(135)**	(20)	**(155)**
Share-based payment (net of income tax)					19		**19**		**19**
Change in ownership interest without any change of control					(171)		**(171)**	(166)	**(337)**
Other[1]					1		**1**	2	**3**
Shareholders' equity as of August 31, 2016	**25,710**		**397**	**(135)**	**769**	**(166)**	**865**	**2,332**	**3,197**

(1) Including the effects of hyperinflation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Bellon SA is a *société anonyme* (a form of limited liability company) domiciled in France, with its headquarters located in Issy-Les-Moulineaux since May 23rd, 2016.

For the purpose of this document, "Bellon" refers to Bellon SA, "the Group" refers to Bellon SA together with the Sodexo group, and "Sodexo" or "the Sodexo Group" refers to Sodexo SA and its consolidated subsidiaries.

Bellon SA's consolidated financial statements were finalized by its Executive Board and submitted to its Supervisory Board on December 21, 2016. They will be submitted to the Annual Shareholder's Meeting on May 17 2017.

1. SIGNIFICANT EVENTS

On March 10, 2016, the Euronext Scientific Board on Indices announced its decision to include Sodexo in the CAC 40 index. This decision took effect as from the March 21, 2016 market trading session.

During Fiscal 2016, Sodexo redeemed the full outstanding balance of its 360 million U.S. dollars private placement carried out in 2008, of which 70 million dollars was an early repayment. In addition, Sodexo SA redeemed in advance 138 million U.S. dollars of its 2011 U.S. private placement. These redemptions, as well as (i) Sodexo's early redemption on September 29, 2016 of a further 108 million U.S. dollars of the 2011 U.S. private placement, and (ii) a 600 million euro bond issue launched on October 14, 2016, have enabled the Sodexo Group to reduce its average cost of borrowing and to extend the maturities of its borrowings.

On November 17, 2015, the Board of Directors of Sodexo decided to launch a share repurchase and cancellation program for 300 million euro. As part of this program, during Fiscal 2016, Sodexo SA purchased 3,151,060 of its own shares for 280 million euro, representing 2% of the share capital as of August 31, 2015. On June 14, 2016, Sodexo carried out a capital reduction representing a total of 300 million euro by cancelling these shares as well as 239,826 other treasury shares that it had previously purchased and which had not been allocated to free share plans.

During Fiscal 2016, Bellon SA purchased shares to B. Bellon and to his son A.Bellon.

The convention of acquisition signed in September, 2014 between Bellon SA and Sofrane SA for the purchase of 2,736 shares in usufruct expired in 2016.

On March 1st, 2016, Bellon SA obtained from the AMF a dispensation in the obligation to submit a public offer project (within the meaning of Article L.234-9, 6° of the French Commercial Code). In this context, Bellon SA set up a forward purchase program which enabled to acquire 1, 000,000 shares at a price of 94.04 euros per share on April 21, 2016, and to buy 648,422 shares at a price of 93.43 euros per share on August 17, 2016.

Following these acquisitions and the capital reduction of Sodexo recognized by the Board of Directors of Sodexo on June 14, 2016, our company holds 39.6% of the capital and 54.8% of the voting rights of Sodexo as of August 31, 2016.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

2.1.1 Basis of preparation of financial information for Fiscal 2016

The consolidated financial statements of the Group have been prepared in accordance with international financial reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union as of the period end, in order to be in compliance with the framework applied by the Sodexo Group, which is required to comply with European Regulation 1606/2002 of July 19, 2002,. A comprehensive list of the accounting standards adopted by the European Union is available for consultation on the European Commission website at http://ec.europa.eu/internal_market/accounting/ias/index_en.htm. Bellon S.A. prepares financial statements as of and for the same year-end as its subsidiary Sodexo.

Information for the comparative year presented has been prepared using the same principles.

The IFRS application dates as approved by the European Union have been the same as those for the IFRS standards published by the IASB for the Company's past three fiscal years. Consequently, any differences between the two sets of standards arising out of delays in approval by the European Union had no impact on the Group' consolidated financial statements.

2.1.2 New accounting standards and interpretations required to be applied

The new standards, interpretations or amendments whose application was mandatory for the Group effective for the fiscal year beginning September 1, 2015 had no material impact on the Group's consolidated financial statements.

2.1.3 Accounting standards and interpretations issued but not yet applicable

The Group has not elected to early adopt any standards, interpretations or amendments not required to be applied in Fiscal 2016.

The Group has not applied any IFRSs that had not yet been approved by the European Union as of August 31, 2016.

The Group is currently analyzing the impacts of applying (i) IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" (applicable by the Group as from Fiscal 2019) and (ii) IFRS 16 "Leases" (applicable by the Group as from Fiscal 2020), provided that these standards have been adopted for use in the European Union.

2.2 Use of estimates

The preparation of financial statements requires Group and subsidiary management to make estimates and assumptions which affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and for revenues and expenses for the period.

These estimates and valuations are updated continuously based on past experience and on various other factors considered reasonable in view of current circumstances, and are the basis for the assessments of the carrying amount of assets and liabilities.

Actual results may differ substantially from these estimates if assumptions or circumstances change.

Significant items subject to such estimates and assumptions include the following:

- impairment of current and non-current assets (notes 4.9 to 4.11);
- fair value of derivative financial instruments (note 4.15);
- provisions and litigation (notes 4.17 and 4.27);
- valuation of post-employment defined benefit plan assets and liabilities (note 4.16);
- recognition of deferred tax assets (note 4.19);
- share-based payment (note 4.21);
- valuation of goodwill and intangible assets acquired as part of a business combination, as well as their estimated useful lives (note 4.22).

2.3 Principles and methods of consolidation

2.3.1 Intragroup transactions

Intragroup transactions and balances, and unrealized losses and gains between Group companies, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, unless they represent an impairment loss.

2.3.2 Consolidation methods

A subsidiary is an entity directly or indirectly controlled by Bellon SA. The Group controls a subsidiary when it is exposed, or has rights to obtain variable benefits from its involvement with the subsidiary and has the ability to influence those benefits through its power over the subsidiary. In determining whether control exists, voting rights granted by equity instruments are taken into account only when they give the Group substantive rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained to the date on which control ceases to be exercised.

Associates are companies in which Bellon SA directly or indirectly exercises significant influence over financial and operating policy without exercising exclusive or joint control. Joint ventures are joint arrangements in which Bellon SA directly or indirectly exercises joint control and has rights to the net assets of the arrangement. Associates and joint ventures are consolidated by the equity method. The Group has a number of equity interests in project companies established in connection with Public-Private Partnership (PPP) contracts. These contracts enable governments to call upon the private sector for the design, construction, financing and management of public infrastructure (hospitals, schools, barracks, prisons), with detailed performance criteria. An analysis is performed for each of these equity interests, in order to determine whether they qualify as associates or joint ventures.

The Group only makes equity and subordinated debt investments in such projects when it acts as a service provider to the project company.

Further information on the main entities consolidated as of August 31, 2016 is provided in note 6.

2.3.3 Foreign currency translation

The exchange rates used are derived from rates quoted on the Paris stock exchange and other major international financial markets.

2.3.3.1 FOREIGN CURRENCY TRANSACTIONS

Monetary assets and liabilities denominated in foreign currencies at the period end are translated using the closing rate. The resulting translation differences are reported in financial income or expense.

Non-monetary foreign currency assets and liabilities reported at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities reported at fair value are translated using the exchange rate at the date when the fair value was determined.

Transactions for the period are translated at the exchange rate at the transaction date.

Translation differences on monetary items that are in substance part of a net investment in a foreign operation consolidated by Sodexo are reported in other comprehensive income until the disposal or liquidation of the investment.

2.3.3.2 FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

Countries with stable currencies

The separate financial statements of each consolidated entity are presented on the basis of the primary economic environment (functional currency) in which the entity operates.

For consolidation purposes, all foreign currency assets and liabilities of consolidated entities are translated into the reporting currency of the Group (the euro) at the closing exchange rate, and all income statement items are translated at the average exchange rate for the period. The resulting translation differences are recognized in other comprehensive income under "Currency translation differences".

Countries with hyperinflationary economies

For these countries, the difference between profit or loss for the period translated at the average rate and profit or loss for the period translated at the closing rate is recognized in financial income or expense.

Subsidiaries operating in Venezuela

At the end of calendar 2009, Venezuela joined the list of countries considered hyperinflationary according to the criteria in IAS 29. Consequently, with effect from the fiscal year ended August 31, 2010, for the preparation of the consolidated financial statements the Group applied the specific accounting requirements of this standard to the transactions of its subsidiaries operating in Venezuela that use the local currency as their functional currency.

Effective from Fiscal 2010, the Group decided to no longer use the official exchange rate published by the Venezuelan government, and instead to use the exchange rate corresponding to its best estimate of the exchange rate at which cash from its operations in Venezuela could be repatriated. In February 2015, the Venezuelan government announced that it was setting up a new foreign exchange platform called SIMADI (Marginal Currency Exchange System) to replace the SICAD II platform. In mid-July 2015, the Group decided to transition to the new platform and in Fiscal 2015 started bidding for dollars on SIMADI. In March 2016 another new foreign exchange platform, called DICOM, was put in place, and in Fiscal 2016 the Group carried out trades on this platform. As of August 31, 2016 and August 31, 2015, the Group's best estimate of the exchange rate at which it could repatriate cash from its operations in Venezuela corresponded to the closing exchange rate quoted on SIMADI and subsequently DICOM. The exchange rate used for the fiscal year ended August 31, 2015 was therefore 1 U.S. dollar = 199 bolivars (1 euro = 223.14 bolivars), and for the fiscal year ended August 31, 2016 it was 1 U.S. dollar = 645 bolivars (1 euro = 718 bolivars).

2.4 Business combinations and goodwill

The purchase method is used to account for acquisitions of subsidiaries by the Group. Fair value of the consideration corresponds to the fair value of assets acquired, equity instruments issued by the purchaser and liabilities assumed as of the date of the acquisition. Costs directly related to the acquisition are expensed as incurred in the income statement.

On initial consolidation of a subsidiary or equity interest, the Group measures all identifiable elements acquired at fair value at the acquisition date, in the currency of the acquired entity.

Changes to the measurement of identifiable assets and liabilities resulting from specialist valuations or additional analysis may be recognized as adjustments to goodwill if they are identified within one year of the date of acquisition and result from facts and circumstances existing at the acquisition date. Once this one-year period has elapsed, the effect of any adjustments is recognized directly in the income statement (unless it is the correction of an error), including recognition of deferred tax assets which are recognized in the income statement as a tax benefit if more than one year after the acquisition date. Goodwill arising on the acquisition of associates and joint ventures is included in the value of the equity method investment.

Goodwill is not amortized, but is subject to impairment tests immediately if there are indicators of impairment, and at least once per year. Impairment test procedures are described in note 2.8. Goodwill impairment losses recognized in the income statement are irreversible.

2.4.1 Goodwill

Any residual difference between the fair value of the consideration transferred (for example the amount paid), increased by the amount of the non-controlling interest in the acquired company (measured either at fair value or its share in the fair value of the identifiable net assets acquired) and the fair value as of the date of acquisition of the acquired assets or liabilities assumed, is recognized as goodwill in the statement of financial position.

The Group measures non-controlling interests on a case-by-case basis for each business combination either at fair value or based on their percentage interest in the fair value of identifiable net assets acquired.

2.4.2 Bargain purchases

When the fair value of the net assets acquired and the liabilities assumed as of the acquisition date is greater than acquisition cost, increased by the amount of any non-controlling interest, the excess – representing negative goodwill – is immediately recognized in the income statement in the period of acquisition, after reviewing the procedures for the identification and measurement of the different components included in the calculation.

2.4.3 Transactions in non-controlling interests

Changes in non-controlling interests, in the absence of either assumption or loss of control, are recognized in shareholders' equity. In particular, when additional shares in an entity already controlled by the Group are acquired, the difference between the acquisition cost of the shares and the share of net assets acquired is recognized in equity attributable to equity holders of the parent. The consolidated value of the assets and liabilities of the subsidiary (including goodwill) remains unchanged.

2.4.4 Purchase price adjustments and/or earn-outs

Purchase price adjustments and/or earn-outs related to business combinations are recognized at their fair value as of the date of acquisition even if they are considered to be not probable. After the date of acquisition, changes in estimates of the fair value of price adjustments are adjusted to goodwill only if they occur within the time period allowed (a maximum of one year as of the date of acquisition) and if they result from facts and circumstances that existed at the acquisition date. In all other cases, the change is recognized in profit or loss except when the consideration transferred consists of an equity instrument.

2.4.5 Step acquisitions

In a step acquisition, the fair value of the Group's previous interest in the acquired entity is measured at the date that control is obtained and is recognized in profit or loss. In determining the amount of goodwill recognized, the fair value of the consideration transferred (for example the price paid) is increased by the fair value of the interest previously held by the Group.

2.5 Intangible assets

Separately acquired intangible assets are initially measured at cost. Intangible assets acquired in connection with a business combination and which can be reliably measured, are controlled by the Group and are separable or arise from a legal or contractual right, are recognized at fair value separately from goodwill. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses.

Intangible assets other than certain trademarks having an indefinite useful life are considered to have finite useful lives, and are amortized by the straight-line method over their expected useful lives:

Integrated management software	3-7 years
Other software	3-5 years
Patents and licenses	2-10 years
Client relationships	3-20 years
Other intangible assets	3-20 years

Acquired trademarks with a finite useful life are generally amortized over a period of less than ten years. Trademarks that the Group considers as having an indefinite useful life (notably based on criteria relating to their durability and name recognition) are not amortized.

In view of the legal characteristics of French commercial leases, lease rights are considered as having an indefinite useful life and are not amortized.

The cost of licenses and software recognized in the statement of financial position comprises the costs incurred in acquiring the software and bringing it into use, and is amortized over the estimated useful life of the asset.

Subsequent expenditures on intangible assets are capitalized only if they increase the expected future economic benefits associated with the asset to which they relate. Other expenditures are expensed as incurred.

2.6 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for land, which is measured at cost less accumulated impairment losses. Cost includes expenditures directly incurred to acquire the asset, and in some cases may also include estimated unavoidable future dismantling, removal and site remediation costs.

