



**BELLON**

**STATUTORY AUDITORS' REPORT ON THE  
CONSOLIDATED FINANCIAL STATEMENTS**

For year ended August 31, 2014

**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**

Espace Gaymard - 2 place d'Arvieux  
13002 Marseille

**STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended August 31, 2014

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the year ended August 31, 2014, 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 2014 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*), we bring to your attention the following matters:

- the Company has tested goodwill 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 the related documentation which was prepared, the consistency of the data which was used and in particular the assumptions used in the preparation of 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 we have also verified, in accordance with professional standards applicable in France, 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, 17 December 2014

The Statutory Auditors

*French original signed by*

PricewaterhouseCoopers Audit

KPMG Audit  
*Department of KPMG S.A.*

Agnès Hussherr  
*Partner*

Jean-Claude Reydel  
*Partner*

# Bellon S.A. consolidated financial statements as of August 31, 2014

## 1 CONSOLIDATED INCOME STATEMENT

<i>(in millions of euro)</i>	Notes	Fiscal 2014	Fiscal 2013
<b>Revenues</b>	<b>3</b>	<b>18,016</b>	<b>18,397</b>
Cost of sales	4.1	(15,265)	(15,651)
<b>Gross profit</b>		<b>2,751</b>	<b>2,746</b>
Sales department costs	4.1	(262)	(265)
General and administrative costs	4.1	(1,560)	(1,653)
Other operating income	4.1	44	20
Other operating costs	4.1	(46)	(38)
<b>Operating profit<sup>(1)</sup></b>	<b>3</b>	<b>927</b>	<b>810</b>
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business	3 and 4.8	6	11
<b>Operating profit after share of profit of companies consolidated by the equity method that directly contribute to the Group's business</b>		<b>933</b>	<b>821</b>
Interest income	4.2	20	53
Financing costs	4.2	(226)	(218)
Share of profit of other companies consolidated by the equity method	3 and 4.8	8	6
<b>Profit for the period before tax</b>		<b>735</b>	<b>662</b>
Income tax expense	4.3	(265)	(233)
<b>Profit for the year</b>		<b>470</b>	<b>429</b>
Of which:			
Non-controlling interests		336	306
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		<b>134</b>	<b>123</b>
<i>(1) Including 27 million euro in costs recorded in Fiscal 2014 (139 million euro in Fiscal 2013) in connection with the program to improve operational efficiency and reduce costs (see note 2.22.4).</i>			

## 2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in millions of euro)</i>	Notes	Fiscal 2014	Fiscal 2013
<b>Profit for the year</b>		<b>470</b>	<b>429</b>
<b>Components of other comprehensive income to be reclassified subsequently to profit or loss</b>			
Change in fair value of available for sale financial assets	4.10.2 and 4.13		1
Change in fair value of available for sale financial assets reclassified to profit or loss	4.10.2 and 4.13		
Change in fair value of Cash Flow Hedges	4.15 and 4.13	(14)	
Change in fair value of Cash Flow Hedges reclassified to profit or loss	4.15 and 4.13	13	12
Currency translation differences		29	(342)
Tax on components of other comprehensive income to be reclassified subsequently to profit or loss	4.13		(4)
Share of other components of comprehensive income of companies consolidated by the equity method, net of tax	4.13		7
<b>Components of other comprehensive income that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit plan obligation	4.16.1 and 4.13	(75)	(11)
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	4.13	16	5
<b>Total other comprehensive income (loss), after tax</b>		<b>(31)</b>	<b>(332)</b>
<b>COMPREHENSIVE INCOME</b>		<b>439</b>	<b>97</b>
Of which:			
Equity holders of the parent		126	10
Non-controlling interests		313	87

### 3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### ASSETS

<i>(in millions of euro)</i>	Notes	August 31, 2014	August 31, 2013
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4.4	555	540
Goodwill	4.5	5,177	5,009
Other intangible assets	4.6	524	528
Client investments	4.7	361	288
Companies consolidated by the equity method	4.8	60	78
Financial assets	4.10	89	85
Derivative financial instrument assets	4.15	17	69
Other non-current assets	4.11	16	14
Deferred tax assets	4.19	226	188
<b>Total non-current assets</b>		<b>7,025</b>	<b>6,799</b>
<b>CURRENT ASSETS</b>			
Financial assets	4.10	8	7
Derivative financial instrument assets	4.15	35	39
Inventories		265	271
Income tax receivable		185	119
Trade and other receivables	4.11	3,627	3,466
Restricted cash and financial assets related to the Benefits and Rewards Services activity	4.10	758	734
Cash and cash equivalents	4.12	2,791	1,403
<b>Total current assets</b>		<b>7,669</b>	<b>6,039</b>
<b>TOTAL ASSETS</b>		<b>14,694</b>	<b>12,838</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

<i>(in millions of euro)</i>	Notes	August 31, 2014	August 31, 2013 <sup>(1)</sup>
<b>SHAREHOLDERS' EQUITY</b>			
Common stock		0	0
Additional paid in capital		397	397
Reserves and retained earnings		394	270
<b>Equity attributable to equity holders of the parent</b>		<b>791</b>	<b>667</b>
<b>Non-controlling interests</b>		<b>2,067</b>	<b>1,907</b>
<b>Total shareholders' equity</b>	<b>4.13</b>	<b>2,858</b>	<b>2,574</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	4.14	3,280	2,428
Derivative financial instrument liabilities	4.15	29	27
Employee benefits	4.16	451	377
Other liabilities	4.18	233	214
Provisions	4.17	104	99
Deferred tax liabilities	4.19	148	153
<b>Total non-current liabilities</b>		<b>4,245</b>	<b>3,298</b>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts	4.12	61	41
Borrowings	4.14	1,112	788
Derivative financial instrument liabilities	4.15	17	19
Income tax payable		132	109
Provisions	4.17	88	116
Trade and other payables	4.18	3,599	3,352
Vouchers payable		2,582	2,541
<b>Total current liabilities</b>		<b>7,591</b>	<b>6,966</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,694</b>	<b>12,838</b>
<i>(1) After restatement of past service costs in application of the revised IAS 19 (see note 2.1.2).</i>			



## 4 CONSOLIDATED CASH FLOW STATEMENT

<i>(in millions of euro)</i>	Notes	Fiscal 2014	Fiscal 2013
<b>Operating activities</b>			
<b>Operating profit</b>		<b>927</b>	<b>810</b>
<b>Elimination of non-cash and non-operating items</b>			
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		250	271
Provisions		(21)	93
(Loss)/gain on disposal and other non-cash items		(30)	(4)
Dividends received from companies consolidated by the equity method		12	16
<b>Change in working capital from operating activities</b>		<b>120</b>	<b>(128)</b>
Change in inventories		5	6
Change in trade and other receivables		(138)	(197)
Change in trade and other payables		221	68
Change in vouchers payable		103	151
Change in financial assets related to the Benefits and Rewards Services activity		(71)	(156)
Interest paid		(187)	(197)
Interest received		24	9
Income tax paid		(301)	(280)
<b>Net cash provided by operating activities</b>		<b>794</b>	<b>590</b>
<b>Investing activities</b>			
Acquisitions of property, plant and equipment and intangible assets		(245)	(241)
Disposals of property, plant and equipment and intangible assets		26	12
Change in client investments	4.7	(68)	(7)
Change in financial assets		0	19
Acquisitions of subsidiaries		(50)	(99)
Dispositions of subsidiaries		0	1
<b>Net cash used in investing activities</b>		<b>(337)</b>	<b>(315)</b>
<b>Financing activities</b>			
Dividends paid to parent company shareholders	4.13	(8)	(8)
Dividends paid to non-controlling shareholders of consolidated companies		(168)	(167)
Acquisition of non-controlling interests		(74)	(58)
Disposition of non-controlling interests		56	68
Proceeds from borrowings		1 903	44
Repayment of borrowings		(770)	(66)
<b>Net cash provided by/(used in) financing activities</b>		<b>939</b>	<b>(187)</b>
<b>CHANGE IN NET CASH AND CASH EQUIVALENTS</b>		<b>1,396</b>	<b>88</b>
Net effect of exchange rates and other effects on cash		(28)	(159)
Net cash and cash equivalents, beginning of period		1,362	1 433
<b>NET CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>4.12</b>	<b>2,730</b>	<b>1 362</b>

## 5

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(in millions of euro)</i>	Shares outstanding	Share capital	Share premium	Reserves and comprehensive income	Translation adjustments	Total shareholders' equity		
						Attributable to equity holders of the parent	Non-controlling interests	Total
<b>Notes</b>	<b>4.13</b>			<b>4.13</b>				
<b>Shareholders' equity as of August 31, 2012<sup>(1)</sup></b>	<b>25,710</b>	<b>397</b>		<b>331</b>	<b>(73)</b>	<b>655</b>	<b>1,944</b>	<b>2,599</b>
Profit for the year				123		123	306	429
Other comprehensive income (loss), net of tax				4	(117)	(113)	(219)	(332)
<b>Comprehensive income</b>				<b>127</b>	<b>(117)</b>	<b>10</b>	<b>87</b>	<b>97</b>
Dividends paid				(6)		(6)	(171)	(177)
Other				8		8	47	55
<b>Shareholders' equity as of August 31, 2013<sup>(1)</sup></b>	<b>25,710</b>	<b>397</b>		<b>460</b>	<b>(190)</b>	<b>667</b>	<b>1,907</b>	<b>2,574</b>
Profit for the year				134		134	336	470
Other comprehensive income (loss), net of tax				(21)	13	(8)	(23)	(31)
<b>Comprehensive income</b>				<b>113</b>	<b>13</b>	<b>126</b>	<b>313</b>	<b>439</b>
Dividends paid				(7)		(7)	(169)	(176)
Other <sup>(2)</sup>				5		5	16	21
<b>Shareholders' equity as of August 31, 2014</b>	<b>25,710</b>	<b>397</b>		<b>571</b>	<b>(177)</b>	<b>791</b>	<b>2,067</b>	<b>2,858</b>

(1) After restatement of past service costs in application of the revised IAS 19 (see note 2.1.2).  
(2) Including the effects of hyperinflation.