Subsequent expenditures are included in the carrying amount of the asset, or recognized as a separate component, if it is probable that the future economic benefits of the expenditures will flow to the Group and the cost can be measured reliably. All other repair and maintenance costs are recognized as expenses during the period in which they are incurred, except costs incurred to improve productivity or extend the useful life of an asset, which are capitalized.

Items of property, plant and equipment are depreciated over their expected useful lives using the component-based approach, taking account of their residual value. The straight-line method of depreciation is regarded as the method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in items of property, plant and equipment.

The useful lives generally used by the Group are:

Buildings	20-30 years
General fixtures and fittings	3-10 years
Plant and machinery	3-8 years
Motor vehicles	4 years
Boats and pontoons (depending on the component)	5-15 years

The residual values and useful lives of items of property, plant and equipment are reviewed and, if necessary, adjusted at each period end.

The carrying amounts of items of property, plant and equipment are tested for impairment if there is an indication that an item has become impaired.

2.7 Leases

Finance leases, under which substantially all the risks and rewards incidental to ownership of an asset are transferred to the Group, are accounted for as follows:

- at inception of the lease term, the leased asset is recognized as an asset at the lower of fair value or the present value of the minimum lease payments;
- the corresponding liability is recognized in borrowings;
- lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability.

An asset held under a finance lease is depreciated over its estimated useful life, or if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, over the shorter of the lease term and its useful life.

Leases under which the lessor retains substantially all the risks and rewards incidental to ownership of the asset are treated as operating leases. Payments made under operating leases are expensed as an operating item on a straight-line basis over the term of the lease.

2.8 Impairment of assets

2.8.1 Impairment of assets with finite useful lives

Property, plant and equipment and intangible assets with finite useful lives are tested for impairment if there is any indication of impairment. Impairment losses are recognized in the income statement, and may be reversed subsequently.

2.8.2 Impairment of assets with indefinite useful lives

Goodwill and other intangible assets considered to have an indefinite useful life (such as certain trademarks) are tested for impairment whenever there is an indication of impairment, and at least annually, in the last quarter of the fiscal year. The results of the impairment tests are then confirmed using data as of August 31.

2.8.2.1 CASH GENERATING UNITS

Assets that do not generate cash inflows that are largely independent of those from other assets, and hence cannot be tested for impairment individually, are grouped together in Cash Generating Units (CGUs).

Impairment tests are performed at the level of the CGU or group of CGUs corresponding to the lowest level at which goodwill is monitored by the Group. This level generally corresponds to one of the Group's two main operating segments, with the On-site Services activity further segmented into geographic regions. Goodwill is not tested for impairment at a higher level than the operating segment (see note 3).

The assets allocated to each CGU or group of CGUs comprise:

- goodwill, which is allocated when the CGU or group of CGUs is likely to benefit from the business combination;
- other intangible assets, property, plant and equipment, client investments and net working capital.

2.8.2.2 INDICATIONS OF IMPAIRMENT

The main indicators that a CGU may be impaired are a significant decrease in the CGU's revenues and operating profit or material changes in market trends.

2.8.2.3 METHODS USED TO DETERMINE THE RECOVERABLE AMOUNT

An impairment loss is recognized in the income statement when the carrying amount of an asset or CGU is greater than its recoverable amount.

Recoverable amount is the greater of:

- fair value less costs to sell, *i.e.,* the amount obtainable from the sale of an asset (net of selling costs) in an orderly transaction between market participants at the measurement date; and
- value in use, which is the present value of the future cash flows expected to be derived from continuing use and ultimate disposal of the asset or CGU.

The value in use of a CGU or group of CGUs is estimated using after-tax cash flow projections based on business plans and a terminal value calculated by extrapolating data for the final year of the business plan. Business plans generally cover one to five years.

Management both at Group and subsidiary levels prepares operating profit forecasts on the basis of past performance and expected market trends. The growth rate used beyond the initial period of the business plan reflects the growth rate for the business sector and region involved.

Expected future cash flows are discounted at the weighted average cost of capital calculated for the Group. For certain CGUs or groups of CGUs a premium is added to the weighted average cost of capital in order to reflect the greater risk factors affecting certain countries.

The growth and discount rates used for impairment tests during the period are provided in note 4.9.

2.8.2.4 RECOGNITION OF IMPAIRMENT LOSSES

An impairment loss recognized with respect to a CGU is allocated initially to reducing the carrying amount of any goodwill allocated to that CGU, and then to reducing the carrying amount of the other assets of the CGU in proportion to the carrying amount of each asset.

2.8.3 Reversal of impairment losses

Impairment losses recognized with respect to goodwill cannot be reversed.

Impairment losses recognized with respect to any other asset may only be reversed if there is an indication that the impairment loss is lower or no longer exists. The amount reversed is based on the new estimates of the recoverable amount.

The increased carrying amount of an asset resulting from the reversal of an impairment loss cannot exceed the carrying amount that would have been determined for that asset had no impairment loss been recognized.

2.9 Client investments

Some client contracts provide for a financial contribution by the Group. For example, the Group may participate in financing the purchase of equipment or fixtures on the client site that are necessary to fulfill service obligations, or it may make a financial contribution that will be recovered over the life of the contract. These assets are generally amortized over a period of less than 10 years, but may be amortized over a longer period depending on the contract duration. The amortization is recognized as a reduction to revenues over the life of the contract.

In the cash flow statement, changes in the value of these investments are presented as a component of investing cash flows.

2.10 Inventories

Inventories are measured at the lower of cost or net realizable value. Cost is determined by the FIFO (First In First Out) method.

2.11 Trade and other receivables

Trade and other receivables are initially recognized at fair value, and are subsequently measured at amortized cost less impairment losses recognized in the income statement.

Impairment is recognized when there is objective evidence of the Group's inability to recover the full amount due under the initial contract terms. The impairment recognized represents the difference between the carrying amount of the asset and the discounted future cash flow, estimated using the initial effective interest rate. The resulting impairment loss is recognized in the income statement.

2.12 Financial instruments

Financial assets and liabilities are recognized in the statement of financial position on the transaction date, which is the date when the Group becomes a party to the contractual provisions of the instrument.

The fair values of financial assets and derivative instruments are generally determined on the basis of quoted market prices or of valuations carried out by the depositary bank.

2.12.1 Financial assets

Financial assets are measured and recognized in three main categories:

- **available-for-sale financial assets** include equity investments in non-consolidated entities, marketable securities with maturities greater than three months, and restricted cash. They are measured at fair value, with changes in fair value recognized in other comprehensive income. When an available-for-sale financial asset is sold or impaired, the cumulative fair value adjustment recognized in other comprehensive income is transferred to the income statement. For securities listed on an active market, fair value is considered to equal market value. If no active market exists, fair value is generally determined based on appropriate financial criteria for the specific security. If the fair value of an available-for-sale financial asset cannot be reliably measured, it is recognized at cost;

- **loans and receivables** include financial and security deposits, and loans to non-consolidated equity investees. These financial assets are recognized in the statement of financial position at fair value and subsequently at amortized cost, which is equivalent to acquisition cost as no significant transaction costs are incurred in acquiring such assets. They are tested for impairment if there is an indication that they may be impaired, and an impairment loss is recognized if the carrying amount of the asset is greater than its estimated recoverable amount;
- **financial assets at fair value through profit or loss** include other financial assets held for trading and acquired for the purpose of resale in the near term. Subsequent changes in the fair value of these assets are recognized in financial income or expense in the income statement.

2.12.2 Derivative financial instruments

The Group's policy is to finance the majority of acquisition costs insofar as possible in the currency of the acquired entity, generally at fixed rates of interest.

Derivative financial instruments are initially recognized at fair value in the statement of financial position. Subsequent changes in the fair value of derivative instruments are recognized in the income statement, except in the case of instruments that qualify as Cash Flow Hedges.

For Cash Flow Hedges, the necessary documentation is prepared at inception and updated at each period end. Gains or losses arising on the effective portion of the hedge are recognized in other comprehensive income, and are not recognized in the income statement until the underlying asset or liability is realized. Gains or losses arising on the ineffective portion of the hedge are recognized in the income statement.

The fair value of these derivative instruments is generally determined based on valuations provided by the bank counter-parties.

2.12.3 Commitments to purchase non-controlling interests

As required by IAS 32, the Group recognizes commitments to purchase non-controlling interests as a liability within borrowings in the consolidated statement of financial position. Commitments to purchase non-controlling interests given in connection with business combinations are recognized as follows:

- the liability arising from the commitment is recognized in other borrowings at the present value of the purchase commitment;
- the corresponding non-controlling interests are cancelled;
- additional goodwill is recognized for the balance.

2.12.4 Bank borrowings and bond issues

All borrowings, including bank credit facilities and overdrafts, are initially recognized at the fair value of the amount received less directly attributable transaction costs.

Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of a financial liability to the net carrying amount of that liability. The calculation includes the effects of transaction costs, and of differences between the issue proceeds (net of transaction costs) and reimbursement value.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise current bank account balances, cash on hand and short-term cash investments in money-market instruments which either have an initial maturity of less than three months at the moment of purchase or may be withdrawn at any time at a known cash value with no material risk of loss in value.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying non-current asset are included in the cost of that asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying non-current asset are recognized as an expense using the effective interest method.

2.15 Treasury shares

Bellon SA shares held by Bellon SA itself and/or by other Group companies are shown as a reduction in consolidated shareholders' equity at their acquisition cost.

Gains and losses on acquisitions and disposals of treasury shares are recognized directly in consolidated shareholders' equity and do not affect profit or loss for the period.

2.16 Provisions

A provision is recognized if the Group has a legal or constructive obligation at the period end and it is probable that settlement of the obligation will require an outflow of resources and the amount of the liability can be reliably measured.

Provisions primarily cover commercial, employee-related and tax-related risks and litigation (other than those related to income tax) arising in the course of operating activities, and are measured using assumptions that take account of the most likely outcomes.

Where the effect of the time value of money is material, the amount of the provision is determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the liability.

A provision for onerous contracts is established where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

2.17 Employee benefits

2.17.1 Short-term benefits

Group employees receive short-term benefits such as vacation pay, sick pay, bonuses and other benefits (other than termination benefits), whose payment is expected within 12 months of the related service period.

These benefits are reported as current liabilities.

2.17.2 Post-employment benefits

The Group measures and recognizes post-employment benefits as follows:

- contributions to defined contribution plans are recognized as an expense; and
- defined benefit plans are measured using actuarial valuations.

The Group uses the projected unit credit method as the actuarial method for measuring its post-employment benefit obligations, on the basis of the national or company-wide collective agreements effective within each entity.

Factors used in calculating the obligation include length of service, life expectancy, salary inflation, staff turnover, and macro-economic assumptions specific to countries in which the Group operates (such as inflation rate and discount rate).

Remeasurements of the net obligation under defined benefit plans, including actuarial gains and losses, differences between the return on plan assets and the corresponding interest income recognized in the income statement, and any changes in the effect of the asset ceiling, are recognized in other comprehensive income and have no impact on profit for the period.

Plan amendments and the establishment of new defined benefit plans result in past service costs that are recognized immediately in the income statement.

The accounting treatment applied to defined benefit plans is as follows:

- the obligation, net of plan assets, is recognized as a non-current liability in the consolidated statement of financial position if the obligation exceeds the plan assets;
- if the value of plan assets exceeds the obligation under the plan, the net amount is recognized as a non-current asset. Plan surpluses are recognized as assets only if they represent future economic benefits that will be available to the Group. Where the calculation of the net obligation results in an asset for the Group, the amount recognized for this asset may not exceed the present value of all future refunds and reductions in future contributions under the plan;
- the expense recognized in the income statement comprises:
  - current service cost, past service cost, if any, and the effect of plan settlements, all of which are recorded in operating income,
  - the interest expense (income) on the net defined benefit obligation (asset), calculated by multiplying the obligation (asset) by the discount rate used to measure the defined benefit obligation at the beginning of the period.

The Group contributes to multi-employer plans, primarily in Sweden and the United States. These plans are accounted for as defined contribution plans, as the information provided by the plan administrators is insufficient for them to be accounted for as defined benefit plans.

2.17.3 Other long-term employee benefits

Other long-term employee benefits are measured in accordance with IAS 19. The expected cost of such benefits is recognized as a non-current liability over the employee's period of service. Actuarial gains and losses and past service costs arising from plan amendments and the establishment of new plans are recognized immediately in the income statement.

2.18 Vouchers payable

Vouchers payable are recognized as a current liability at fair value, which is the face value of vouchers in circulation or returned to Sodexo but not yet reimbursed to affiliates.

2.19 Share-based payment

Some Group employees receive compensation in the form of Sodexo SA share-based payment, for which payment is made in equity instruments.

The services compensated by these plans are recognized as an expense, with the offset recognized in shareholders' equity, over the vesting period. The amount of expense recognized in each period is determined by reference to the fair value of the equity instruments granted, as of the grant date.

Each year, the Group reassesses the number of potentially exercisable stock options that are expected to vest as well as the number of shares that will likely be delivered to beneficiaries of free shares based on the applicable vesting conditions. The impact of any change in estimates is recognized in the income statement, with the offset recognized in shareholders' equity.

The features of the Group's share-based payment plans are described in note 4.21.

2.20 Deferred taxes

Deferred taxes are recognized on temporary differences between the carrying amount of an asset or liability and its tax base, using the tax rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantially enacted at the period end.

Deferred taxes are not recognized on the following items:

- initial recognition of goodwill;
- initial recognition of an asset in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit; and
- temporary differences on investments in subsidiaries that are not expected to reverse in the foreseeable future.

Taxes on items recognized directly in shareholders' equity or in other comprehensive income are recognized in shareholders' equity or in other comprehensive income, respectively, and not in the income statement.

Residual deferred tax assets on temporary differences and tax loss carry-forwards (after offset of deferred tax liabilities) are only recognized if their recovery is considered probable.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets and liabilities and the deferred taxes relate to the same taxable entity and tax authority.

2.21 Trade and other payables

Trade and other payables are measured at fair value on initial recognition, and subsequently at amortized cost.

2.22 Income statement

2.22.1 Income statement by function

The Group presents its income statement by function.

Operating profit comprises the following components:

- gross profit;
- Administrative and Sales Department costs; and
- other operating income and expenses.