## 3.3 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 Marseille.**

**For the purpose of this document, “Bellon” refers to Bellon S.A., “the Group” refers to Bellon S.A. together with the Sodexo group, and “Sodexo” or “the Sodexo Group” refers to Sodexo S.A. and its consolidated subsidiaries.**

**Bellon S.A.’s consolidated financial statements were finalized by its Executive Board and submitted to its Supervisory Board on December 9, 2014. They will be submitted to the Annual Shareholder’s Meeting in May 2015.**

### 1. SIGNIFICANT EVENTS

As explained in note 4.14 “Borrowings,” on March 4, 2014 the Sodexo Group borrowed 1.1 billion U.S. dollars through a private placement with U.S. investors (U.S. Private Placement) structured in five tranches with maturities of 5, 7, 10, 12, and 15 years. This borrowing was used to refinance the Group’s 500 million euro bond issue that matured on March 28, 2014. On June 24, 2014, Sodexo SA completed a bond issuance structured in two tranches: 600 million euro maturing in 7.5 years and another tranche for 500 million euro maturing in 12 years, for the purpose of refinancing the 880 million euro bond issue maturing on January 30, 2015. The transactions have significantly extended the maturity of the Group’s borrowings and will gradually reduce their cost.

As explained in note 2.3.3.2 “Financial statements denominated in foreign currencies,” for the translation of the financial statements of subsidiaries operating in Venezuela, Sodexo uses a specific exchange rate corresponding to the rate obtained for the most recent transactions in bolivars. On March 24, 2014, the Venezuelan government created a new foreign exchange platform called SICAD II (Alternative Currencies Exchange System). On June 12, 2014, Sodexo carried out its first transaction on this platform, at an exchange rate of 52.10 bolivars = 1 U.S. dollar (corresponding to 70.72 bolivars = 1 euro). To maintain consistency with the translation method used since Fiscal 2010, the financial statements of subsidiaries operating in Venezuela have been translated at the rate obtained for the most recent transactions. This rate was 1 U.S. dollar = 51.06 bolivars (corresponding to 1 euro = 67.34 bolivars) at August 31, 2014.

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

##### 2.1.1 Basis of preparation of financial information for Fiscal 2014

Pursuant to European Regulation 1606/2002 of July 19, 2002, 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 conform to the framework used by the Sodexo Group, which is required to comply with European Regulation 1606/2002 of July 19, 2002. A comprehensive list of 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](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 are the same as those for the IFRS standards published by the IASB during the past three years, except for IFRS 10, IFRS 11 and IFRS 12, which are applicable in accounting periods beginning on or after January 1, 2013 according to the IASB and in accounting periods beginning on or after January 1, 2014 in the European Union. The Group early-adopted these standards as from September 1, 2013 (see note 2.1.3). Any difference between the two sets of standards arising out of delays in approval by the European Union had no impact on the 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, 2013 had no material impact on the consolidated financial statements.

In particular, retrospective application of the revised IAS 19 “Employee Benefits,” which notably requires the expected return on defined benefit plan assets to be measured using the discount rate applied to determine the defined benefit obligation under these plans and the recognition as an expense of certain costs related to the administrative management of certain defined

benefit plan funds, would not have a material impact on the Fiscal 2013 income statement. As a result, comparative information for Fiscal 2013 has not been restated to reflect the application of this revised standard. Unrecognized past service costs in the amount of 4 million euro were recognized by adjusting shareholders' equity as of August 31, 2012, net of tax.

Adoption of IFRS 13 "Fair Value Measurement," which was applicable by the Group as from September 1, 2013, had no material impact on the consolidated financial statements.

### **2.1.3 Accounting standards and interpretations issued but not yet applicable**

The Group elected to early adopt IFRS 10 "Consolidated Financial Statements," IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities", as well as the amendments to IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". Application of these standards and amendments had no material impact on the consolidated financial statements.

The Group has not elected to early adopt any other standards, interpretations or amendments not required to be applied in Fiscal 2014.

The Group has not applied any IFRSs that had not yet been approved by the European Union as of August 31, 2014.

## **2.2 USE OF ESTIMATES**

The preparation of financial statements requires the management of Sodexo and its subsidiaries 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 evaluations 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, 2014 is provided in note 6.

### **2.3.3 Foreign currency translation**

The exchange rates used are derived from rates quoted on the Paris Bourse 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". At the time of the transition to IFRS, the cumulative translation adjustments recognized as of September 1, 2004 were reclassified to consolidated reserves.

Statutory monetary adjustments are maintained in the financial statements of subsidiaries in countries that were previously hyperinflationary (Argentina, Chile, Colombia, Mexico and Turkey). The residual translation differences between the monetary adjustment and the use of closing exchange rates are reported in shareholders' equity.

##### **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 has 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 no longer uses the official exchange rate published by the Venezuelan government, and the financial statements of subsidiaries operating in Venezuela are now translated at the actual rate obtained for the most recent currency transactions. Accordingly, based on the rates obtained for a transaction carried out in June 2014 on the SICAD II platform and other transactions carried out in August 2014, the exchange rates used are 1 U.S. dollar = 51.06 bolivars (1 euro = 67.34 bolivars) for the year ended August 31, 2014, and 1 U.S. dollar = 10.20 bolivars (1 euro = 13.50 bolivars) for the year ended August 31, 2013.

## **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 evaluations 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.

## 2.4.1 Goodwill

### 2.4.1.1 ACQUISITIONS MADE SINCE SEPTEMBER 1, 2009

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.

### 2.4.1.2 ACQUISITIONS MADE BETWEEN SEPTEMBER 1, 2004 AND AUGUST 31, 2009

Any excess of the cost of an acquisition over the Group's interest in the fair value at the acquisition date of the identifiable assets, liabilities and contingent liabilities has been recognized as goodwill in the statement of financial position. Costs incurred and directly related to the acquisition were included in the acquisition cost and therefore in goodwill.

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.

## 2.4.2 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.

Prior to September 1, 2009, goodwill was recognized as of the date of acquisition of non-controlling interests, representing the excess of the cost of acquisition of the shares over their carrying value as of the transaction date.

## 2.4.4 Adjustments and/or earn-outs

Since September 1, 2009, 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 and 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 and 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 Sodexo 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 Sodexo, 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 an objective 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 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 generally based on one- to three-year business plans prepared by management and extrapolated to future 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 average cost of capital calculated for the Group. For certain CGUs or groups of CGUs a premium is added to the 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 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 Sodexo. 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 Sodexo 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

Sodexo'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.

Most of the Group's variable-rate borrowings are converted to fixed-rate using interest rate swaps. In most cases where borrowings are made in a currency other than that of the acquired entity, currency swaps are contracted.

These 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, Sodexo recognizes commitments to purchase non-controlling interests as a liability within borrowings in the consolidated statement of financial position. In the absence of any IFRS standard or interpretation regarding the treatment of the related debit entry, Sodexo has elected to offset the amount involved against the relevant non-controlling interests in shareholders' equity until they are eliminated in full, and to treat any surplus as goodwill.

Firm commitments to purchase non-controlling interests, which were all entered into prior to September 1, 2009, are therefore accounted for as follows under IFRS:

- the liability arising from the commitment is recognized in other borrowings at the present value of the purchase commitment;
- the expected goodwill is recognized as an asset in the consolidated statement of financial position;
- the change in value arising from the unwinding of the discounting of the liability is recognized in the income statement as a financial expense.

Subsequent price adjustments are recognized as adjustments to the amount of goodwill for acquisitions made prior to September 1, 2009.

#### **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.

#### **Loss-making contracts**

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), payable within 12 months of the related service period.

These benefits are reported as current liabilities.

## 2.17.2 Post-employment benefits

Sodexo 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.