Other operating income and expenses include amortization and impairment losses on client relationships and trademarks, impairment losses on goodwill, and gains and losses on disposals of property, plant and equipment, intangible assets and consolidated subsidiaries.

Operating profit also comprises the group's share of profit of companies consolidated by the equity method that directly contribute to the Group's business.

2.22.2 Revenues

Revenues reported by the Group relate to the sale of services in connection with the ordinary activities of fully consolidated companies as follows:

- On-site Services: revenues include all revenues stipulated in the contract, taking into account whether the Group acts as principal (the vast majority of cases) or agent;
- Benefits and Rewards Services: revenues include commissions received from clients and affiliates, financial income from the investment of cash generated by the activity, and profits from vouchers and cards not reimbursed.

Revenues are measured at the fair value of the consideration received or to be received, net of discounts and rebates as well as value added tax (VAT) and other taxes. Revenues are recognized when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. No income is recognized if there is significant uncertainty about recoverability of the costs incurred or to be incurred in meeting the service obligation.

Foodservices and other On-site Services revenues are recognized when the service is rendered.

Commissions received from clients in the Benefits and Rewards Services activity are recognized when the vouchers are issued and sent to the client or the cards are credited. Commissions received from affiliates are recognized when the vouchers are reimbursed or the cards are used. Profits from unreimbursed vouchers and cards are recognized based on their expiration date and the deadline for presentation for reimbursement by the affiliate.

2.22.3 Income tax expense

In connection with the introduction of the *contribution économique territoriale* (CET – local economic contribution) under the 2010 Finance Bill in France, which applies to French subsidiaries, Sodexo has elected to recognize in income tax expense the portion of the CET related to the *cotisation sur la valeur ajoutée des entreprises* (tax on corporate value added).

Tax credits that do not affect taxable profit and are always refunded by the French government if they have not been deducted from corporate income tax (including the Competitiveness and Employment Tax Credit (CICE) introduced in France under the third amended 2012 Finance Bill) are recognized as subsidies and therefore reduce the expenses to which they relate.

2.22.4 Adaptation and simplification program

At the beginning of Fiscal 2016, the Group launched an adaptation and simplification program covering a period of 18 months. The program has three core aims: further realignment of site level operating expenses, organizational simplification and increased international mutualization. The costs incurred in connection with this program are presented under various operating expense captions in the income statement depending on the functions concerned. In the Group's segment information they are presented in the "Unallocated" column. They correspond mainly to reorganization costs.

2.23 Cash flow statement

The cash flow statement analyzes changes in net cash and cash equivalents, defined as cash and cash equivalents less current bank overdrafts and credit bank balances payable on demand that form an integral component of treasury management.

3. OPERATING SEGMENTS

The Group's activities are monitored by the chief operating decision maker as follows: On-site Services and Benefits and Rewards Services. The On-site Services activity is further segmented by geographic region.

Operating segments with similar economic characteristics, including similar long-term average operating margins, are aggregated in a single operating segment.

The Group's operating segments are as follows:

- On-site Services operating segments:
    - North America,
    - Continental Europe,
    - United Kingdom and Ireland,
    - Rest of the World;
- Benefits and Rewards Services.

The On-site Services – Rest of the World segment aggregates the activities of three operating segments: On-site Services – Latin America, On-site Services – Africa, Middle East, Asia and Australia and On-site Services – China. These three operating segments aggregate countries and regions located in emerging economies and therefore have certain shared economic characteristics. In addition, none of these countries or regions meets the quantitative threshold for separate reporting under paragraph 13 of IFRS 8.

No single Group client or contract accounts for more than 2% of consolidated revenues.

3.1 By operating activity

Fiscal 2016 *(in millions of euro)*	On-site Services North America	 Continental Europe	 United Kingdom and Ireland	 Rest of the World	 Total	Benefits and Rewards Services	Corporate expenses	Eliminations	Unallocated[2]	Total
Revenues (third-party)	8,629	5,690	2,008	3,143	19,470	775				20,245
Inter-segment sales (Group)						5		(5)		
TOTAL	**8,629**	**5,690**	**2,008**	**3,143**	**19,470**	**780**		**(5)**		**20,245**
Operating profit[1]	568	281	137	96	1,082	262	(138)	(5)	(108)	1,093
Share of profit of other companies consolidated by the equity method										7
Net financing costs										(138)
Income tax expense										(330)
Non-controlling interests										432
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT										**200**
Depreciation/amortization of property, plant and equipment and intangible assets	51	113	67	36	267	31	10			308
Other non-cash items	13	9	3	5	30	5	14			49

(1) Including share of profit of companies consolidated by the equity method that directly contribute to the Group's business.
(2) Corresponding to the costs incurred in connection with the adaptation and simplification program (see note 2.22.4).

Fiscal 2015 *(in millions of euro)*	On-site Services North America	 Continental Europe	 United Kingdom and Ireland	 Rest of the World	 Total	Benefits and Rewards Services	Corporate expenses	Eliminations	Unallocated	Total
Revenues (third-party)	7,972	5,686	1,832	3,504	18,994	821				19,815
Inter-segment sales (Group)						6		(6)		
TOTAL	**7,972**	**5,686**	**1,832**	**3,504**	**18,994**	**827**		**(6)**		**19,815**
Operating profit[1]	499	238	94	161	992	285	(133)	(6)		1,138
Share of profit of other companies consolidated by the equity method										7
Net financing costs										(126)
Income tax expense										(321)
Non-controlling interests										480
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT										**218**
Depreciation/amortization of property, plant and equipment and intangible assets	49	107	30	40	226	31	20			277
Other non-cash items	9	8	2	4	23	3	12			38

(1) Including share of profit of companies consolidated by the equity method that directly contribute to the Group's business.

3.2 By significant country

The Group's operations are spread across 80 countries, including three that each represent over 10% of consolidated revenues: France (the Group's home country), the United States and the United Kingdom. Revenues and non-current assets in these countries are as follows:

August 31, 2016 *(in millions of euro)*	**France**	**United States**	**United Kingdom**	**Other**	**Total**
Revenues (third-party)	2,712	8,266	2,040	7,227	20,245
Non-current assets[1]	1,308	3,343	713	1,803	7,166

(1) Property, plant and equipment, goodwill, other intangible assets, client investments.

August 31, 2015 *(in millions of euro)*	**France**	**United States**	**United Kingdom**	**Other**	**Total**
Revenues (third-party)	2,796	7,588	1,933	7,498	19,815
Non-current assets[1]	1,298	3,277	880	1,635	7,090

(1) Property, plant and equipment, goodwill, other intangible assets, client investments.

3.3 By type of service

Revenues by type of service are as follows:

(in millions of euro)	**Fiscal 2016**	**Fiscal 2015**
Food services	13,609	13,356
Facilities management services	5,861	5,638
Total On-site Services revenues	**19,470**	**18,994**
Benefits and Rewards Services	780	827
Eliminations	(5)	(6)
TOTAL CONSOLIDATED REVENUES	**20,245**	**19,815**

4. NOTES TO THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2016

4.1 Operating expenses by nature

(in millions of euro)	**Fiscal 2016[3]**	**Fiscal 2015**
Depreciation, amortization and impairment losses	(305)	(253)
Employee costs		
• Wages and salaries	(7,524)	(7,359)
• Other employee costs[1]	(2,260)	(2,137)
Purchases of consumables and change in inventory	(5,796)	(5,716)
Other operating expenses[2]	(3,273)	(3,219)
TOTAL	**(19,158)**	**(18,684)**

(1) Primarily payroll taxes, but also including costs associated with defined benefit plans (note 4.16), defined contribution plans (note 4.16), and stock options and free shares (note 4.21).

(2) Other operating expenses mainly include operating lease expenses (315 million euro for Fiscal 2016 and 318 million euro for Fiscal 2015), professional fees, other purchases of consumables, sub-contracting costs and travel expenses.

(3) Including 108 million euro in costs recorded in Fiscal 2016 in connection with the adaptation and simplification program.

4.2 Finance income and expense

(in millions of euro)	**Fiscal 2016**	**Fiscal 2015**
Gross borrowing cost[1]	(122)	(174)
Interest income from short-term bank deposits and equivalent	17	22
Net borrowing cost	**(105)**	**(152)**
Interest income from loans and receivables at amortized cost	3	5
Other interest income	12	12
Other interest expense[2]	(26)	(6)
Net foreign exchange gains/(losses)	(5)	(12)
Net interest cost on net defined benefit plan obligation	(5)	(9)
Monetary adjustment for hyperinflation	(4)	(7)
Change in fair value of derivative financial instruments not qualified for hedge accounting	(7)	28
Other	(1)	15
Net financial expense	**(138)**	**(126)**
Interest income component	**32**	**82**
Financial expense component	**(170)**	**(208)**

(1) Gross borrowing cost represents interest expense on financial liabilities at amortized cost and interest expense on hedging instruments.

(2) Including, in Fiscal 2016, 21 million euro related to the early redemption of 208 million U.S. dollars' worth of U.S. private placements, breaking down as (i) 70 million U.S. dollars for the final tranche of the placement carried out in September 2008, and (ii) 138 million U.S. dollars for the March 2011 placement (see note 4.14, "Borrowings").

4.3 Income tax expense

4.3.1 Income tax rate reconciliation

(in millions of euro)	**Fiscal 2016**	**Fiscal 2015**
Profit for the period before tax	962	1,019
Share of profit of companies consolidated by the equity method	(13)	(14)
Accounting profit before tax	**949**	**1,005**
Tax rate applicable to Sodexo SA[1]	38.0 %	38.0 %
Theoretical income tax expense	**(361)**	**(382)**
Effect of jurisdictional tax rate differences	61	68
Additional tax on dividends paid	(10)	(8)
Permanently non-deductible expenses or non-taxable income	(8)	30
Other tax repayments/(charges), net	10	(7)
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	5	7
Tax loss carry-forwards arising during the period but not recognized as a deferred tax asset	(19)	(25)
Actual income tax expense	**(322)**	**(317)**
Withholding taxes	(8)	(4)
TOTAL INCOME TAX EXPENSE	**(330)**	**(321)**

(1) The tax rate includes the temporary surtax introduced in December 2011 for companies whose revenues (or those of the tax group of which they are a member) exceed 250 million euro, payable by Sodexo for the fiscal years ended August 31, 2012 through August 31, 2016.

4.3.2 Components of income tax expense

(in millions of euro)	**Fiscal 2016**	**Fiscal 2015**
Current income taxes	(351)	(329)
Adjustments to current income tax payable in respect of prior periods	(1)	4
Provision for tax exposures	(1)	1
Utilization of tax credits, tax losses and temporary difference carry-forwards	18	(13)
Current income taxes	**(335)**	**(337)**
Deferred taxes on temporary differences arising or reversing during the period	(1)	15
Deferred taxes on changes in tax rates or liability for taxes at new rates	(1)	4
Utilization of tax credits, tax losses and tax loss carry-forwards	15	1
Deferred income taxes	**13**	**20**
ACTUAL INCOME TAX EXPENSE	**(322)**	**(317)**

The effective tax rate, calculated on the basis of profit for the period before taxes and excluding the share of profit of companies consolidated by the equity method, increased from 31.9% for Fiscal 2015 to 34.8% for Fiscal 2016.

4.4 Property, plant and equipment

4.4.1 Analysis of property, plant and equipment

The tables below include assets held under finance leases.

(in millions of euro)	Land and buildings	Plant and equipment	Construction in progress and other	Total
Carrying amount – August 31, 2014	**81**	**392**	**82**	**555**
Increases during the fiscal year	9	205	19	233
Decreases during the fiscal year	(4)	(11)	(5)	(20)
Newly consolidated companies		11		11
Newly deconsolidated companies	(3)	(1)		(4)
Depreciation expense	(2)	(171)	(13)	(186)
Translation adjustment	2	6	2	10
Other	(11)	34	(28)	(5)
Carrying amount – August 31, 2015	**72**	**465**	**57**	**594**
Increases during the fiscal year	2	177	47	226
Decreases during the fiscal year	(2)	(19)	(2)	(23)
Impairment losses recognized in profit or loss	(1)			(1)
Depreciation expense	(1)	(171)	(17)	(189)
Translation adjustment	(1)	(2)	(1)	(4)
Other	2	21	(22)	1
Carrying amount – August 31, 2016	**71**	**471**	**62**	**604**

(in millions of euro)	August 31, 2016	August 31, 2015
Cost	1,865	1,834
Accumulated depreciation and impairment	(1,261)	(1,240)
Carrying amount	**604**	**594**

No item of property, plant and equipment is pledged as collateral for a liability.

Depreciation and impairment losses are reported under either cost of sales or Administrative and Sales Department costs.

4.4.2 Analysis of assets held under finance leases

The Group holds property, plant and equipment under a large number of finance leases on sites throughout the world. These leases relate mainly to kitchens and kitchen equipment, and office equipment; the terms are negotiated locally.

Carrying amount *(in millions of euro)*	Buildings	Plant and equipment	Construction in progress and other	Total
August 31, 2014	7	14		21
August 31, 2015	6	14		20
August 31, 2016	5	9		14

(in millions of euro)	August 31, 2016	August 31, 2015
Cost	40	49
Accumulated depreciation and impairment	(26)	(29)
Carrying amount	**14**	**20**

Maturities of payments under finance leases are provided in note 4.14.5.

4.5 Goodwill

Changes in goodwill, aggregated by operating segment, were as follows during the fiscal year:

(in millions of euro)		August 31, 2015	Additions during the period	Disposals during the period	Translation adjustment	Other	August 31, 2016
On-site Services North America	Gross	2,623	3		20		2,646
	Impairment						
On-site Services United Kingdom and Ireland	Gross	652	24		(91)		585
	Impairment						
On-site Services Continental Europe	Gross	1,047					1,047
	Impairment						
On-site Services Rest of the World	Gross	433			32		465
	Impairment						
Benefits and Rewards Services	Gross	545	22		18		585
	Impairment	(2)					(2)
Sodexo	Gross	206					206
	Impairment						
Other	Gross	2					2
	Impairment						
TOTAL	**GROSS**	**5,508**	**49**		**(21)**		**5,536**
	IMPAIRMENT	**(2)**					**(2)**

Goodwill recognized in Fiscal 2016 on acquisitions made during the year mainly concerned the acquisition of Elder Home Care Limited in Ireland and Sistemas de Incentivos Empresariales (Siempre) SA in Panama.

Changes in goodwill, aggregated by operating segment, were as follows in Fiscal 2015:

(in millions of euro)		August 31, 2014	Additions during the period	Disposals during the period	Translation adjustment	Other	August 31, 2015
On-site Services North America	Gross	2,226	6		391		2,623
	Impairment						
On-site Services United Kingdom and Ireland	Gross	597			55		652
	Impairment						
On-site Services Continental Europe	Gross	1,055		(2)	(6)		1,047
	Impairment						
On-site Services Rest of the World	Gross	509			(76)		433
	Impairment						
Benefits and Rewards Services	Gross	584	53		(92)		545
	Impairment	(2)					(2)
Sodexo	Gross	206					206
	Impairment						
Other	Gross	2					2
	Impairment						
TOTAL	**GROSS**	**5,179**	**59**	**(2)**	**272**		**5,508**
	IMPAIRMENT	**(2)**					**(2)**

Goodwill recognized in Fiscal 2015 on acquisitions made during that year mainly concerned the acquisition of 100% of Motivcom Plc in the United Kingdom.

4.6 Other intangible assets

The tables below show movements in other intangible assets during Fiscal 2015 and Fiscal 2016.

(in millions of euro)	Licenses and software	Client relationships, trademarks and other	Total
Carrying amount – August 31, 2014	**111**	**413**	**524**
Increases during the fiscal year	57	5	62
Decreases during the fiscal year		(1)	(1)
Newly consolidated companies		20	20
Amortization expense	(45)	(39)	(84)
Impairment losses recognized in profit or loss		(7)	(7)
Translation adjustment	2	(14)	(12)
Other	18	(15)	3
Carrying amount – August 31, 2015	**143**	**362**(1)	**505**
Increases during the fiscal year	68	10	78
Decreases during the fiscal year	(2)		(2)
Newly consolidated companies		7	7
Amortization expense	(41)	(77)(2)	(118)
Translation adjustment	(2)		(2)
Other	(5)	4	(1)
Carrying amount – August 31, 2016	**161**	**306**(1)	**467**

(1) Including trademarks and lease rights with an indefinite useful life for 50 million euro as of August 31, 2015 and 2016.
(2) Including amortization of rights related to the Rugby World Cup.

(in millions of euro)	August 31, 2016	August 31, 2015
Cost	1,064	1,063
Accumulated amortization and impairment	(597)	(558)
Carrying amount	**467**	**505**

Amortization and impairment losses are reported under either cost of sales or general and administrative costs, except for amortization and impairment of client relationship and trademark intangible assets, which are recognized in “Other operating expenses”.

4.7 Client investments

(in millions of euro)	Fiscal 2016	Fiscal 2015
Carrying amount – September 1	485	361
Increases during the fiscal year	165	139
Decreases during the fiscal year	(89)	(77)
Translation adjustment	1	62
Carrying amount as of August 31	**562**	**485**

4.8 Companies consolidated by the equity method

When the Group is legally or constructively obligated to make payments on behalf of companies consolidated by the equity method, a provision is made under liabilities in the consolidated statement of financial position for its share in the negative shareholders' equity of the said companies (see note 4.17). Changes in the Group's share of the net assets of companies consolidated by the equity method in Fiscal 2015 and Fiscal 2016 are shown below:

	Fiscal 2016			Fiscal 2015		
(in millions of euro)	Joint ventures	Associates	Total	Joint ventures	Associates	Total
As of September 1	55	6	61	43	4	47
Positive amounts	65	6	71	56	4	60
Negative amounts	(10)		(10)	(13)		(13)
Share of profit for the period	10	3	13	11	3	14
Other comprehensive income[(1)]	4		4	3		3
Dividend paid for the period	(10)	(1)	(11)	(8)	(1)	(9)
Changes in scope of consolidation	22		22			
Translation adjustment				5		5
Other movements		(1)	(1)	1		1
AS OF AUGUST 31	**81**	**7**	**88**	**55**	**6**	**61**
Positive amounts	**88**	**7**	**95**	**65**	**6**	**71**
Negative amounts	**(7)**		**(7)**	**(10)**		**(10)**

(1) Corresponding to changes in fair value of derivative financial instrument hedges, net of tax (note 4.15).

4.9 Impairment of assets

Accumulated impairment losses of 16 million euro and 50 million euro were recognized on property, plant and equipment and intangible assets (including goodwill) as of August 31, 2016 and 2015 respectively. Movements for the year represented a net charge of 1 million euro in Fiscal 2016 (net charge of 7 million euro in Fiscal 2015), with the balance corresponding to the derecognition of assets written down in full.

Assets with indefinite useful lives were tested for impairment as of August 31, 2016 using the methods described in note 2.8.2.

The main assumptions used rely on the macro-economic outlook for the geographic regions in which the CGUs or groups of CGUs defined by the Group operate. They are as follows (any impairment loss is recognized in other operating expenses):

	Fiscal 2016		Fiscal 2015	
Economic region	**Discount rate[(1)]**	**Long-term growth rate[(2)]**	**Discount rate[(1)]**	**Long-term growth rate[(2)]**
Continental Europe	7.7%	1.75%	8.7%	1.75%
North America	7.3%	2.0%	7.9%	2.0%
United Kingdom and Ireland	7.3%	1.7%	7.9%	2.1%
Latin America	9.8%	4.0%	10.6%	4.0%
Rest of the World (excluding Latin America)	8.2%	3.0%	9.4%	3.0%
Benefits and Rewards Services	8.9%	3.4%	9.9%	3.4%

(1) The discount rate defined by the Group has been increased for certain regions in order to incorporate more significant risk factors affecting certain countries.

(2) The long-term growth rate serves to extrapolate the terminal value based on data in the management plans.

Sensitivity analysis

The Group has analyzed the sensitivity of impairment test results to different long-term growth rates and discount rates.

The results of this sensitivity analysis indicated no probable scenario where a change in the discount rate or long-term growth rate would result in the recoverable amount of a CGU or group of CGUs becoming less than its carrying amount. In fact, the results of the impairment testing demonstrate that even an increase of 200 basis points in the discount rate or a reduction of 200 basis points in the long-term growth rate would not result in an impairment of the assets tested for any of the CGUs or groups of CGUs tested.

The Group also performed a sensitivity analysis on the operational assumptions used in order to determine whether a 5% decrease in projected net cash flows over the time period of the business plans prepared by management and in terminal value would result in the recognition of an impairment loss in the Group's consolidated financial statements as of August 31, 2016. The results of this analysis indicated no risk of impairment for any of the CGUs or groups of CGUs.

The Group is particularly attentive to economic trends in Latin America, which accounted for approximately 9% of consolidated revenue in Fiscal 2016, especially trends in Brazil. These trends have been taken into account in the business plans prepared by management, but actual results may nonetheless differ from business plan estimates if assumptions or conditions change.

4.10 Financial assets

4.10.1 Current and non-current financial assets

	August 31, 2016		August 31, 2015	
(in millions of euro)	**Current**	**Non-current**	**Current**	**Non-current**
Available-for-sale financial assets				
Investments in non-consolidated companies				
Cost		18		13
Impairment		(6)		(2)
Carrying amount		**12**		**11**
Restricted cash and financial assets related to the Benefits and Rewards Services activity				
Cost	799		739	
Impairment				
Carrying amount	**799**		**739**	
Loans and receivables				
Receivables from investees				
Cost		27		32
Impairment		(1)		(1)
Carrying amount		**26**		**31**
Loans and deposits				
Cost	46	63	26	55
Impairment	(2)	(9)	(2)	(8)
Carrying amount	**44**	**54**	**24**	**47**
TOTAL FINANCIAL ASSETS	**843**	**92**	**763**	**89**
Cost	845	108	765	100
Impairment	(2)	(16)	(2)	(11)
Carrying amount	**843**	**92**	**763**	**89**

RESTRICTED CASH

Restricted cash of 507 million euro included in "Restricted cash and financial assets related to the Benefits and Rewards Services activity" primarily includes funds set aside to comply with regulations governing the issuance of service vouchers in France (264 million euro), India (77 million euro), Belgium (51 million euro) and Romania (41 million euro). The funds remain the property of Sodexo but are subject to restrictions on their use. They may not be used for any purpose other than to reimburse affiliates and must be kept separate from the Group's unrestricted cash. Restricted cash is invested in interest-bearing instruments.

"Restricted cash and financial assets related to the Benefits and Rewards Services activity" breaks down as follows by currency:

(in millions of euro)	**August 31, 2016**	**August 31, 2015**
Euro	409	404
Dollar USD	4	2
Real BRL	153	113
Sterling GBP	13	15
Other currencies	220	205
TOTAL	**799**	**739**

4.10.2 Changes in current and non-current financial assets

(Carrying amount in millions of euro)	**August 31, 2015**	**Increase/(decrease) during the period**	**Impairment**	**Change in scope of consolidation**	**Change in fair value**	**Translation adjustment and other**	**August 31, 2016**
Available-for-sale financial assets	750	50			1	10	811
Loans and receivables	102	26				(4)	124
TOTAL	**852**	**76**			**1**	**6**	**935**

(Carrying amount in millions of euro)	**August 31, 2014**	**Increase/(decrease) during the period**	**Impairment**	**Change in scope of consolidation**	**Change in fair value**	**Translation adjustment and other**	**August 31, 2015**
Available-for-sale financial assets	766	23		13	(1)	(51)	750
Loans and receivables	89	7				6	102
TOTAL	**855**	**30**		**13**	**(1)**	**(45)**	**852**

4.11 Trade and other receivables

	August 31, 2016			**August 31, 2015**		
(in millions of euro)	**Gross amount**	**Impairment**	**Carrying amount**	**Gross amount**	**Impairment**	**Carrying amount**
Other non-current assets	**25**		**25**	**22**		**22**
Advances to suppliers	9		9	16		16
Trade receivables	3,583	(113)	3,470	3,416	(106)	3,310
Other operating receivables	365	(5)	360	365	(4)	361
Prepaid expenses	151		151	199		199
Non-operating receivables				26		26
TOTAL TRADE AND OTHER RECEIVABLES	**4,108**	**(118)**	**3,990**	**4,022**	**(110)**	**3,912**

The maturities of trade receivables as of August 31, 2016 and August 31, 2015 respectively were as follows:

	August 31, 2016		August 31, 2015	
Breakdown of trade receivables due as of August 31:	**Gross amount**	**Impairment**	**Gross amount**	**Impairment**
Less than 3 months due	520	(11)	522	(4)
More than 3 months and less than 6 months due	55	(5)	55	(9)
More than 6 months and less than 12 months due	120	(18)	127	(22)
More than 12 months due	84	(73)	72	(62)
TOTAL TRADE RECEIVABLES DUE AS OF AUGUST 31	**779**	**(107)**	**776**	**(97)**
TOTAL TRADE RECEIVABLES NOT YET DUE AS OF AUGUST 31	**2,804**	**(6)**	**2,640**	**(9)**
TOTAL TRADE RECEIVABLES AS OF AUGUST 31	**3,583**	**(113)**	**3,416**	**(106)**

During the fiscal years presented, the Group was not affected by any significant change resulting from client bankruptcies. In addition, given the geographic dispersion of the Group's activities and the wide range of client industries, there is no material concentration of risks in individual receivables due but not written down.

4.12 Cash and cash equivalents

(in millions of euro)	**August 31, 2016**	**August 31, 2015**
Marketable securities	353	362
Cash	1,037	1,713
Total cash and cash equivalents	**1,390**	**2,075**
Bank overdrafts	(28)	(39)
NET CASH AND CASH EQUIVALENTS	**1,362**	**2,036**

Marketable securities comprised:

(in millions of euro)	**August 31, 2016**	**August 31, 2015**
Short-term notes	152	188
Term deposits	173	148
Mutual funds and other	28	26
Total marketable securities	**353**	**362**

Cash and cash equivalents break down as follows by currency:

(in millions of euro)	**August 31, 2016**	**August 31, 2015**
Euro	131	200
Dollar USD	156	699
Real BRL	236	245
Sterling GBP	323	395
Other currencies	516	497
Cash and cash equivalents net of bank overdrafts	**1,362**	**2,036**

Around 74% of the Group's cash and cash equivalents, together with the restricted cash and financial assets related to the Benefits and Rewards Services activity, is held with A1 or A2-rated financial institutions.

No significant amount of cash or cash equivalent is subject to restriction at period end.

4.13 Statement of changes in shareholders' equity

During the fiscal year, Bellon SA purchased 1 460 shares Bellon SA (described in note 1. Significant events) for 155 million euros.

Items recognized directly in other comprehensive income (OCI) (Group share) are shown below:

	Fiscal 2016			Fiscal 2015		
(in millions of euro)	Increase/(decrease) during the year, pre-tax	Income tax (expense) /benefit	Increase/(decrease) during the year, net of tax	Increase/(decrease) during the year, pre-tax	Income tax (expense)/ benefit	Increase/(decrease) during the year, net of tax
Available-for-sale financial assets						
Cash Flow Hedges	1		1			
Remeasurements of net defined benefit obligation	(74)	11	(63)	19	(4)	15
Translation adjustment	(2)		(2)	13		13
TOTAL OTHER COMPREHENSIVE INCOME (GROUP SHARE)	**(75)**	**11**	**(64)**	**32**	**(4)**	**28**

4.14 Borrowings

Changes in borrowings during Fiscal 2016 and Fiscal 2015 were as follows:

(in millions of euro)	August 31, 2015	Increases	Repayments	Discounting effects and other	Translation adjustment	Changes in scope of consolidation	August 31, 2016
Bond issues	1,105			1			1,106
Bank borrowings	2,484	161	(536)	(10)	7		2,106
Finance lease obligations	13	1	(3)				11
Other borrowings	18	1	(6)		1	(1)	13
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**3,620**	**163**	**(545)**	**(9)**	**8**	**(1)**	**3,236**
Net fair value of derivative financial instruments	(32)		(2)	6	33		5
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**3,588**	**163**	**(547)**	**(3)**	**41**	**(1)**	**3,241**

(in millions of euro)	August 31, 2014	Increases	Repayments	Discounting effects and other	Translation adjustment	Changes in scope of consolidation	August 31, 2015
Bond issues	2,014		(880)	(29)			1,105
Bank borrowings	2,351	354	(528)	24	278	5	2,484
Finance lease obligations	14	6	(7)				13
Other borrowings	13	1	(1)		(1)	6	18
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**4,392**	**361**	**(1,416)**	**(5)**	**277**	**11**	**3,620**
Net fair value of derivative financial instruments	(6)	2	(2)	(37)	11		(32)
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**4,386**	**363**	**(1,418)**	**(42)**	**288**	**11**	**3,588**

4.14.1 Borrowings by currency

	August 31, 2016		August 31, 2015	
(in millions of euro)	**Current**	**Non-current**	**Current**	**Non-current**
Bond issues				
Euro	9	1,097	9	1,096
Total	**9**	**1,097**	**9**	**1,096**
Bank borrowings(1)				
U.S. dollar	49	1,511	318	1,704
Euro	17	529	6	452
Other currencies			2	2
Total	**66**	**2,040**	**326**	**2,158**
Finance lease obligations				
Euro	3	6	3	7
Other currencies	1	1	1	2
Total	**4**	**7**	**4**	**9**
Other borrowings(2)				
Euro	1	2	1	3
Other currencies	2	8	3	11
Total	**3**	**10**	**4**	**14**
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**82**	**3,154**	**343**	**3,277**
Net fair value of derivative financial instruments(3)		5	(30)	(2)
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**82**	**3,159**	**313**	**3,275**

(1) Including the proceeds of the private bond placements made by the Sodexo Group with U.S. private investors described in note 4.14.3.6.