Sodexo 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 Sodexo 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 Sodexo. Where the calculation of the net obligation results in an asset for Sodexo, 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.

Sodexo 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 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, Sodexo 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 set out 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 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

Sodexo presents its income statement by function.

Operating profit comprises the following components:

- gross profit;
- sales department costs;
- general and administrative costs; and
- other operating income and expense.

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.

The Group's share of the profits of companies consolidated by the equity method is included in "Operating profit after share of profit of companies consolidated by the equity method that directly contribute to the Group's business" or below this line in "Profit for the period before tax" depending on the nature of each of these companies' activities.

### 2.22.2 Revenues

Revenues reported by Sodexo 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 Sodexo 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 Sodexo 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 Program to improve operational efficiency and reduce costs**

In early Fiscal 2013, the Group launched a program to improve its operational efficiency and reduce costs over a period of around 18 months, in order to strengthen its competitiveness. The expenses 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 mainly relate to net contract termination costs (including impairments of assets dedicated to the contracts and any losses and provisions related to loss-making contracts) and 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 On-site Services – Rest of the World segment aggregates 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.

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.

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

### 3.1 BY OPERATING ACTIVITY

Fiscal 2014 <i>(in millions of euro)</i>	On-site Services					Benefits and Rewards Services	Corporate expenses	Eliminations	Unallocated <sup>(1)</sup>	Total
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total					
Revenues (third-party)	6,759	5,702	1,483	3,327	17,271	745				18,016
Inter-segment sales (Group)						6		(6)		0
<b>TOTAL</b>	<b>6,759</b>	<b>5,702</b>	<b>1,483</b>	<b>3,327</b>	<b>17,271</b>	<b>751</b>		<b>(6)</b>		<b>18,016</b>
Segment operating profit <sup>(2)</sup>	358	231	66	140	795	268	(97)	(6)	(27)	933
Share of profit of other companies consolidated by the equity method										8
Net financing costs										(206)
Income tax expense										(265)
Non-controlling interests										336
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>										<b>134</b>
Depreciation/amortization of tangible and intangible assets	47	98	20	41	206	31	17		(4)	250
Other non-cash items	6	5	2	3	16	2	10			28

(1) Corresponding to the costs recorded in connection with the program to improve operational efficiency and reduce costs (see note 2.22.4).

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

Fiscal 2013 (in millions of euro)	On-site Services					Benefits and Rewards Corporate expenses	Eliminations	Unallocated <sup>(1)</sup>	Total	
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total					
Revenues (third-party)	6,821	5,716	1,397	3,683	17,617	780			18,397	
Inter-segment sales (Group)						10	(10)		0	
<b>TOTAL</b>	<b>6,821</b>	<b>5,716</b>	<b>1,397</b>	<b>3,683</b>	<b>17,617</b>	<b>790</b>	<b>(10)</b>		<b>18,397</b>	
Segment operating profit <sup>(2)</sup>	372	198	67	127	764	304	(98)	(10)	(139)	821
Share of profit of other companies consolidated by the equity method										6
Net financing costs										(165)
Income tax expense										(233)
Non-controlling interests										306
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>										<b>123</b>
Depreciation/amortization of tangible and intangible assets	59	113	17	47	236	28			7	271
Other non-cash items	5	3	1	2	11	2	4			17

(1) Corresponding to the costs recorded in connection with the program to improve operational efficiency and reduce costs (see note 2.22.4).  
(2) 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 two that each represent over 10% of consolidated revenues: France (the Group's home country) and the United States. Revenues and non-current assets in these countries are as follows:

August 31, 2014 (in millions of euro)	France	United States	Other	Total
Revenues (third-party)	2,827	6,385	8,804	18,016
Non-current assets <sup>(1)</sup>	1,215	2,715	2,687	6,617

(1) Excluding financial assets, investments in companies consolidated by the equity method, and deferred tax assets.

August 31, 2013 (in millions of euro)	France	United States	Other	Total
Revenues (third-party)	2,792	6,429	9,176	18,397
Non-current assets <sup>(1)</sup>	1,143	2,642	2,580	6,365

(1) Excluding financial assets, investments in companies consolidated by the equity method, and deferred tax assets.



### 3.3 BY TYPE OF SERVICE

Revenues by type of service are as follows:

<i>(in millions of euro)</i>	Fiscal 2014	Fiscal 2013
Foodservices	12,327	12,693
Facilities management services	4,944	4,924
<b>Total On-site Services revenues</b>	<b>17,271</b>	<b>17,617</b>
Benefits and Rewards Services	751	790
Eliminations	(6)	(10)
<b>TOTAL CONSOLIDATED REVENUES</b>	<b>18,016</b>	<b>18,397</b>

## 4. NOTES TO THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2014

### 4.1 OPERATING EXPENSES BY NATURE

<i>(in millions of euro)</i>	Fiscal 2014 <sup>(1)</sup>	Fiscal 2013 <sup>(1)</sup>
Depreciation, amortization and impairment losses	(263)	(320)
Employee costs		
• Wages and salaries	(6,589)	(6,656)
• Other employee costs <sup>(2)</sup>	(1,960)	(2,049)
Purchases of consumables and change in inventory	(5,332)	(5,605)
Other operating expenses <sup>(3)</sup>	(2,945)	(2,957)
<b>TOTAL</b>	<b>(17,089)</b>	<b>(17,587)</b>

(1) Including 27 million euro in costs recorded in Fiscal 2014 (139 million euro in Fiscal 2013) in connection with the program to improve operational efficiency and reduce costs.

(2) 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).

(3) Other operating expenses mainly include operating lease expenses (288 million euro for Fiscal 2014 and 306 million euro for Fiscal 2013), professional fees, other purchases of consumables, sub-contracting costs and travel expenses.

### 4.2 FINANCE INCOME AND EXPENSE

<i>(in millions of euro)</i>	Fiscal 2014	Fiscal 2013
Gross borrowing cost <sup>(1)</sup>	(186)	(187)
Interest income from short-term bank deposits and equivalent	16	6
<b>Net borrowing cost</b>	<b>(170)</b>	<b>(181)</b>
Interest income from loans and receivables at amortized cost	4	6
Other interest income		
Other interest expense	(4)	(5)
Net foreign exchange (losses)/gains	(6)	(7)
Net interest cost on net defined benefit plan obligation	(7)	(3)
Monetary adjustment for hyperinflation	(8)	(16)
Change in fair value of derivative financial instruments not qualified for hedge accounting	(5)	24
Other	(10)	17
<b>Net financing costs</b>	<b>(206)</b>	<b>(165)</b>
<b>Interest income component</b>	<b>20</b>	<b>53</b>
<b>Financial expense component</b>	<b>(226)</b>	<b>(218)</b>

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

## 4.3 INCOME TAX EXPENSE

### 4.3.1 Income tax rate reconciliation

<i>(in millions of euro)</i>	Fiscal 2014	Fiscal 2013
Profit for the period before tax	735	662
Share of profit of companies consolidated by the equity method	(14)	(17)
<b>Accounting profit before tax</b>	<b>721</b>	<b>645</b>
Tax rate applicable to Sodexo SA <sup>(1)</sup>	38,0 %	36,1 %
<b>Theoretical income tax expense</b>	<b>(274)</b>	<b>(233)</b>
Effect of jurisdictional tax rate differences	55	39
Additional tax on dividends paid	(7)	(7)
Permanently non-deductible expenses or non-taxable income	17	25
Other tax repayments/(charges), net	(17)	(19)
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	1	1
Tax loss carry-forwards arising during the period but not recognized as a deferred tax asset	(31)	(28)
<b>Actual income tax expense</b>	<b>(256)</b>	<b>(222)</b>
Withholding taxes	(9)	(11)
<b>TOTAL INCOME TAX EXPENSE</b>	<b>(265)</b>	<b>(233)</b>

(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

<i>(in millions of euro)</i>	Fiscal 2014	Fiscal 2013
Current income taxes	(256)	(203)
Adjustments to current income tax payable in respect of prior periods	1	0
Provision for tax exposures	(1)	(3)
Utilization of tax credits, tax losses and temporary difference carry-forwards	(32)	(37)
<b>Current income taxes</b>	<b>(288)</b>	<b>(243)</b>
Deferred taxes on temporary differences arising or reversing during the period	15	(10)
Deferred taxes on changes in tax rates or liability for taxes at new rates	2	(4)
Utilization of tax credits, tax losses and tax loss carry-forwards	15	35
<b>Deferred income taxes</b>	<b>32</b>	<b>21</b>
<b>ACTUAL INCOME TAX EXPENSE</b>	<b>(256)</b>	<b>(222)</b>

Accruals for withholding taxes on dividends receivable recognized by the Group amounted to 1 million euro in both Fiscal 2014 and Fiscal 2013.

The effective tax rate, calculated on the basis of the profit for the period before taxes and excluding the share of profit of companies consolidated by the equity method, increased from 36.1% for Fiscal 2013 to 36.8% for Fiscal 2014.