(2) Including 8 million euro as of August 31, 2016 and 9 million euro as of August 31, 2015 corresponding to liabilities recognized in connection with commitments to repurchase the non-controlling interests in certain subsidiaries.

(3) Described in note 4.15.

For borrowings other than bond issues, amortized cost is equivalent to historical cost (nominal amount) insofar as no significant transaction costs are incurred.

4.14.2 Bond issues

On June 24, 2014, Sodexo SA completed a bond issue structured in two tranches:

- 600 million euro tranche redeemable at par on January 24, 2022 and bearing interest at an annual rate of 1.75%, with interest payable annually on January 24;
- 500 million euro tranche redeemable at par on June 24, 2026 and bearing interest at an annual rate of 2.50%, with interest payable annually on June 24.

The effective interest rate is 1.79% for the 600 million euro tranche and 2.54% for the 500 million euro tranche.

Accrued interest on these bonds amounted to 9 million euro as of August 31, 2016.

Neither of these tranches is subject to financial covenants.

4.14.3 Other borrowings from financial institutions

4.14.3.1 EQUITY LINKED SWAP WITH NATIXIS (2015)

On July 10, 2015, Bellon SA signed an Equity Linked Swap agreement (forward sale of Sodexo shares with a swap exchanging changes in interest rates for changes in Sodexo share prices) with Natixis for an amount of 200 million euro with a maturity date of July 15, 2020. This synthetic debt carries floating rate interest. In July 2015 an interest rate swap was put in place bringing the interest rate to 2.385% for the term of the loan.

4.14.3.2 EQUITY LINKED SWAP WITH CACIB (2015)

On June 19, 2015, Bellon SA signed an Equity Linked Swap agreement (forward sale of Sodexo shares with a swap exchanging changes in interest rates for changes in Sodexo share prices) with CACIB for an amount of 150 million euro with a maturity date of June 21, 2019. This synthetic debt carries floating rate interest. In July 2015 an interest rate swap was put in place for the period from August 4, 2016 to June 21, 2019 bringing the interest rate to 1.51% during this period.

4.14.3.3 EQUITY LINKED SWAP WITH SOCIETE GENERALE (2015)

On July 10, 2015, Bellon SA signed an Equity Linked Swap agreement (forward sale of Sodexo shares with a swap exchanging changes in interest rates for changes in Sodexo share prices) with Société Générale for an amount of 150 million euro with a start date of September 10, 2015 and a maturity date of July 15, 2018. This synthetic debt carries floating rate interest. An interest rate swap was put in place bringing the interest rate to 1.203% for the term of the loan.

4.14.3.4 LOANS FOR 165 MILLION U.S. DOLLARS AND THE EQUIVALENT IN EURO OF 50 MILLION U.S. DOLLARS

On June 26, 2012, Bellon SA borrowed 165 million U.S. dollars in a U.S. Private Placement transaction with U.S. investors (U.S.P.P.). This financing was made at a U.S. dollar interest rate of 5.20% and matures in full in February 2022 with amortization of the principal starting in February 2016.

A currency swap was arranged with three banks (CACIB, Natixis and Société Générale) as follows:

- A tranche of 82.5 million U.S. dollars with CACIB at a rate of 4.93%;
- A tranche of 49.5 million U.S. dollars with Natixis at a rate of 4.985%;
- A tranche of 33 million U.S. dollars with Société Générale at a rate of 5.00%.

On June 26, 2012, Bellon SA borrowed the euro equivalent of 50 million U.S. dollars in a U.S. Private Placement transaction with U.S. investors (U.S.P.P.). This financing was made at a euro interest rate of 5.525% and matures in full in February 2022 with amortization of the principal starting in February 2016.

The July 2015 ELS with Natixis, the June 2015 ELS with CACIB, and the July 2015 ELS with Société Générale, as well as the U.S.P.P. financings and the currency swap arrangements all contain terms that are customary for loans of this nature made to a holding company. These conditions mainly include the following:

- Bellon SA's holding in Sodexo must not be less than 33.33% of the share capital and voting rights
- no individual or group of individuals acting in concert (within the meaning of Article L.233-10 of the French Commercial Code) other than the reference shareholder shall own, directly or indirectly, more than 50% of the capital or voting rights of Bellon SA
- the ratio of revalued assets to revalued net financial debt must be greater than 2.5 as of August 31 and December 31 each year
- the ratio of dividends to net financial expense must be greater than 1.1 each year
- total net borrowings must be lower than 1.1 billion euro at any point in time
- Sodexo's rating must not be lower than BBB-

As of August 31, 2016, Bellon SA was in compliance with its covenants.

4.14.3.5 JULY 2011 MULTI-CURRENCY CONFIRMED CREDIT FACILITY

On July 18, 2011, Sodexo SA contracted a multicurrency credit facility for a maximum of 600 million euro plus 800 million U.S. dollars, with an original maturity date of July 18, 2016. In July 2015, this facility – which now amounts to 531 million euro plus 709 million U.S. dollars – was extended until July 2, 2020, and in May 2016 it was further extended to July 2, 2021. The maturity date can be extended again, on application by Sodexo SA and subject to the lenders' consent, until July 2022.

Amounts drawn on this facility carry floating interest indexed on the LIBOR and EURIBOR rates. This credit facility is not subject to any covenants.

No amounts had been drawn down on the facility as of August 31, 2016. As of August 31, 2015, 65 million euro had been drawn down under the euro tranche.

4.14.3.6 U.S. PRIVATE PLACEMENTS

During Fiscal 2016, the Sodexo Group redeemed the full outstanding balance of its September 29, 2008 U.S. private placement totaling 360 million U.S. dollars, as follows:

- September 29, 2015: 290 million U.S. dollars (259 million euro), corresponding to the second tranche of the placement;
- August 25, 2016: 70 million U.S. dollars redeemed in advance (62 million euro), corresponding to the final tranche of the placement, whose original maturity was in September 2018.

Also on August 25, 2016, Sodexo SA redeemed in advance 138 million U.S. dollars (122 million euro) corresponding to 23% of each of the three tranches of the U.S. private placement carried out on March 29, 2011.

The features of the Sodexo Group's outstanding private placements as of August 31, 2016 are as follows:

Date of the placement	Principal outstanding *(in millions of U.S. dollars)*	Fixed interest rate	Maturity
March 29, 2011	193	4.24%	March 2018
	173	4.85%	March 2021
	96	4.95%	March 2023
TOTAL	**462**(1)		
March 4, 2014	150	2.71%	March 2019
	150	3.44%	March 2021
	525	3.99%	March 2024
	175	4.14%	March 2026
	100	4.34%	March 2029
TOTAL	**1,100**		
TOTAL	**1,562**		

(1) After deducting 138 million U.S. dollars repaid on August 25, 2016 (57.5 million U.S. dollars for the first tranche, 51.75 million U.S. dollars for the second tranche and 28.75 million U.S. dollars for the third tranche).

These borrowings are subject to two financial covenants calculated by reference to the Sodexo Group's consolidated financial statements:

- net debt (excluding restricted cash) must not exceed 3.5 times EBITDA (operating profit plus amortization and depreciation) for the past 12 months;
- net assets adjusted for cumulative foreign exchange gains or losses since August 31, 2007 must not be less than 1.3 billion euro.

If the covenants are not respected, the lenders may, with a qualified majority, require early reimbursement of these borrowings.

The Group was in compliance with these covenants as of August 31, 2016, August 31, 2015 and February 29, 2016.

4.14.4 Interest rates

In order to comply with the Group's financing policy, substantially all borrowings are long term and at fixed interest rates.

As of August 31, 2016, nearly 100% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 3.2%. As of August 31, 2015, nearly 100% of the Group's borrowings were at fixed rate. The average rate of interest as of that date was 3.7%.

The bond issues and borrowings from financial institutions described above include customary early redemption clauses. These clauses include cross-default and change-in-control clauses which apply to all of the borrowings.

4.14.5 Maturity of borrowings

August 31, 2016 Carrying amounts	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues		7	2		1,097	1,106
Bank borrowings	28	38		1,207 (1)	833	2,106
Finance lease obligations	1	1	2	7		11
Other borrowings			3	10		13
TOTAL	**29**	**46**	**7**	**1,224**	**1,930**	**3,236**

Excluding the impact of derivative financial instruments described in note 4.15.
For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.
Maturities include interest accrued as of the balance sheet date.
Credit facility renewal rights are taken into account in determining maturities.
(1) Original maturity, before taking into account the early redemption carried out in September 2016, i.e., after the Fiscal 2016 year-end (see note 4.28).

August 31, 2016 Undiscounted contractual maturities, including payment of future interest not yet due	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues		11	12	92	1,170	1,285
Bank borrowings	31	31	32	1,416	944	2,454
Finance lease obligations	1	1	3	7		12
Other borrowings			3	10		13
Impact of derivative financial instruments excluding those related to the PPP companies	2	2	1	11		16
TOTAL	**34**	**45**	**51**	**1,536**	**2,114**	**3,780**

Excluding undiscounted contractual maturities related to the new bond issue carried out on October 14, 2016, i.e., after the Fiscal 2016 year-end.

August 31, 2015 Carrying amounts	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues		6	3		1,096	1,105
Bank borrowings	288	28	10	942	1,216	2,484
Finance lease obligations		1	3	8	1	13
Other borrowings		1	3	14		18
TOTAL	**288**	**36**	**19**	**964**	**2,313**	**3,620**

Excluding the impact of derivative financial instruments described in note 4.15.
For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.
Maturities include interest accrued as of the balance sheet date.
Credit facility renewal rights are taken into account in determining maturities.

August 31, 2015 Undiscounted contractual maturities, including payment of future interest not yet due	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues		8	16	95	1,204	1,323
Bank borrowings	289	31	51	1,355	1,370	3,096
Finance lease obligations		1	3	9	1	14
Other borrowings		1	3	15		19
Impact of derivative financial instruments excluding those related to the PPP companies	2	7	1	15		25
TOTAL	**291**	**48**	**74**	**1,489**	**2,575**	**4,477**

Including the 150 million euro loan signed with Société Générale in July, 2015 and drawn down as from September, 2015.

4.15 Derivative financial instruments

The fair values of Sodexo's derivative financial instruments are as follows:

Derivative financial instruments *(in millions of euro)*	IFRS classification	August 31, 2016	August 31, 2015
Currency instruments		**11**	**9**
Assets	*Trading*	*13*	*14*
Liabilities	*Trading*	*(2)*	*(5)*
Interest rate instruments(1)		**(16)**	**(8)**
Assets	*Trading*		
Liabilities	*Trading*	(16)	*(8)*
Cross-currency swaps(2)			*31*
Assets	*Cash Flow Hedge*		*30*
Assets	*Trading*		*5*
Liabilities	*Cash Flow Hedge*		*(3)*
Liabilities	*Trading*		*(1)*
Net derivative financial instruments		**(5)**	**32**

(1) Relates to an interest rate swap intended to fix the interest rate on synthetic debt resulting from the equity linked swaps described in note 4.14.3.
(2) Relates to euro-BRL cross-currency swaps with a notional value of 220 million BRL as of August 31, 2015 for which accrued interest of 4 million euro was recognized as a liability as of August 31, 2015.

The face values and fair values of currency instruments and cross-currency swaps are as follows by maturity:

	August 31, 2016				August 31, 2015			
(in millions of euro)	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Currency lender positions	**37**	**84**	20	**141**	**108**	**85**	**42**	**235**
Czech Crown/Euro	*6*	*5*		*11*	*72*	*11*		*83*
Polish Zloty/Euro	*14*			*14*	*20*			*20*
US Dollar/Euro	*17*	*79*	20	*116*	*16*	*74*	*42*	*132*
Currency borrower positions	**(16)**	**(67)**	**(10)**	**(93)**	**(75)**	**(81)**	**(17)**	**(173)**
UK Sterling/Euro	*(4)*	*(17)*	*(6)*	*(27)*	*(4)*	*(18)*	*(13)*	*(35)*
Brazilian Real/Euro					*(58)*			*(58)*
Czech Crown/Euro					*(1)*	*(2)*		*(3)*
Mexican Peso/Euro	*(7)*	*(13)*		*(20)*	*(8)*	*(21)*		*(29)*
Other	*(5)*	*(37)*	*(4)*	*(46)*	*(4)*	*(40)*	*(4)*	*(48)*
TOTAL	**21**	**17**	**10**	**48**	**33**	**4**	**25**	**62**
Fair value		**11**		**11**	**32**	**9**	**(1)**	**40**

The "face value" represents the nominal value of currency hedging instruments, including amounts related to forward agreements. Foreign currency amounts are translated at year-end closing rates.

4.16 Long-term employee benefits

(in millions of euro)	**August 31, 2016**	**August 31, 2015**
Net defined benefit plan asset[1]	(4)	(3)
Net defined benefit plan obligation	410	239
Other long-term employee benefits	179	182
Employee benefits	**585**	**418**

(1) Included in "Other non-current assets" in the consolidated statement of financial position.