## 4.4 PROPERTY, PLANT AND EQUIPMENT

### 4.4.1 Analysis of property, plant and equipment

The tables below include assets held under finance leases.

<i>(in millions of euro)</i>	Land and buildings	Plant and equipment	Construction in progress and other	Total
<b>Carrying amount – August 31, 2012</b>	<b>96</b>	<b>413</b>	<b>65</b>	<b>574</b>
Increases during the fiscal year	4	147	51	202
Decreases during the fiscal year	(1)	(14)	(3)	(18)
Assets classified as held for sale				
Newly consolidated companies		1		1
Newly deconsolidated companies				
Depreciation expense	(12)	(163)	(16)	(191)
Impairment losses recognized in profit or loss		(8)		(8)
Impairment losses reversed in profit or loss				
Translation adjustment	(2)	(18)	(1)	(21)
Other	1	23	(23)	1
<b>Carrying amount – August 31, 2013</b>	<b>86</b>	<b>381</b>	<b>73</b>	<b>540</b>
Increases during the fiscal year	5	137	63	205
Decreases during the fiscal year	(5)	(15)	(5)	(25)
Assets classified as held for sale				
Newly consolidated companies	6			6
Newly deconsolidated companies			(1)	(1)
Depreciation expense	(13)	(146)	(19)	(178)
Impairment losses recognized in profit or loss				
Impairment losses reversed in profit or loss		7		7
Translation adjustment	1			1
Other	1	28	(29)	0
<b>Carrying amount – August 31, 2014</b>	<b>81</b>	<b>392</b>	<b>82</b>	<b>555</b>

  

<i>(in millions of euro)</i>	August 31, 2014	August 31, 2013
Cost	1,691	1,702
Accumulated depreciation and impairment	(1,136)	(1,162)
<b>Carrying amount</b>	<b>555</b>	<b>540</b>

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

Depreciation and impairment losses recognized in the income statement are classified as operating items and reported under either cost of sales, general and administrative costs or 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 <i>(in millions of euro)</i>	Buildings	Plant and equipment	Construction in progress and other	Total
August 31, 2012	6	46	1	53
August 31, 2013	7	38	1	46
August 31, 2014	7	14		21

  

<i>(in millions of euro)</i>	August 31, 2014	August 31, 2013
Cost	59	112
Accumulated depreciation and impairment	(38)	(66)
<b>Carrying amount</b>	<b>21</b>	<b>46</b>

Maturities of payments under finance leases are provided in note 4.15.3.

#### 4.5 GOODWILL

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

<i>(in millions of euro)</i>	August 31, 2013	Additions during the period	Disposals during the period	Translation adjustment	Other	August 31, 2014
On-site Services North America	2,216	2		8		2,226
On-site Services United Kingdom and Ireland	557			40		597
On-site Services Continental Europe	982	79		(6)		1,055
On-site Services Rest of the World	485			24		509
Benefits and Rewards Services	563	6		11	4	584
	(2)					(2)
	206					206
Sodexo						
	2					2
Holding companies						
	5,011	87		77	4	5,179
<b>TOTAL</b>		<b>(2)</b>				<b>(2)</b>

Goodwill recognized in Fiscal 2014 on acquisitions made during the year mainly concerned the increase in ownership to 100% of Crèche Attitude in France.

Changes in goodwill, aggregated by operating segment, were as follows in Fiscal 2013:

<i>(in millions of euro)</i>		August 31, 2012	Additions during the period	Disposals during the period	Translation adjustment	Other	August 31, 2013
On-site Services North America	Gross	2,326			(110)		2,216
	Impairment						
On-site Services United Kingdom and Ireland	Gross	596			(41)	2	557
	Impairment						
On-site Services Continental Europe	Gross	988	4		(7)	(3)	982
	Impairment						
On-site Services Rest of the World	Gross	564	10		(92)	3	485
	Impairment						
Benefits and Rewards Services	Gross	557	78		(72)		563
	Impairment	(2)					(2)
Sodexo	Gross	206					206
	Impairment						
Holding companies	Gross	2					2
	Impairment						
	<b>GROSS</b>	<b>5,239</b>	<b>92</b>		<b>(322)</b>	<b>2</b>	<b>5,011</b>
<b>TOTAL</b>	<b>IMPAIRMENT</b>	<b>(2)</b>					<b>(2)</b>

Goodwill recognized in Fiscal 2013 on acquisitions made during the year mainly concerned Servi-Bonos SA de CV in Mexico.

## 4.6 OTHER INTANGIBLE ASSETS

The tables below show movements in other intangible assets during Fiscal 2013 and Fiscal 2014.

<i>(in millions of euro)</i>	Licenses and software	Client relationships, trademarks and other	Total
<b>Carrying amount – August 31, 2012</b>	<b>105</b>	<b>458<sup>(1)</sup></b>	<b>563</b>
Increases during the fiscal year	46	8	54
Decreases during the fiscal year	(2)		(2)
Assets classified as held for sale			
Newly consolidated companies	2	26	28
Newly deconsolidated companies			
Amortization expense	(42)	(32)	(74)
Impairment losses recognized in profit or loss			
Impairment losses reversed in profit or loss		2	2
Translation adjustment	(4)	(35)	(39)
Other	4	(8)	(4)
<b>Carrying amount – August 31, 2013</b>	<b>109</b>	<b>419<sup>(1)</sup></b>	<b>528</b>
Increases during the fiscal year	41	5	46
Decreases during the fiscal year	(2)		(2)
Assets classified as held for sale			
Newly consolidated companies		22	22
Newly deconsolidated companies			
Amortization expense	(40)	(34)	(74)
Impairment losses recognized in profit or loss		(5)	(5)
Impairment losses reversed in profit or loss			
Translation adjustment		12	12
Other	3	(6)	(3)
<b>Carrying amount – August 31, 2014</b>	<b>111</b>	<b>413<sup>(1)</sup></b>	<b>524</b>

*(1) Including trademarks and lease rights with an indefinite useful life for 50 million euro at August 31, 2014 and 50 million euro at August 31, 2013.*

<i>(in millions of euro)</i>	August 31, 2014	August 31, 2013
Cost	1,032	969
Accumulated amortization and impairment	(508)	(441)
<b>Carrying amount</b>	<b>524</b>	<b>528</b>

Amortization and impairment losses recognized in the income statement are classified as operating items and reported under either cost of sales, sales department costs or general and administrative costs, except for the amortization of client relationship and trademark intangible assets, which is recognized in "Other operating expenses".

## 4.7 CLIENT INVESTMENTS

<i>(in millions of euro)</i>	Fiscal 2014	Fiscal 2013
Carrying amount – September 1	288	296
Increases during the period	129	67
Decreases during the period	(61)	(60)
Translation adjustment	5	(15)
<b>Carrying amount as of August 31</b>	<b>361</b>	<b>288</b>

## 4.8 COMPANIES CONSOLIDATED BY THE EQUITY METHOD

When Sodexo is legally or constructively obligated to make payments on behalf of companies consolidated by the equity method, provision is made under liabilities in the consolidated statement of financial position for its share in the negative shareholders' equity of the said companies (cf. note 4.17). Changes in the Group's share of the net assets of companies consolidated by the equity method in Fiscal 2014 and Fiscal 2013 are shown below:

<i>(in millions of euro)</i>	Fiscal 2014			Fiscal 2013		
	Joint ventures	Associates	Total	Joint ventures	Associates	Total
As of September 1	56	4	60	42	6	48
Positive amounts	73	5	78	74	7	81
Negative amounts	(17)	(1)	(18)	(32)	(1)	(33)
Share of profit for the period	13	1	14	15	2	17
Other comprehensive income <sup>(1)</sup>				7		7
Dividend paid for the period	(11)	(1)	(12)	(12)	(3)	(15)
Changes in scope of consolidation	(14)		(14)	6	(1)	5
Translation adjustments	(1)		(1)	(3)		(3)
Other movements				1		1
<b>AS OF AUGUST 31</b>	<b>43</b>	<b>4</b>	<b>47</b>	<b>56</b>	<b>4</b>	<b>60</b>
Positive amounts	56	4	60	73	5	78
Negative amounts	(13)		(13)	(17)	(1)	(18)

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

## 4.9 IMPAIRMENT OF ASSETS

Impairments of 43 million euro and 45 million euro were recognized on tangible and intangible assets (including goodwill) as of August 31, 2014 and 2013 respectively. Movements for the year represented a net release of 2 million euro in Fiscal 2014 and a net charge of 6 million euro in Fiscal 2013.

Assets with indefinite useful lives were tested for impairment as of August 31, 2014 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 Sodexo operate. They are as follows (any impairment loss is recognized in other operating expense):

Economic region	Fiscal 2014		Fiscal 2013	
	Discount rate <sup>(1)</sup>	Long-term growth rate <sup>(2)</sup>	Discount rate <sup>(1)</sup>	Long-term growth rate <sup>(2)</sup>
Continental Europe	8.2% to 11.2%	2%	8.5% to 11%	2%
North America	8.2%	2.5%	8.5%	2.5%
United Kingdom and Ireland	8.2%	2.3%	8.5%	2.4%
Latin America	10.9%	4%	11%	4%
Rest of the World (excluding Latin America)	9.2%	3.3%	9.5%	3.3%
Benefits and Rewards Services	10.2%	3.6%	10.5%	3.6%

(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

Sodexo 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 at August 31, 2014. The results of this analysis indicated no risk of impairment for any of the CGUs or groups of CGUs.

## 4.10 FINANCIAL ASSETS

### 4.10.1 Current and non-current financial assets

<i>(in millions of euro)</i>	August 31, 2014		August 31, 2013	
	Current	Non-current	Current	Non-current
<b>Available-for-sale financial assets</b>				
<i>Investments in non-consolidated companies</i>				
Cost		10		3
Impairment		(2)		(2)
<b>Carrying amount</b>		<b>8</b>		<b>1</b>
<i>Restricted cash and financial assets related to the Benefits and Rewards Services activity</i>				
Cost	758		734	
Impairment				
<b>Carrying amount</b>	<b>758</b>		<b>734</b>	
<b>Loans and receivables</b>				
<i>Receivables from investees</i>				
Cost		38		41
Impairment		(1)		(2)
<b>Carrying amount</b>		<b>37</b>		<b>39</b>
<i>Loans and deposits</i>				
Cost	9	54	8	48
Impairment	(1)	(10)	(1)	(3)
<b>Carrying amount</b>	<b>8</b>	<b>44</b>	<b>7</b>	<b>45</b>
<b>TOTAL FINANCIAL ASSETS</b>	<b>766</b>	<b>89</b>	<b>741</b>	<b>85</b>
Cost	767	102	742	92
Impairment	(1)	(13)	(1)	(7)
<b>Carrying amount</b>	<b>766</b>	<b>89</b>	<b>741</b>	<b>85</b>

#### RESTRICTED CASH

Restricted cash of 415 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 (258 million euro), India (59 million euro) and Romania (36 million euro) and Belgium (27 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.



#### 4.10.2 Changes in current and non-current financial assets

<i>(Carrying value in millions of euro)</i>	August 31, 2013	Increase/ (decrease) during the period	Impairment	Change in scope of consolidation	Change in in fair value	Translation adjustment and other items	August 31, 2014
Available-for-sale financial assets	735	72				(41)	766
Loans and receivables	91	(1)	(6)			5	89
<b>TOTAL</b>	<b>826</b>	<b>71</b>	<b>(6)</b>			<b>(36)</b>	<b>855</b>

<i>(Carrying value in millions of euro)</i>	August 31, 2012	Increase/ (decrease) during the period	Impairment	Change in scope of consolidation	Change in in fair value	Translation adjustment and other items	August 31, 2013
Available-for-sale financial assets	612	153		9	1	(40)	735
Loans and receivables	101	4	(4)			(10)	91
<b>TOTAL</b>	<b>713</b>	<b>157</b>	<b>(4)</b>	<b>9</b>	<b>1</b>	<b>(50)</b>	<b>826</b>

#### 4.11 TRADE AND OTHER RECEIVABLES

<i>(in millions of euro)</i>	August 31, 2014		August 31, 2013			
	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Carrying amount
<b>Other non-current assets</b>	<b>16</b>		<b>16</b>	<b>14</b>		<b>14</b>
Advances to suppliers	5		5	5		5
Trade receivables	3,300	(129)	3,171	3,184	(108)	3,076
Other operating receivables	322	(5)	317	270	(7)	263
Prepaid expenses	130		130	115		115
Non-operating receivables	4		4	7		7
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>3,761</b>	<b>(134)</b>	<b>3,627</b>	<b>3,581</b>	<b>(115)</b>	<b>3,466</b>

The maturities of trade receivables as of August 31, 2014 and August 31, 2013 respectively were as follows:

Breakdown of trade receivables due as of August 31:	August 31, 2014		August 31, 2013	
	Gross amount	Allowance	Gross amount	Allowance
Less than 3 months due	479	(7)	467	(4)
More than 3 months and less than 6 months due	62	(22)	57	(10)
More than 6 months and less than 12 months due	113	(25)	106	(20)
More than 12 months due	77	(66)	74	(58)
<b>TOTAL TRADE RECEIVABLES DUE AS OF AUGUST 31</b>	<b>731</b>	<b>(120)</b>	<b>704</b>	<b>(92)</b>
<b>TOTAL TRADE RECEIVABLES NOT YET DUE AS OF AUGUST 31</b>	<b>2,569</b>	<b>(9)</b>	<b>2,480</b>	<b>(16)</b>
<b>TOTAL TRADE RECEIVABLES AS OF AUGUST 31</b>	<b>3,300</b>	<b>(129)</b>	<b>3,184</b>	<b>(108)</b>

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, there is no concentration of risks in individual receivables due but not written down.

## 4.12 CASH AND CASH EQUIVALENTS

<i>(in millions of euro)</i>	August 31, 2014	August 31, 2013
Marketable securities	814	479
Cash	1,977	924
<b>Total cash and cash equivalents</b>	<b>2,791</b>	<b>1,403</b>
Bank overdrafts	(61)	(41)
<b>NET CASH AND CASH EQUIVALENTS</b>	<b>2,730</b>	<b>1,362</b>

Marketable securities comprised:

<i>(in millions of euro)</i>	August 31, 2014	August 31, 2013
Short-term notes	282	277
Term deposits	199	174
Listed bonds	8	1
Mutual funds and other	325	27
<b>Total marketable securities</b>	<b>814</b>	<b>479</b>

Around 82% of the Group's cash and cash equivalents, together with the restricted cash and financial assets of the Benefits and Rewards Services activity, is held with A1 or A2-rated financial institutions.

Cash and cash equivalents at the period end were not subject to any restrictions.

## 4.13 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

<i>(in millions of euro)</i>	August 31, 2014		August 31, 2013			
	(Decrease) increase during the year, pre- tax (expense)	Income tax benefit	(Decrease) increase during the year, net of tax	(Decrease) increase during the year, pre- tax (expense)	Income tax benefit	(Decrease) increase during the year, net of tax
Available-for-sale financial assets				1		1
Cash Flow Hedges	(1)		(1)	7	(2) <sup>(1)</sup>	5
Remeasurements of net defined benefit obligation	(26)	6	(20)	(4)	2	(2)
Translation adjustment	13		13	(117)		(117)
<b>TOTAL OTHER COMPREHENSIVE INCOME (GROUP SHARE)</b>	<b>(14)</b>	<b>6</b>	<b>(8)</b>	<b>(113)</b>		<b>(113)</b>

(1) Including deferred income tax related to hedging instruments recognized in other comprehensive income for equity method companies and presented in the line item "Share of other components of comprehensive income of companies consolidated by the equity method, net of tax" in the Consolidated Statement of Comprehensive Income.

#### 4.14 BORROWINGS

<i>(in millions of euro)</i>	August 31, 2014		August 31, 2013	
	Current	Non-current	Current	Non-current
<b>Bond issues</b>				
Euro	918	1 096	542	883
<b>Bank borrowings<sup>(1)</sup></b>				
U.S. dollar	34	1 686	128	850
Brazilian real			23	
Euro	152	479	72	660
Other currencies			3	
	<b>186</b>	<b>2 165</b>	<b>226</b>	<b>1 510</b>
<b>Finance lease obligations</b>				
Euro	3	8	4	9
Other currencies	1	2	11	17
	<b>4</b>	<b>10</b>	<b>15</b>	<b>26</b>
<b>Other borrowings<sup>(2)</sup></b>				
Euro	1	5	2	5
Other currencies	3	4	3	4
	<b>4</b>	<b>9</b>	<b>5</b>	<b>9</b>
<b>TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>1,112</b>	<b>3,280</b>	<b>788</b>	<b>2,428</b>
<b>Net fair value of derivative financial instruments<sup>(3)</sup></b>	<b>(18)</b>	<b>12</b>	<b>(20)</b>	<b>(42)</b>
<b>TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>1,094</b>	<b>3,292</b>	<b>768</b>	<b>2,386</b>
<i>(1) Including the proceeds of the three private bond placements issued by the Sodexo Group with U.S. private investors (respectively 360 million U.S. dollars, 600 million U.S. dollars and 1,100 million U.S. dollars).</i>				
<i>(2) Including 4 million euro as of August 31, 2014 and 4 million euro as of August 31, 2013 corresponding to liabilities recognized in connection with the commitments to repurchase the non-controlling interests in certain subsidiaries.</i>				
<i>(3) Described in note 4.15.</i>				