4.16.1 Post-employment benefits

4.16.1.1 DEFINED CONTRIBUTION PLANS

Under a defined contribution plan, periodic contributions are made to an external entity that is responsible for the administrative and financial management of the plan. Under such a plan, the employer is relieved of any future obligation (the external entity is responsible for paying benefits to employees as they become due and the employer is not required to make additional payments related to prior or current years if the entity does not have sufficient funds).

Contributions to defined contribution plans recognized in operating expenses were 430 million euro for Fiscal 2016, compared to 386 million euro for Fiscal 2015.

Contributions made by the Group are expensed in the period to which they relate.

4.16.1.2 DEFINED BENEFIT PLANS

The characteristics of the Group's principal defined benefit plans are described below:

- in France, the obligation primarily represents lump-sum benefits payable on retirement if the employee is still with the Company at retirement age. These obligations are covered by specific provisions in the consolidated statement of financial position;
- in the United Kingdom, the obligation relates to a complementary retirement plan funded by externally held assets, and calculated on the basis of:
  - for managers working in the private sector, a percentage of final base salary,
  - for managers working on public sector contracts, benefits comparable to those offered in the public sector,
  - this plan was closed to new employees effective July 1, 2003 and the level of contributions was increased in order to cover the shortfall in the fund.

The United Kingdom plan is regularly evaluated by the plan's actuary in compliance with UK law. A formal actuarial valuation by the plan's actuary is required to be conducted every three years, and any shortfall identified at that time must be addressed through mutual agreement between the plan's Trustee and Sodexo UK. Following a consultation process with the members of the pension plan carried out with a view to freezing benefit accruals for certain members, an agreement was signed in October 2012 between the plan's trustees and Sodexo UK whereby from November 1, 2012 the plan would remain open only to employees who transferred to Sodexo UK from the public sector, as Sodexo UK has a legal obligation to pay them certain benefits. As part of the 12-year plan to address the funding shortfall, Sodexo UK also agreed to pay annual contributions of (i) 10 million pounds sterling over the five years from January 1, 2013 and (ii) 7.5 million pounds sterling over the following seven years. Over the same period, it is expected that the regular contributions made by Sodexo UK will decrease given that only public sector members will be able to obtain new benefits under the terms of the agreement. Lastly, in October 2012, Sodexo SA issued a parent company guarantee to the Trustee in order to cover Sodexo UK's obligations in connection with the plan. This guarantee is for up to 100 million pounds sterling for a duration of 12 years. On completion of the most recent valuation of the fund in July 2016, Sodexo UK and the Trustee agreed to keep unchanged the amount of contributions and the terms and conditions of the parent company guarantee as set in October 2012.

In Continental Europe other than France, the main defined benefit plans are as follows:

- in the Netherlands, certain employees are entitled to complementary retirement or early retirement benefits.

  In Fiscal 2016 Sodexo negotiated an agreement to convert its pension plans in the Netherlands from defined benefit to defined contribution plans as from January 1, 2016. The entitlements accumulated up until that date under the plans in their previous defined benefit form will be frozen and the plans will continue to be accounted for as defined benefit plans in view of the related indexation commitments given by Sodexo. These plans are fully funded;
- in Italy, there is a legal obligation to pay a lump-sum retirement benefit ("TFR").

The Group also contributes to multi-employer plans, mainly in Sweden and the United States. These plans are accounted for as defined contribution plans.

Changes in the present value of the defined benefit plan obligation and the fair value of plan assets are shown below:

	Fiscal 2016			Fiscal 2015		
	Benefit obligation	Plan assets	Net benefit obligation	Benefit obligation	Plan assets	Net benefit obligation
As of September 1	**1,220**	**(984)**	**236**	**1,171**	**(874)**	**297**
Expense/(income) recognized in the income statement	46	(34)	12	57	(33)	24
Current service cost	*22*		*22*	*31*		*31*
Past service cost	*(15)*		*(15)*	*(15)*		*(15)*
Effect of settlements						
Interest cost/(income)	*39*	*(34)*	*5*	*41*	*(33)*	*8*
Remeasurement losses/(gains)	359	(148)	211	(28)	(28)	(56)
Actuarial losses/(gains) arising from changes in demographic assumptions	*(14)*		*(14)*	*1*		*1*
Actuarial losses/(gains) arising from changes in financial assumptions	*386*	*(148)*	*238*	*(18)*	*(28)*	*(46)*
Experience adjustments	*(13)*		*(13)*	*(11)*		*(11)*
Translation adjustment	(141)	122	(19)	70	(63)	7
Contributions made by plan members	1	(1)		2	(2)	
Employer contributions		(25)	(25)		(26)	(26)
Benefits paid from plan assets	(36)	36		(42)	42	
Benefits paid other than from plan assets	(9)		(9)	(10)		(10)
AS OF AUGUST 31	**1,440**	**(1,034)**	**406**	**1,220**	**(984)**	**236**
Of which:						
Partially funded plans	1,280	(1,034)	246	1,071	(984)	87
Unfunded plans	160		160	149		149

The amounts recorded in the income statement for defined benefit plans totaled 13 million euro in Fiscal 2016 (23 million euro in Fiscal 2015) and break down as follows:

- net expense of 3 million euro in Fiscal 2016 (net expense of 12 million euro in Fiscal 2015) in cost of sales;
- net expense of 4 million euro in Fiscal 2016 (net expense of 4 million euro in Fiscal 2015) in Administrative and Sales Department costs;
- net expense of 5 million euro in interest expense (see note 4.2).

Defined benefit plan assets comprise:

(in millions of euro)	August 31, 2016	August 31, 2015
Equities	171	177
Bonds	8	116
Real estate	56	61
Cash	9	16
Derivative instruments		1
Investment funds	125	121
Insurance and other	665	492
TOTAL	**1,034**	**984**

Recognized net actuarial losses arising from changes in financial assumptions amounted to 386 million euro, of which 305 million euro in the United Kingdom (mainly due to a decrease in the discount rate which was partly offset by the lower long-term inflation rate) and 53 million euro in the Netherlands, mainly due to a decrease in the discount rate.

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2016 and 2015:

August 31, 2016	**France**	**Netherlands**	**United Kingdom**	**Italy**
Discount rate[(1)]	0.25%-0.75%	0.75%	2.1%	0.25%-1.5%
Salary long-term inflation rate[(2)]	2.25%-2.75%	2%	3.2%	N/A
General long-term inflation rate	1.75%	1.75%	1.7%-2.7%[(3)]	1.75%
Net liability *(in millions of euro)*	101	15	175	26
Average term of the plans *(in years)*	11	20	21	8

(1) Discount rates in each country have been adapted to reflect the term of the plans. For the euro zone, the Group uses the iBoxx indices for AA-rated corporate bonds. For the United Kingdom, the Group uses a discount rate based on a yield curve for high quality corporate bonds drawn up by an external actuary.

(2) The salary inflation rate disclosed includes general inflation.

(3) Retail price index (RPI): 2.7%; consumer price index (CPI): 1.7% for Fiscal 2016.

August 31, 2015	**France**	**Netherlands**	**United Kingdom**	**Italy**
Discount rate[(1)]	1%-1.75%	2%	4%	0.75%-1.25%
Salary long-term inflation rate[(2)]	2.25%-2.75%	2%	3.6%	N/A
General long-term inflation rate	1.75%	1.75%	2.1%-3.1%[(3)]	1.75%
Net liability *(in millions of euro)*	87	17	26	28
Average term of the plans *(in years)*	11	23	22	7

(1) Discount rates in each country have been adapted to reflect the term of the plans. For the euro zone, the Group uses the iBoxx indices for AA-rated corporate bonds. For the United Kingdom, the Group uses a discount rate based on a yield curve for high quality corporate bonds drawn up by an external actuary.

(2) The salary inflation rate disclosed includes general inflation.

(3) Retail price index (RPI): 3.1%; consumer price index (CPI): 2.1% for Fiscal 2015.

With respect to the assumptions provided in the above table, a reduction of 1% in the discount rate would increase the gross obligation to 1,751 million euro (compared to 1,440 million euro with the assumptions used as of August 31, 2016), while a rise of 0.5% in the long-term inflation rate would increase the gross obligation to 1,543 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 20 million euro into defined benefit plans in Fiscal 2017.

4.16.2 Other employee benefits

Other employee benefits, in the amount of 179 million euro as of August 31, 2016 (182 million as of August 31, 2015), mainly comprise a liability related to a deferred compensation program in the United States and obligations relating to long-service awards.

The total expense recognized with respect to these benefits in Fiscal 2016 was 18 million euro (25 million euro in Fiscal 2015), of which 2 million euro (also 2 million euro in Fiscal 2015) related to a deferred compensation program in the United States and was reported in financial expense.

4.17 Provisions

(in millions of euro)	August 31, 2015	Increases/charges	Reversals with utilization	Reversals without utilization	Translation adjustment and other	Changes in scope of consolidation	Discounting impact on long-term provisions	August 31, 2016
Tax and social security exposures	47	6	(3)	(1)	2			51
Employee claims and litigation	35	37	(10)	(4)	2			60
Contract termination and loss-making contracts	14	2	(9)	(1)	1			7
Reorganization costs	11	34	(12)	(3)	(1)			29
Client/supplier claims and litigation	26	4	(2)	(5)	(1)			22
Negative net assets of associates*	11				(4)			7
Other provisions	27	4	(7)	(6)				18
TOTAL PROVISIONS	**171**	**87**	**(43)**	**(20)**	**(1)**			**194**

* *Investments in companies consolidated by the equity method that have negative net assets (see note 4.8).*

(in millions of euro)	August 31, 2014	Increases/charges	Reversals with utilization	Reversals without utilization	Translation adjustment and other	Changes in scope of consolidation	Discounting impact on long-term provisions	August 31, 2015
Tax and social security exposures	54	16	(7)	(11)	(5)			47
Employee claims and litigation	35	15	(7)	(4)	(4)			35
Contract termination and loss-making contracts	21	11	(16)	(6)	4			14
Reorganization costs	24	5	(16)	(2)				11
Client/supplier claims and litigation	29	3	(2)	(5)	1			26
Negative net assets of associates*	13				(2)			11
Other provisions	16	16	(2)		(3)			27
TOTAL PROVISIONS	**192**	**66**	**(50)**	**(28)**	**(9)**			**171**

* *Investments in companies consolidated by the equity method that have negative net assets (see note 4.8).*

Provisions for exposures and litigation are determined on a case-by-case basis and rely on management's best estimate of the outflows deemed likely to satisfy legal or implicit obligations to which the Group is exposed as of the end of the year.

Current and non-current provisions are as follows:

	August 31, 2016		August 31, 2015	
(in millions of euro)	Current	Non-current	Current	Non-current
Tax and social security exposures	8	43	7	40
Employee claims and litigation	32	28	17	18
Contract termination and loss-making contracts	3	4	8	6
Reorganization costs	24	5	11	
Client/supplier claims and litigation	19	3	23	3
Negative net assets of associates*		7		11
Other provisions	3	15	17	10
TOTAL PROVISIONS	**89**	**105**	**83**	**88**

* *Investments in companies consolidated by the equity method that have negative net assets (see note 4.8).*

4.18 Trade and other payables

(in millions of euro)	August 31, 2016	August 31, 2015
Operating payables	164	165
Non-operating payables	29	27
TOTAL OTHER NON-CURRENT LIABILITIES	**193**	**192**
Advances from clients	308	418
Trade payables	2,024	1,953
Employee-related liabilities	1,112	1,126
Tax liabilities	251	266
Other operating payables	109	100
Deferred revenues	107	126
Non-operating payables	37	86
TOTAL TRADE AND OTHER CURRENT PAYABLES	**3,948**	**4,075**
TOTAL TRADE AND OTHER PAYABLES	**4,141**	**4,267**

Employee-related liabilities include mainly short-term employee benefits.

Maturities of trade and other payables	Carrying amount	Undiscounted contractual value
Less than 3 months	2,805	2,806
More than 3 months and less than 6 months	279	279
More than 6 months and less than 12 months	818	818
More than 1 year and less than 5 years	190	198
More than 5 years	49	57
TOTAL TRADE AND OTHER PAYABLES	**4,141**	**4,160**

4.19 Deferred taxes

Movements in deferred taxes were as follows in Fiscal 2016:

(in millions of euro)	August 31, 2015	Deferred tax benefit/ (expense)	Deferred tax recognized in other comprehensive income	Translation adjustment and other	August 31, 2016
• Employee-related liabilities	212	25	31	50	318
• Fair value of financial instruments		(21)		(1)	(22)
• Intangible assets	(69)	(2)		5	(66)
• Other temporary differences	(110)			(69)	(179)
• Tax loss carry-forwards	69	11		7	87
TOTAL	**102**	**13**	**31**	**(8)**	**138**
Of which deferred tax assets	**232**				**287**
Of which deferred tax liabilities	**(130)**				**149**

Movements in deferred taxes were as follows in Fiscal 2015:

(in millions of euro)	August 31, 2014	Deferred tax benefit/ (expense)	Deferred tax recognized in other comprehensive income	Translation adjustment and other	August 31, 2015
• Employee-related liabilities	205	2	(13)	18	212
• Fair value of financial instruments	5		1	(6)	
• Intangible assets	(61)	8		(16)	(69)
• Other temporary differences	(155)	9		36	(110)
• Tax loss carry-forwards	84	1		(16)	69
TOTAL	**78**	**20**	**(12)**	**16**	**102**
Of which deferred tax assets	**226**				**232**
Of which deferred tax liabilities	**(148)**				**(130)**

Deferred tax assets arising on tax loss carry-forwards and not recognized because their recovery is not considered probable totaled 224 million euro (229 million euro as of August 31, 2015), including 6 million euro generated by subsidiaries prior to their acquisition (7 million euro as of August 31, 2015).

Temporary differences on employee-related liabilities relate primarily to post-employment benefits.

The other temporary differences mainly include deferred taxes recognized on the portion of goodwill amortization that is tax deductible in certain countries.

4.20 Financial instruments

The table below presents the categories of financial instruments, their carrying amount and their fair value, by item in the consolidated statement of financial position.