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

#### 4.14.1 Bond issues

<i>(in millions of euro)</i>	August 31, 2013	Increases	Repayments	Discounting effects and other	August 31, 2014
<b>2007 bond issue – 500 million euro</b>					
Principal	500		(500)		0
Debt issuance costs					
Accrued interest	10			(10)	0
<b>TOTAL</b>	<b>510</b>		<b>(500)</b>	<b>(10)</b>	<b>0</b>
<b>2009 bond issue – 880 million euro</b>					
Principal	880				880
Debt issuance costs and issue premium	3			(2)	1
Accrued interest	32				32
<b>TOTAL</b>	<b>915</b>			<b>(2)</b>	<b>913</b>
<b>2014 bond issue – 500 million euro</b>					
Principal		500			500
Debt issuance costs and issue premium		(1)			(1)
Accrued interest				2	2
<b>2014 bond issue – 600 million euro</b>					
Principal		600			600
Debt issuance costs and issue premium		(2)			(2)
Accrued interest				2	2
<b>TOTAL</b>		<b>1,097</b>		<b>4</b>	<b>1,101</b>
<b>TOTAL</b>	<b>1,425</b>	<b>1,097</b>	<b>(500)</b>	<b>(8)</b>	<b>2,014</b>

	August 31, 2012	Increases	Repayments	Discounting effects and other	August 31, 2013
<b>2007 bond issue – 500 million euro</b>					
Principal	500				500
Debt issuance costs	(1)			1	
Accrued interest	10				10
<b>TOTAL</b>	<b>509</b>			<b>1</b>	<b>510</b>
<b>2009 bond issue – 880 million euro</b>					
Principal	880				880
Debt issuance costs and issue premium	5			(2)	3
Accrued interest	32				32
<b>TOTAL</b>	<b>917</b>			<b>(2)</b>	<b>915</b>
<b>TOTAL</b>	<b>1,426</b>			<b>(1)</b>	<b>1,425</b>

##### 4.14.1.1 2007 BOND ISSUE – 500 MILLION EURO

The bonds issued by Sodexo SA on March 30, 2007, which bore interest at an annual rate of 4.50%, were redeemed on March 28, 2014.

##### 4.14.1.2 2009 BOND ISSUE – 880 MILLION EURO

On January 30, 2009, Sodexo SA issued new bonds for 650 million euro, redeemable on January 30, 2015. The bonds bear interest at an annual rate of 6.25%. On June 24, 2009, additional bonds for 230 million euro were issued, also redeemable on January 30, 2015, bringing the face value to 880 million euro. After the additional bonds, these bonds bear an average effective interest rate of 5.97%.

##### 4.14.1.3 2014 BOND ISSUES – 500 MILLION EURO AND 600 MILLION EURO

On June 24, 2014, Sodexo SA completed a bond issuance 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.

None of these bond issues is subject to financial covenants.

#### **4.14.2 Other borrowings from financial institutions**

##### **4.14.2.1 LOAN FOR 70 MILLION EURO WITH CALYON**

On July 23, 2007, Bellon SA entered into a loan agreement with Calyon for 70 million euro. This loan which carried interest annually at a rate of 5.49% was repaid on July 31, 2014.

##### **4.14.2.2 EQUITY LINKED SWAP WITH NATIXIS**

On November 15, 2011, Bellon SA signed two Equity Linked Swaps (forward sale of Sodexo shares with a swap exchanging changes in interest rates for changes in Sodexo share prices) with Natixis for a total amount of 300 million euro. These two ELSs, each in the amount of 150 million euro had a start date of July 4, 2012 and mature on July 4, 2015 and July 4, 2017, respectively. This synthetic debt carries floating rate interest. An interest rate swap agreement was also put into place which set the interest rates at 3.875% for the 3-year ELS and 4.89% for the 5-year ELS.

##### **4.14.2.3 EQUITY LINKED SWAP WITH CACIB**

On August 30, 2012, 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) for an amount of 70 million euro with a maturity date of August 4, 2016. This synthetic debt carries floating rate interest. At the end of November 2012 an interest rate swap was put in place bringing the interest rate to 2.965% for the term of the loan.

##### **4.14.2.4 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 November 2011 ELS with Natixis, the August 2012 ELS with CACIB, 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:

- the ratio of revalued assets to revalued net financial debt must be greater than 2 for the U.S.P.P. and currency swap arrangements
- the ratio of dividends to net financial expense must be greater than 1.1 for the U.S.P.P. borrowings and the banks having participated in the currency swaps,
- total net borrowings must be lower than 1.1 billion euro at any point in time
- Bellon SA's assets must comprise 90% Sodexo shares
- Sodexo's rating should not be lower than BBB-

As of August 31, 2013 and August 31, 2012, Bellon SA was in compliance with its covenants.

##### **4.14.2.5 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. This facility originally matured on July 18, 2016, this maturity being extendable on application by Sodexo SA and subject to lenders' consent until July 2017, and then until July 2018. In July 2013, all of the lenders agreed to extend the facility's maturity to July 18, 2018. Amounts drawn on this facility carry floating interest indexed on the LIBOR and EURIBOR rates. This credit facility is not subject to any covenants.

As of August 31, 2014, the euro tranche had been utilized in the amount of 215 million euro (compared to 250 million euro as of August 31, 2013).

#### 4.15.2.6 LOANS FROM PRIVATE U.S. INVESTORS

The Sodexo Group has obtained three loans in private placements with U.S. investors, as follows:

Date of the loan	Principal (in millions of U.S. dollars)	Interest rate	Maturity
September 29, 2008	290	5.99%	September 2015
	70	6.43%	September 2018
<b>TOTAL</b>	<b>360</b>		
March 29, 2011	250	4.24%	March 2018
	225	4.85%	March 2021
	125	4.95%	March 2023
<b>TOTAL</b>	<b>600</b>		
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
<b>TOTAL</b>	<b>1,100</b>		
<b>TOTAL</b>	<b>2,060</b>		

These three loans are subject to two financial covenants that are calculated by reference to the consolidated financial statements of the Sodexo Group:

- 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 translation gains or losses since August 31, 2007 must be not less than 1.3 billion euro.

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

The Group was compliant with these covenants as of August 31, 2014, February 28, 2014 and August 31, 2013.

#### 4.15.2.7 INTEREST RATE

In order to comply with the Group's financing policy, substantially all borrowings are at fixed rates of interest. Where acquisition financing is arranged in a currency other than that of the acquired entity, the debt is hedged by the use of currency swaps.

As of August 31, 2014, nearly 100% of Sodexo's borrowings were at fixed rate. The average rate of interest as of the same date was 4.3%.

As of August 31, 2013, nearly 100% of Sodexo's borrowings were at fixed rate. The average rate of interest as of the same date was 5.6%.

The bond issues and borrowings from financial institutions described above include customary clauses for early reimbursement that, as of the close of the fiscal year, do not present any significant risk of being exercised. These early reimbursement clauses include cross-default and change-in-control clauses which apply to all of the borrowings.

#### 4.14.3 Maturity of borrowings

August 31, 2014 Carrying amounts	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1-5 years	More than 5 years	Total
Bond issues		915	3		1,096	2,014
Bank borrowings	33	3	150	1,102	1,063	2,351
Finance lease obligations	1	1	2	9	1	14
Other borrowings	1		3	9		13
<b>TOTAL</b>	<b>35</b>	<b>919</b>	<b>158</b>	<b>1,120</b>	<b>2,160</b>	<b>4,392</b>

Excluding the impact of derivative financial instruments described in note 4.16.

For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.

Maturities include interest incurred as of the balance sheet date.

Credit facility renewal rights are taken into account in setting maturities.

August 31, 2014		More than 3 months and less than 6 months	More than 6 months and less than 1 year	1-5 years	More than 5 years	Total
Undiscounted contractual maturities, including payment of future interest not yet due	Less than 3 months					
Bond issues		941	15	95	1,227	2,278
Bank borrowings	39	12	193	1,373	1,266	2,883
Finance lease obligations	1	1	3	9	2	16
Other borrowings	1		3	9	1	14
Impact of derivative financial instruments excluding those related to the PPP companies	13	2	16	24	(1)	54
<b>TOTAL</b>	<b>54</b>	<b>956</b>	<b>230</b>	<b>1,510</b>	<b>2,495</b>	<b>5,245</b>

August 31, 2013		More than 3 months and less than 6 months	More than 6 months and less than 1 year	1-5 years	More than 5 years	Total
Carrying amounts	Less than 3 months					
Bond issues		32	510	883		1,425
Bank borrowings	146	6	74	1,090	420	1,736
Finance lease obligations	1	1	13	24	2	41
Other borrowings			5	9		14
<b>TOTAL</b>	<b>147</b>	<b>39</b>	<b>602</b>	<b>2,006</b>	<b>422</b>	<b>3,216</b>

Excluding the impact of derivative financial instruments described in note 4.16.

For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.

Maturities include interest incurred as of the balance sheet date.

Credit facility renewal rights are taken into account in setting maturities.

August 31, 2013		More than 3 months and less than 6 months	More than 6 months and less than 1 year	1-5 years	More than 5 years	Total
Undiscounted contractual maturities, including payment of future interest not yet due	Less than 3 months					
Bond issues		55	523	938		1,516
Bank borrowings	149	15	110	1,279	483	2,036
Finance lease obligations	1	1	14	26	2	44
Other borrowings			5	10		15
Impact of derivative financial instruments excluding those related to the PPP companies	18	1	15	54	(3)	85
<b>TOTAL</b>	<b>168</b>	<b>72</b>	<b>667</b>	<b>2,307</b>	<b>482</b>	<b>3,696</b>

#### 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, 2014	August 31, 2013
<b>Currency instruments</b>		<b>(22)</b>	<b>(18)</b>
<i>Assets</i>	<i>Trading</i>	<i>1</i>	
<i>Liabilities</i>	<i>Cash Flow Hedge</i>		
<i>Liabilities</i>	<i>Trading</i>	<i>(23)</i>	<i>(18)</i>
<b>Interest rate instruments<sup>(1)</sup></b>		<b>(11)</b>	<b>(10)</b>
<i>Assets</i>	<i>Trading</i>		
<i>Liabilities</i>	<i>Trading</i>	<i>(11)</i>	<i>(10)</i>
<b>Cross-currency swaps<sup>(2)</sup></b>		<b>39</b>	<b>69</b>

Assets	Cash Flow Hedge	52	61
Assets	Trading		26
Liabilities	Cash Flow Hedge	(13)	(12)
Liabilities	Trading		(6)
<b>Other derivative financial instruments</b>		<b>0</b>	<b>21</b>
Assets	Trading		21
<b>Net derivative financial instruments</b>		<b>6</b>	<b>62</b>

(1) Relates to an interest rate swap intended to fix the interest rate on synthetic debt resulting from equity linked swaps with Natixis and CACIB as described in notes 4.14.2.2 and 4.14.2.3.

(2) Relates to cross-currency euro-BRL swaps with notional value of 490 million BRL as of August 31, 2014 and 710 million BRL as of August 31, 2013 for which accrued interest of 13 million euro was recognized as a liability as of August 31, 2014 (18 million euro as of August 31, 2013).

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

(in millions of euro)	August 31, 2014				August 31, 2013			
	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	Total
<b>Currency lender positions</b>	<b>69</b>	<b>92</b>	<b>62</b>	<b>223</b>	<b>85</b>	<b>62</b>	<b>81</b>	<b>228</b>
<i>UK Sterling/Euro</i>								
<i>Brazilian Real/Euro</i>								
<i>Czech Crown/Euro</i>	53	22		75	71	8		79
<i>U.S. dollar/Euro</i>		70	62	132		51	81	132
<i>Other</i>	16			16	14	3		17
<b>Currency borrower positions</b>	<b>(188)</b>	<b>(111)</b>	<b>(22)</b>	<b>(321)</b>	<b>(134)</b>	<b>(195)</b>	<b>(22)</b>	<b>(351)</b>
<i>UK Sterling/Euro</i>	(49)	(2)	(10)	(61)	(44)			(44)
<i>Brazilian Real/Euro</i>	(128)	(50)		(178)	(88)	(158)		(246)
<i>Czech Crown/Euro</i>		(3)		(3)				
<i>Other</i>	(11)	(56)	(12)	(79)	(2)	(37)	(22)	(61)
<b>TOTAL</b>	<b>(119)</b>	<b>(19)</b>	<b>40</b>	<b>(98)</b>	<b>(49)</b>	<b>(133)</b>	<b>59</b>	<b>(123)</b>
<b>Fair value</b>	<b>20</b>	<b>5</b>	<b>(8)</b>	<b>17</b>	<b>7</b>	<b>54</b>	<b>(10)</b>	<b>51</b>

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.



Changes in fair value of cash flow hedging instruments, recognized in other comprehensive income (in millions of euro), were as follows:

<b>Cumulative changes in fair value of instruments designated as hedges as of August 31, 2012</b>	<b>(51)</b>
Change in fair value for the period	0
Share in the change in fair value of derivative instruments held by companies consolidated by the equity method <sup>(1)</sup>	9
Fair value items recognized in financial income or expense	12
<b>Total changes recognized in other comprehensive income</b>	<b>21</b>
<b>Translation adjustments and other</b>	
<b>Cumulative changes in fair value of instruments designated as hedges as of August 31, 2013</b>	<b>(30)</b>
Change in fair value for the period	(14)
Share in the change in fair value of derivative instruments held by companies consolidated by the equity method <sup>(1)</sup>	0
Fair value items recognized in financial income or expense	13
<b>Total changes recognized in other comprehensive income</b>	<b>(1)</b>
<b>Translation adjustments and other</b>	
<b>Cumulative changes in fair value of instruments designated as hedges as of August 31, 2014</b>	<b>(31)</b>
<i>(1) Certain companies consolidated by the equity method have hedged their variable rate debt. The impact of the measurement of these instruments on the Group interest in the profit and shareholders' equity of these entities is reflected in the above table.</i>	

The impacts of derivative financial instruments on the financial statements are described in note 5.1.

## 4.16 LONG-TERM EMPLOYEE BENEFITS

<i>(in millions of euro)</i>	<b>August 31, 2014</b>	<b>August 31, 2013<sup>(1)</sup></b>
Net defined benefit plan asset <sup>(2)</sup>	(3)	(0)
Net defined benefit plan obligation	300	227
Other long-term employee benefits	151	150
<b>Employee benefits</b>	<b>448</b>	<b>377</b>
<i>(1) After restatement of past service costs in application of the revised IAS 19.</i>		
<i>(2) Included in "Other non-current assets" in the consolidated statement of financial position.</i>		

### 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 346 million euro for Fiscal 2014, compared to 361 million euro for Fiscal 2013.

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

#### 4.16.1.2 DEFINED BENEFIT PLANS

The characteristics of Sodexo'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, Sodexo's 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.

Following the introduction of new regulations in the United Kingdom, in October 2011 the Group elected to calculate future indexation adjustments to the benefits payable by Sodexo UK to certain members of its pension plan based on the consumer price index (CPI) instead of the retail price index (RPI) applied previously.

The United Kingdom plan is regularly evaluated by the plan's actuary in compliance with UK law. A formal actuarial evaluation 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 trustees 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. Sodexo UK also agreed to pay annual contributions of 10 million pounds over the five years from January 1, 2013 as part of the 12-year plan to address the funding shortfall. 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.

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 Italy, there is a legal obligation to pay a lump-sum retirement benefit ("TFR"). Until August 31, 2006, fully vested employee rights were valued and discounted as specified by law, and fully recognized as a liability.

At the end of December 2006, the Italian parliament approved a reform of the TFR system, implemented in 2007, which transformed this retirement benefit plan into a defined contribution plan. For the period from January 1, 2007 through June 30, 2007, staff employed as of December 31, 2006 were required to choose between various defined-contribution plans, in connection with the employee rights acquired on or after January 1, 2007. The prior obligations remain on the consolidated statement of financial position.

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 fair value of the plan's assets are shown below:

	Fiscal 2014			Fiscal 2013		
	Benefit obligation	Plan assets	Net benefit obligation	Benefit obligation	Plan assets	Net benefit obligation
<b>As of September 1</b>	<b>980</b>	<b>(753)</b>	<b>227</b>	<b>964</b>	<b>(732)</b>	<b>232</b>
Expense/(income) recognized in the income statement	62	(34)	27	62	(34)	28
<i>Current service cost</i>	26		26	25		25
<i>Past service cost</i>	(4)		(5)			
<i>Effect of settlements</i>	(1)		(1)			
<i>Interest cost/(income)</i>	41	(34)	7	37	(34)	3
Remeasurement losses/(gains)*	109	(34)	75	31	(20)	11
<i>Actuarial losses/(gains) arising from changes in demographic assumptions</i>	3		3			
<i>Actuarial losses/(gains) arising from changes in financial assumptions</i>	114	(34)	80			
<i>Experience adjustments</i>	(8)		(8)			
<i>Effect of asset ceiling</i>						
Translation adjustments	48	(44)	4	(49)	43	(6)
Contributions made by plan members	2	(2)		3	(3)	
Employer contributions		(28)	(28)		(30)	(30)
Benefits paid from plan assets	(21)	21		(23)	23	
Benefits paid other than from plan assets	(9)		(9)	(9)		(9)
Changes in scope of consolidation				1		1
Other						
<b>AS OF AUGUST 31</b>	<b>1,171</b>	<b>(874)</b>	<b>297</b>	<b>980</b>	<b>(753)</b>	<b>227</b>
Of which:						
Partially funded plans	1,026	(874)	152	840	(753)	87
Unfunded plans	145		145	140		140

\* Pro forma. Details of Fiscal 2013 actuarial gains and losses are not available.

The amounts recorded in the income statement for defined benefit plans amounted to 28 million euro in Fiscal 2014 and 28 million euro in Fiscal 2013, as follows:

- net expense of 11 million euro in Fiscal 2014 (net expense of 15 million euro in Fiscal 2013) in cost of sales;
- net expense of 10 million euro in Fiscal 2014 (net expense of 10 million euro in Fiscal 2013) in general and administrative costs;
- net expense of 7 million euro in interest expense (see note 4.2).