The levels used for the classification of financial instruments are as follows:

- Level 1: Instruments traded on an active market;
- Level 2: Instruments measured through inputs other than quoted prices included within Level 1 and that are observable;
- Level 3: Instruments whose fair value is determined using valuation techniques based on unobservable inputs.

Financial assets *(in millions of euro)*	Category	Note	August 31, 2016 Carrying amount	Fair value	Fair value level Level 1	Level 2	Level 3	Total
Marketable securities	Financial assets at fair value through profit or loss	4.12	353	353	28	325		353
Restricted cash and financial assets related to the Benefits and Rewards Services activity	Available-for-sale financial assets	4.10	799	799	167	632		799
Trade and other receivables	Loans and receivables at amortized cost	4.11	3,990	3,990				
Other financial assets	Available-for-sale financial assets	4.10	12	12				
	Loans and receivables at amortized cost	4.10	124	124				
Derivative financial instruments, assets		4.15	11	11		11		11

Financial liabilities *(in millions of euro)*	Category	Note	August 31, 2016 Carrying amount	Fair value	Fair value level Level 1	Level 2	Level 3	Total
Bond issues[1]	Financial liabilities at amortized cost	4.14	1,106	1,247	1,247			1,247
Bank borrowings	Financial liabilities at amortized cost	4.14	2,106	2,205		2,204	1	2,205
Other borrowings and financial debts	Financial liabilities at amortized cost	4.14	24	24				
Bank overdrafts	Financial liabilities at amortized cost		28	28				
Trade and other payables	Financial liabilities at amortized cost	4.18	3,948	3,948				
Vouchers payable	Financial liabilities at amortized cost		2,678	2,678				
Derivative instruments, liabilities		4.15	16	16		16		16

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2016.

Financial assets *(in millions of euro)*	Category	Note	August 31, 2015 Carrying amount	Fair value	Fair value level Level 1	Level 2	Level 3	Total
Marketable securities	Financial assets at fair value through profit or loss	4.12	362	362	26	336		362
Restricted cash and financial assets related to the Benefits and Rewards Services activity	Available-for-sale financial assets	4.10	739	739	75	664		739
Trade and other receivables	Loans and receivables at amortized cost	4.11	3,912	3,912				
Other financial assets	Available-for-sale financial assets	4.10	11	11				
	Loans and receivables at amortized cost	4.10	102	102				
Derivative financial instruments, assets		4.15	45	45		45		45

Financial liabilities *(in millions of euro)*	Category	Note	August 31, 2015 Carrying amount	Fair value	Fair value level Level 1	Level 2	Level 3	Total
Bond issues[1]	Financial liabilities at amortized cost	4.14	1,105	1,150	1,150			1,150
Bank borrowings	Financial liabilities at amortized cost	4.14	2,484	2,528				
Other borrowings and financial debts	Financial liabilities at amortized cost	4.14	31	31				
Bank overdrafts	Financial liabilities at amortized cost		39	39				
Trade and other payables	Financial liabilities at amortized cost	4.18	4,075	4,075				
Vouchers payable	Financial liabilities at amortized cost		2,496	2,496				
Derivative instruments, liabilities		4.15	13	13		13		13

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2015.

There was no transfer between the different levels between Fiscal 2015 and Fiscal 2016.

4.21 Share-based payment

4.21.1 Stock option plans

PRINCIPAL FEATURES OF SODEXO STOCK OPTION PLANS

Rules governing stock option plans are as follows:

- the option exercise price has no discount;
- contractual life of options: 6-7 years.

ESTIMATION OF FAIR VALUE AT DATE OF GRANT

The fair value of options granted and settled by delivery of equity instruments is estimated at the date of grant using a binomial model, which takes into consideration the terms and conditions of grant and assumptions about exercise behavior.

The table below shows the data used in the valuation model for each plan measured under IFRS 2.

Date of grant	Exercise price	Expected volatility *(in %)*	Contractual life *(in years)*	Risk-free interest rate *(in %)*	Expected dividend yield *(in %)*	Expected life *(in years)*
December 13, 2011	51.40 euro	24.00%	7	3.48%	3.00%	6
December 13, 2011	51.40 euro	24.00%	6	2.85%	3.00%	5

The expected life of the options is incorporated into the binomial model based on option holders' behavior expected over the contractual life of the options and based on historical data, and is not necessarily indicative of future exercises.

The expected volatility is based on the assumption that volatility calculated using regression analysis of daily returns over the five- or six-year period (the expected life of the options) prior to the date of grant is an indicator of future trends. It is determined by reference to a weighted average of the historical volatility of the shares observed over periods corresponding to the expected life of the options granted and the implicit volatility expected in the marketplace.

The risk-free interest rate is the rate on Government bonds (with reference to iBoxx rates in the euro zone) for a maturity similar to the life of the options.

The assumptions with respect to the exercise behavior of grantees used in determining the fair value of the options are also based on historical data, which may not be indicative of future exercise behavior, and are as follows:

- grantees resident in France for tax purposes:
  - 50% of grantees will exercise their options once the share price exceeds the exercise price by 20%,
  - 50% of grantees will exercise their options once the share price exceeds the exercise price by 40%;
- grantees not resident in France for tax purposes:
  - 30% of grantees will exercise their options once the share price exceeds the exercise price by 20%,
  - 30% of grantees will exercise their options once the share price exceeds the exercise price by 40%,
  - 30% of grantees will exercise their options once the share price exceeds the exercise price by 70%,
  - 10% of grantees will exercise their options once the share price exceeds the exercise price by 100%.

MOVEMENTS DURING FISCAL 2016 AND FISCAL 2015

The table below provides the quantity, weighted average exercise price (WAP) and movements of stock options during the period.

	Fiscal 2016		Fiscal 2015	
	Number	**WAP** *(in euro)*	**Number**	**WAP** *(in euro)*
Outstanding at the beginning of the period	**2,340,544**	**48.17**	**3,600,156**	**47.78**
Forfeited during the period	(27,309)	40.96	(23,398)	46.40
Exercised during the period	(1,296,304)[(1)]	48.11	(1,236,214)[(2)]	47.08
Outstanding at the end of the period	**1,016,931**	**48.43**	**2,340,544**	**48.17**
Exercisable at the end of the period	**1,016,931**	**48.43**	**2,055,294**	**47.72**

(1) The weighted average share price at the exercise date of options exercised in the period was 90.97 euro.
(2) The weighted average share price at the exercise date of options exercised in the period was 83.69 euro.

The weighted average residual life of options outstanding as of August 31, 2016 was 1.4 years (August 31, 2015: 2.2 years).

The exercise prices and exercise periods for options outstanding as of August 31, 2016 are provided in the table below:

Date of grant	Start date of exercise period	Expiration date of exercise period	Exercise price	Number of options outstanding as of August 31, 2016
January 2010	January 2011	January 2017	39.88 euro	184,338
December 2010	December 2011	December 2017	48.37 euro	251,450
December 2010	December 2011	December 2016	48.37 euro	43,666
December 2011	December 2012	December 2018	51.40 euro	371,465
December 2011	December 2012	December 2017	51.40 euro	166,012
TOTAL				**1,016,931**

4.21.2 Free share plans

PRINCIPLE FEATURES OF SODEXO FREE SHARE PLANS

Rules governing free Sodexo share plans are as follows:

- free shares vest only if the beneficiary is still working for the Sodexo Group on the vesting date; in addition, some free share grants are subject to a performance condition;
- for the free shares awarded in 2013, 2014 and 2015, for beneficiaries who are French tax residents the vesting period is two years for shares not subject to any performance condition and three years for performance shares, provided in both cases that the beneficiary is still working for the Sodexo Group on the vesting date. For non-French tax residents, the vesting period is four years. Free shares awarded to French tax residents are also subject to a two-year lock-up period as from the vesting date;
- for the free shares awarded in 2016, the vesting period for all beneficiaries is four years, with no subsequent lock-up period. In addition, beneficiaries must still be working for the Sodexo Group on the vesting date in order for the shares to vest;
- the proportion of shares subject to a performance condition ranges from 0 to 50% (depending on the total number of shares awarded), except for the shares granted to the Sodexo's Chief Executive Officer which consist solely of performance shares.

The performance conditions are as follows:

- for the free shares awarded in Fiscal 2013, 2014 and 2015, the performance condition is based on annual growth in Sodexo Group net income over a three-year period, and, for part of the share grant made to Group Executive Committee members in 2015, on Total Shareholder Return (TSR). TSR is a measure of the performance of different companies' stocks and shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder. For the shares subject to this condition to vest, the TSR must have increased by at least 20% between August 31, 2014 and the Shareholders' Meeting called to approve the Sodexo Group Fiscal 2017 financial statements, in January 2018;
- for the free shares awarded in Fiscal 2016, the performance condition is based on annual growth in consolidated operating profit of the Sodexo Group (before exceptional items and excluding currency effects) over a four-year period, and, for part of the share grant made to Group Executive Committee members, on Total Shareholder Return (TSR). For the shares subject to this condition to vest, Sodexo's TSR must be positive and must outperform the CAC 40 GR (Gross Total Return) index, published by Euronext, between January 27, 2016 and the date of the Shareholders' Meeting called to approve the Fiscal 2019 financial statements.

ESTIMATED FAIR VALUE AT DATE OF GRANT

The fair value of free shares is estimated at the date of grant based on the Sodexo share price at that date after deductions for dividends on the shares that will not be paid to beneficiaries during the vesting period and, where applicable, a lock-up discount. The lock-up discount is determined based on the cost for the employee of a two-step strategy consisting of selling the shares forward for delivery at the end of the lock-up period and purchasing the same number of shares for immediate delivery, with the purchase financed by a loan, taking into account market inputs.

The fair value of free shares subject to a performance condition based on Total Shareholder Return is estimated using a binomial model that takes into account the vesting conditions.

MOVEMENTS IN FISCAL 2016 AND FISCAL 2015

The table below shows movements in free shares granted in Fiscal 2016 and Fiscal 2015:

	Fiscal 2016	Fiscal 2015
Outstanding at the beginning of the period	**2,333,495**	**1,656,455**
Granted during the period	881,175	848,875
Forfeited during the period	(175,545)	(37,455)
Delivered during the period	(251,882)	(134,380)
Outstanding at the end of the period	**2,787,243**	**2,333,495**

The weighted average fair value of the free shares was 75.21 euro for shares granted in Fiscal 2016 (79.67 euro for shares granted in Fiscal 2015).

The table below shows the grant dates of free shares outstanding as of August 31, 2016, the assumptions used to estimate their fair value at the grant date and the number of free shares outstanding at the period end:

Date of grant		Vesting period *(in years)*	Lock-up period *(in years)*	Expected dividend yield *(in %)*	Risk-free interest rate *(in %)*	Loan interest rate *(in %)*	Volatility[1] *(in %)*	Number of shares outstanding as of August 31
April 25, 2013	International	4	N/A	2.5%	0.6%	6%		491,070
March 11, 2014	France	3	2	2.5%	0.5%	5.8%		106,443
March 11, 2014	International	4	N/A	2.5%	0.8%	5.8%		524,175
April 27, 2015	France	2	2	2.5%	0.1%	5.2%		148,591
April 27, 2015	France	3	2	2.5%	0.1%	5.2%	21%	112,149
April 27, 2015	International	4	N/A	2.5%	0.2%	5.2%	21%	547,140
December 1, 2015	France	2	2	2.5%	0%	4.3%		3,725
December 1, 2015	France	3	2	2.5%	0%	4.3%	22.5%	3,025
December 1, 2015	International	4	N/A	2.5%	0%	4.3%	22.5%	8,350
April 27, 2016	N/A	4	N/A	2.5%	0%	N/A	22%[2]	842,575
TOTAL								**2,787,243**

(1) Applicable for the portion of the 2015 and 2016 free share grants for which the performance condition is based on TSR. Volatility is determined by reference to the share's historical weighted average volatility over five years and the implicit volatility expected by the market.

(2) Since the 2016 plan, TSR is determined by reference to the CAC 40 GR index. The volatility used for this index is 35%.

4.21.3 Expense recognized during the year

The expense recognized in the Fiscal 2016 income statement for stock options and free shares was 49 million euro (38 million euro in Fiscal 2015).

4.22 Business combinations

The main acquisitions carried out by the Group during the period are set out in note 4.5, "Goodwill".

4.23 Commitments and contingencies

4.23.1 Sureties

As of August 31, 2016, the following guaranties were made in connection with financing arrangements:

- 4,505,220 Sodexo shares were pledged to Natixis,
- 3,013,259 Sodexo shares were pledged to CACIB
- 2,477,397 Sodexo shares were pledged to the U.S. investors in connection with the USD notes
- 664,212 Sodexo shares were pledged to the U.S. investors in connection with the euro notes
- 3,565,994 Sodexo share was pledged to Société Générale

As such, a total of 14,226,082 of the 60,900,485 Sodexo shares held by Bellon SA were pledged.

Commitments arising from surety arrangements (pledges, charges secured against plant and equipment, and real estate mortgages) contracted by Sodexo SA and its subsidiaries in connection with operating activities during Fiscal 2016 are not material.

4.23.2 Operating lease commitments

Outstanding commitments arising in respect of operating leases are as follows:

(in millions of euro)	August 31, 2016	August 31, 2015
Less than 1 year	111	115
1 to 5 years	240	217
More than 5 years	75	92
TOTAL	**426**	**424**

These commitments arise under a large number of contracts worldwide, the terms of which are negotiated locally. They relate primarily to:

- equipment on sites, office equipment and vehicles for 110 million euro (102 million euro as of August 31, 2015);
- the rent for office premises of 303 million euro (306 million euro as of August 31, 2015), related mainly to Sodexo's corporate headquarters in Issy-les-Moulineaux (38 million euro) and the offices of Sodexo France (43 million euro) and Sodexo, Inc. (86 million euro).

4.23.3 Other commitments given

	August 31, 2016				August 31, 2015
(in millions of euro)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**	**Total**
Financial guarantees to third parties		1		1	2
Site management commitments	1	3		4	1
Performance bonds given to clients	47		146	193	222
Other commitments	18	1	119	138	151
TOTAL	**66**	**5**	**265**	**336**	**376**

Financial guarantees to third parties mainly comprise bank subordinated debt commitments under Public-Private Partnership (PPP) contracts (see note 2.3.2.) totaling 1 million euro.

The performance bonds given to clients relate to around twenty sub-contracting contracts where the Group considers that it may be exposed to indemnity payments if it is unable to fulfill the service obligation. These bonds are subject to regular review by the management of the business unit and a provision is recorded as soon as payment under a bond becomes probable. For all other contracts with a performance bond, the Group considers that it would be capable of deploying the additional resources needed to avoid paying compensation under the bond.

The Group also has performance obligations to clients, but regards these as having the essential features of a performance guarantee rather than an insurance contract designed to compensate the client in the event of non-fulfillment of the service obligation (compensation is generally due only where Sodexo is unable to provide alternative or additional resources to fulfill the obligation to the client).

In practice, given its size and geographical reach, the Sodexo Group considers itself capable of providing the additional resources needed to avoid paying compensation to clients protected by such clauses.

At this time, no provision has been recorded in the consolidated statement of financial position with respect to these guarantees.

The "Other commitments" line mainly includes the 12-year guarantee given by Sodexo SA in October 2012 to the Trustee of the UK pension plan (*i.e.,* until October 2024) for a maximum of 100 million pounds sterling in order to cover Sodexo UK's obligations in connection with the plan.

4.24 Related parties

Other transactions with related companies comprise loans advanced, commercial transactions, and off balance sheet commitments involving associates and non-consolidated companies.

	August 31, 2016			August 31, 2015
(in millions of euro)	**Gross**	**Impairment**	**Carrying amount**	**Carrying amount**
Loans	79	(2)	77	78
Client and other receivables				21

Off-balance sheet commitments	**August 31, 2016**	**August 31, 2015**
Financial guarantees to third parties	1	2
Performance bonds given to clients	193	222

Transactions	**Fiscal 2016**	**Fiscal 2015**
Revenues	430	405
Operating expenses		
Financial income and expense, net	3	4

4.25 Compensation, loans, post-employment benefits and other employee benefits granted to members of the Executive and Supervisory boards of Bellon S.A.

(in euro)	Fiscal 2016	Fiscal 2015
Compensation paid by Bellon S.A. to members of its Executive and Supervisory Boards	867,833	848,727
Directors' fees paid by Bellon S.A. to members of its Executive and Supervisory Boards	210,000	210,000
Directors' fees paid by Sodexo to members of its Board of Directors who are also members of Bellon S.A.'s Executive and Supervisory Boards	197,500	256,500
Compensation and benefits paid by Sodexo subsidiaries to members of Sodexo's Board of Directors who are also members of Bellon S.A.'s Executive and Supervisory Boards	657,498	386,464
TOTAL	**1,932,831**	**1,701,628**

These benefits include directors' fees, and all forms of compensation and benefits paid (or earned during the period for offices held) by Bellon SA, Sodexo SA and/or other Sodexo Group companies.

On the recommendation of the Compensation Committee, on November 17, 2015 the Board of Directors decided that as from January 1, 2016, Michel Landel would be remunerated by Sodexo SA instead of Bellon SA, but that no employment contract would be signed between him and Sodexo SA. Consequently, Mr. Landel's employment contract with Bellon SA was terminated but his compensation package remained unchanged.

4.26 Group employees

The following table shows the breakdown of Group employees:

	August 31, 2016	August 31, 2015
Managers	53,477	50,124
Employees	372,126	372,728
TOTAL	**425,603**	**422,852**

Group employees by activity and region were as follows:

	On-site Services							
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Benefits and Rewards Services	Holding companies	Total
August 31, 2016	133,100	98,309	37,677	151,445	420,531	4,547	525	**425,603**
August 31, 2015	132,510	99,267	37,311	149,203	418,291	4,095	466	**422,852**

4.27 Litigation

The Group is involved in litigation arising from its ordinary activities. The Group does not believe that liabilities relating to such litigation will in aggregate be material to its activities or to its consolidated financial position.

To the best of the Bellon SA's knowledge, there have been no governmental, judicial or arbitral proceedings (including any such proceedings which are pending or threatened of which it is aware) which may have, or have had in the past 12 months, material effects on Sodexo and/or the Group's financial position or profitability.

4.28 Subsequent events

On September 29, 2016 Sodexo SA redeemed in advance 108 million U.S. dollars of its March 2011 U.S. private placement, and on October 14, 2016 it carried out a new bond issue comprising 600 million euro worth of bonds redeemable in April 2027. These refinancing transactions have enabled the Sodexo Group to reduce its average cost of borrowings and to extend their maturities.

On September 7, 2016, the Sodexo Group acquired Inspirus LLC in the United States (Benefits and Rewards Services) and, on October 14, 2016 PSL Ltd in the United Kingdom (On-site Services).

On November 15, 2016, the Board of Directors of Sodexo SA decided to launch a share repurchase and cancellation program for 300 million euro.

On November 16, 2016, Bellon SA held an Extraordinary Shareholder's Meeting in order to note the reduction of its capital which reduces its amount from 411,306 euros to 388,080 euros by cancellation of 1,455 shares with a face value of 16 euros. Article 7 of the Company bylaws has been amended accordingly.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

5.1 Exposure to foreign exchange and interest rate risk

The Group's policies are designed to prevent speculative positions. Furthermore, under these policies:

- substantially all borrowings must be at fixed rates of interest, or converted to fixed-rate using hedging instruments;
- in the context of financing policy, foreign exchange risk on loans to subsidiaries and external financing in a foreign currency must be hedged;
- the maturity of hedging instruments must not exceed the maturity of the borrowings they hedge.

5.1.1 Analysis of sensitivity to interest rates

As of August 31, 2016 and 2015, a 0.5% increase or decrease in interest rates would have had no material impact on profit before tax or on shareholders' equity as substantially all liabilities at those dates were at a fixed rate of interest.

5.1.2 Analysis of sensitivity to foreign exchange rates and exchange rate exposures on principle currencies

Because the Sodexo Group has operations in 80 countries, all components of the financial statements are influenced by foreign currency translation effects, and in particular by fluctuations in the U.S. dollar. However, exchange rate fluctuations do not generate any operational risk, because each of the Group's subsidiaries invoices its revenues and incurs its expenses in the same currency.

The Group uses derivative instruments to manage the Group's risk exposure resulting from the volatility of exchange rates.

SENSITIVITY TO EXCHANGE RATES

Impact of a 10% appreciation of the exchange rate of the following currencies against the euro *(in millions of euro)*	August 31, 2016				August 31, 2015			
	Impact on revenues	Impact on operating profit	Impact on profit before tax	Impact on shareholders' equity	Impact on revenues	Impact on operating profit	Impact on profit before tax	Impact on shareholders' equity
Dollar USD	831	50	31	171	763	50	33	167
Real BRL	91	18	17	70	107	23	21	57
Sterling GBP	201	13	13	64	193	8	12	82

A 10% increase in the Bolivar/Euro exchange rate would not have had a material impact on the Group's revenues, operating profit, profit before tax or shareholders' equity as of August 31, 2016.

5.2 Exposure to liquidity risk

The nature of the Group's bank borrowings and bond issues as of August 31, 2016 is described in detail in note 4.14.

As of August 31, 2016, around 83% of the Group's consolidated borrowings was borrowed on capital markets and bank financing covered less than 17% of the Group's financing needs. As of August 31, 2015, around 89% of the Group's consolidated borrowings was borrowed on capital markets and bank financing covered around 11% of the Group's financing needs. The reimbursement maturity dates of the main borrowings range between Fiscal 2016 and Fiscal 2029. The Sodexo Group has a multicurrency confirmed credit facility of 531 million euro plus 709 million U.S. dollars which expires in July 2021. No amounts had been drawn down on the facility as of August 31, 2016 (65 million euro as of August 31, 2015).

5.3 Exposure to counterparty risk

Exposure to counterparty risk is limited to the carrying amount of financial assets.

Group policy is to manage and spread counterparty risk. For derivative financial instruments, each transaction with a bank is required to be based on a master contract modeled on the standard contract issued by the French Bankers' Association (AFB) or the International Swaps and Derivatives Association (ISDA).

Counterparty risk relating to customer accounts receivable is immaterial. Due to the Group's geographic and segment spread, there is no concentration of risk on past due individual receivables for which no provision has been recorded. Moreover, the Group has not observed any significant change in impacts relating to customer default during the year.

The main counterparty risk is bank-related. The Group has limited its exposure to counterparty risk by diversifying its investments and limiting the concentration of risk held by each of its counterparties. Transactions are conducted with highly creditworthy counterparties taking into consideration country risk. The Group has instituted a regular reporting of the risk spread between counterparties and of their quality.

To reduce this risk further, in Fiscal 2011 the Sodexo Group implemented an international cash pooling mechanism between its main subsidiaries (with a netting facility), reducing the amount of liquidity held by third parties by concentrating it in the financial holding companies of the Sodexo Group.

The maximum counterparty is approximately 12% (11% as of August 31, 2015) of the Group's operating cash (including restricted cash and financial assets related to the Benefits and Rewards Services activity) with a banking group whose rating is A-1.

6. SCOPE OF CONSOLIDATION

Bellon SA holds 39.6% of the capital of Sodexo SA, a French *société anonyme* headquartered in Issy-les-Moulineaux, France, and 54.8% of voting rights.

Taking into consideration Sodexo SA's treasury shares and the shares held in Bellon SA by the Sodexo group, Bellon SA's interest in Sodexo is 35.2%. Summarized financial information for Sodexo is as follows *(in millions of euro based on the financial statements prepared in accordance with IFRS – this information is presented at 100%):*

(in millions of euro)	**2015-2016**	**2014-2015**
Revenues	20,245	19,815
Operating profit(1)	1,095	1,143
Profit for the year	661	723
Comprehensive income	478	804

(1) Including share of profit of companies consolidated by the equity method that directly contribute to the Group's business

(in millions of euro)	**August 31, 2016**	**August 31, 2015**
Non-current assets	7,498	7,334
Current assets	6,660	7,143
TOTAL ASSETS	**14,158**	**14,477**
Total shareholders' equity	3,702	3,744
Non-current liabilities	3,549	3,593
Current liabilities	6,907	7,140
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,158**	**14,477**

The total amount of dividends paid by Sodexo SA during the fiscal year was 335 million euro, taking into account treasury shares, a dividend of 2.20 euro per share and, as applicable, a dividend premium of 0.22 euro per share.

The main companies consolidated by Sodexo as of August 31, 2016 and presented in the table below together represent over 80% of consolidated revenues. The other entities represent individually less than 1% of each of revenues, operating profit and the Sodexo Group share of net income and shareholders' equity.

The first column shows the percentage interest held by the Group, and the second column the percentage of voting rights held by the Group. Percentage interests and percentages of voting rights are only shown if less than 97%.

Companies newly consolidated during the year are indicated by the letter "N".

		% interest	**% voting rights**	**Principal activity**	**Country**
France					
	Sodexo SA			Holding	France
	Sodexo Entreprises (consolidated)			On-site	France
	Sodexo Santé Médico Social			On-site	France
	Société Française de Restauration et Services (consolidated)			On-site	France
	LIDO Segsmhi			On-site	France
	Sogeres (consolidated)			On-site	France
	Lenôtre SA (consolidated)			On-site	France
	Sodexo Pass France SA			Benefits and Rewards	France
	Groupe Crèche Attitude (consolidated)			On-site	France
	Sodexo Pass International SAS			Holding	France

		% interest	% voting rights	Principal activity	Country
	Sofinsod SAS			Holding	France
	Etin SAS			Holding	France
Americas					
	Sodexo do Brasil Comercial SA (consolidated)			On-site	Brazil
	Sodexo Pass do Brasil Serviços E Comercio SA			Benefits and Rewards	Brazil
	Sodexo Canada Ltd (consolidated)			On-site	Canada
	Sodexo Chile (consolidated)			On-site	Chile
	Sodexo Soluciones de Motivacion Chile SA			Benefits and Rewards	Chile
	Sodexo, Inc. (consolidated)			On-site	United States
	Roth Bros., Inc. (consolidated)			On-site	United States
	Sodexo Remote Sites Partnership			On-site	United States
	Sodexo Remote Sites USA Inc.			On-site	United States
	Sodexo Holdings Inc.			On-site	United States
	CK Franchising Inc.			On-site	United States
	Sodexo Concierge Services LLC			On-site	United States
	Circle Company Associates, Inc.			On-site	United States
	Sodexo Global Services, LLC			On-site	United States
Europe					
	Sodexo Services GmbH (consolidated)			On-site	Germany
	Sodexo Beteiligungs BV & Co. KG			On-site	Germany
	Ga-Tec Gebäude Und Anlagentechnik GmbH			On-site	Germany
	Sodexo Belgium SA (consolidated)			On-site	Belgium
	Imagor SA			Benefits and Rewards	Belgium
	Sodexo Pass Belgium SA (consolidated)			Benefits and Rewards	Belgium
	Compagnie Financière Aurore International			Holding	Belgium
	Sodexo Iberia SA (consolidated)			On-site	Spain
	Sodexo Italia SPA (consolidated)			On-site	Italy
	Sodexo Nederland BV (consolidated)			On-site	Netherlands
	Sodexo Pass Česka Republika AS			Benefits and Rewards	Czech Republic
	Sodexo Ltd (consolidated)			On-site	United Kingdom
	Sodexo Remote Sites Scotland Ltd			On-site	United Kingdom
	Motivcom Plc			Benefits and Rewards	United Kingdom
	Sports Travel And Hospitality Ltd	60%	60%	On-site	United Kingdom
	Sodexo Global Services UK Ltd			Holding	United Kingdom
N	Elder Home Care Ltd			On-site	Ireland
	Sodexo AB			On-site	Sweden
	Sodexo Avantaj Ve Odullendirme Hizmetleri AS			Benefits and Rewards	Turkey
Asia, Pacific, Middle East, Africa					
	Sodexo Australia Pty Ltd (consolidated)			On-site	Australia
	Sodexo Remote Sites Australia Pty Ltd			On-site	Australia
	Sodexo Food Solutions India Private Limited			On-site	India
	Sodexo Shanghai Management Services			On-site	China
	Sodexo Management Company Ltd Shanghaï			On-site	China
	Sodexo Services Asia			Holding	Singapore

	% interest	% voting rights	Principal activity	Country
Kelvin Catering Services (Emirates) LLC	49%	49%	On-site	United Arab Emirates