Defined benefit plan assets comprise:

(millions of euro)	August 31, 2014	August 31, 2013
Equities	167	136
Bonds	97	108
Real estate	60	36
Cash	5	12
Derivative instruments	1	5
Investment funds	108	98
Insurance and other	436	358
<b>TOTAL</b>	<b>874</b>	<b>753</b>

Actuarial losses arising from changes in financial assumptions amounted to 80 million euro, of which 52 million euro related to plans in the United Kingdom and 16 million euro for plans in the Netherlands, the two countries that account for most of the benefit obligation. These actuarial losses were mainly due to reductions in the discount rates applied.

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2014 and 2013:

<b>August 31, 2014</b>	<b>France</b>	<b>Netherlands</b>	<b>United Kingdom</b>	<b>Italy</b>
Discount rate <sup>(1)</sup>	2% - 3%	2%	4%	1.25% - 1.50%
Salary inflation rate <sup>(2)</sup>	2.5% - 3%	2%	2.1% - 3.6%	N/A
General long-term inflation rate	2%	2%	2.1% - 3.1% <sup>(3)</sup>	2%
Net liability (in millions of euro)	77	50	60	29
Average term of the plans (in years)	10	22	22	6

(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): 3.10%; consumer price index (CPI): 2.1%.

<b>August 31, 2013</b>	<b>France</b>	<b>Netherlands</b>	<b>United Kingdom</b>	<b>Italy</b>
Discount rate <sup>(1)</sup>	2% - 3%	3%	4.7%	1.50% - 2%
Salary inflation rate <sup>(2)</sup>	2.5% - 3%	2%	2.4% - 3.9%	N/A
General long-term inflation rate	2%	2%	2.4% - 3.4% <sup>(3)</sup>	2%
Net liability (in millions of euro)	67 <sup>(4)</sup>	36	21	30
Average term of the plans (in years)	11	22	22	6

(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): 3.4%; consumer price index (CPI): 2.4%

(4) After restatement of past service costs in application of the revised IAS 19.

With respect to the assumptions provided in the above table, a reduction of 1% in the discount rate would bring the gross obligation to 1,437 million euro (compared to 1,171 million euro with the assumptions used as of August 31, 2014), while an increase of 0.5% in the long-term inflation rate would increase the gross obligation to 1,263 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 26 million euro into defined benefit plans in Fiscal 2015.

#### **4.16.2 Other employee benefits**

Other employee benefits, in the amount of 151 million euro as of August 31, 2014 and 150 million as of August 31, 2013, 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 2014 was 15 million euro (24 million euro in Fiscal 2013), of which 1.3 million euro (1.6 million euro in Fiscal 2013) relates to a deferred compensation program in the United States, reported in financial expense.

## 4.17 PROVISIONS

<i>(in millions of euro)</i>	August 31, 2013	Increases/ charges	Reversals with utilization	Reversals without utilization	Translation adjustment and other items	Changes in scope of consolidation	Discounting impact on long-term provisions	August 31, 2014
Tax and social security exposures	46	19	(4)	(9)	2			54
Employee claims and litigation	35	15	(11)	(2)	(2)			35
Contract termination and loss-making contracts	31	16	(18)	(9)	1			21
Reorganization costs	52	5	(28)	(6)	1			24
Client/supplier claims and litigation	25	7	(1)	(2)				29
Negative net assets of associates*	18				(5)			13
Other provisions	8	9	(2)		1			16
<b>TOTAL</b>	<b>215</b>	<b>71</b>	<b>(64)</b>	<b>(28)</b>	<b>(2)</b>			<b>192</b>

\* Investments in companies consolidated by the equity method that have negative net assets (see note 4.9).

<i>(in millions of euro)</i>	August 31, 2012	Increases/ charges	Reversals with utilization	Reversals without utilization	Translation adjustment and other items	Changes in scope of consolidation	Discounting impact on long-term provisions	August 31, 2013
Tax and social security exposures	52	6	(2)	(4)	(6)			46
Employee claims and litigation	30	16	(6)	(2)	(3)			35
Contract termination and loss-making contracts	8	28	(3)	(2)				31
Reorganization costs	3	51	(1)		(1)			52
Client/supplier claims and litigation	12	18	(6)	(1)	2			25
Negative net assets of associates*	33				(15)			18
Other provisions	8	4	(2)	(1)	(1)			8
<b>TOTAL</b>	<b>146</b>	<b>123</b>	<b>(20)</b>	<b>(10)</b>	<b>(24)</b>			<b>215</b>

\* Investments in companies consolidated by the equity method that have negative net assets (see note 4.9).

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:

<i>(in millions of euro)</i>	August 31, 2014		August 31, 2013	
	Current	Non-current	Current	Non-current
Tax and social security exposures	9	45	9	37
Employee claims and litigation	14	21	19	16
Contract termination and loss-making contracts	10	11	11	20
Reorganization costs	24		52	
Client/supplier claims and litigation	26	3	23	2
Negative net assets of associates*		13		18
Other provisions	5	11	2	6
<b>TOTAL</b>	<b>88</b>	<b>104</b>	<b>116</b>	<b>99</b>

\* Investments in companies consolidated by the equity method that have negative net assets (see note 4.9).

#### 4.18 TRADE AND OTHER PAYABLES

<i>(in millions of euro)</i>	August 31, 2014	August 31, 2013
Other non-current liabilities	233	214
<b>TOTAL OTHER NON-CURRENT LIABILITIES</b>	<b>233</b>	<b>214</b>
Advances from clients	299	241
Trade payables	1,768	1,719
Employee-related liabilities	1,022	992
Tax liabilities	267	231
Other operating liabilities	95	67
Deferred revenues	109	78
Other non-operating liabilities	39	24
<b>TOTAL TRADE AND OTHER CURRENT PAYABLES</b>	<b>3,599</b>	<b>3,352</b>
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>3,832</b>	<b>3,566</b>

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

	Carrying value	Undiscounted contractual value
<b>Maturities of trade and other payables</b>		
Less than three months	2,640	2,640
More than three months and less than six months	214	214
More than six months and less than twelve months	668	668
More than one year and less than five years	225	238
More than five years	85	103
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>3,832</b>	<b>3,863</b>

## 4.19 DEFERRED TAXES

Movements in deferred taxes were as follows in Fiscal 2014:

<i>(in millions of euro)</i>	August 31, 2013	Deferred tax			August 31, 2014
		benefit/ expense	recognized in other comprehensive adjustments income	Translation and other	
• Employee-related liabilities	161	22	16	6	205
• Fair value of financial instruments	3	1		1	5
• Intangible assets	(57)	3		(7)	(61)
• Other temporary differences	(138)	(10)		(7)	(155)
• Tax loss carry-forwards	66	16		2	84
<b>TOTAL</b>	<b>35</b>	<b>32</b>	<b>16</b>	<b>(5)</b>	<b>78</b>
<b>Of which deferred tax assets</b>	<b>188</b>				<b>226</b>
<b>Of which deferred tax liabilities</b>	<b>(153)</b>				<b>(148)</b>

Deferred tax assets not recognized because their recovery is not considered probable totaled 227 million euro (212 million euro as of August 31, 2013), including 7 million euro generated by subsidiaries prior to their acquisition (8 million euro as of August 31, 2013).

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 value 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.

<b>Financial assets</b> <i>(in millions of euro)</i>	<b>Category</b>	<b>Note</b>	<b>August 31, 2014</b>		<b>Fair value level</b>			<b>Total</b>
			<b>Carrying value</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Cash and cash equivalents	Financial assets at fair value through profit and loss	4.12	782	782	333	449		782
Restricted cash and financial assets related to the Benefits and Rewards Services activity	Available-for-sale financial assets	4.10	758	758	112	646		758
Trade and other receivables	Loans and receivables at amortized cost	4.11	3,627	3,627				
Other financial assets	Available for sale financial assets	4.10	8	N/A				
	Loans and receivables at amortized cost	4.10	89	89				
Derivative financial instruments, assets		4.15	52	52		52		52

Financial liabilities (in millions of euro)	Category	Note	August 31, 2014		Fair value level			Total
			Carrying value	Fair value	Level 1	Level 2	Level 3	
Bond issues <sup>(1)</sup>	Financial liabilities at amortized cost	4.14	2,014	2,086				
Bank borrowings	Financial liabilities at amortized cost	4.14	2 352	2 416				
Other borrowings and financial debts	Financial liabilities at amortized cost	4.14	27	27				
Bank overdrafts	Financial liabilities at amortized cost		61	61				
Trade and other payables	Financial liabilities at amortized cost	4.18	3 599	3 599				
Vouchers payable	Financial liabilities at amortized cost		2,582	2,582				
Derivative instruments, liabilities		4.15	46	46		46		46

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2014.

Financial assets (in millions of euro)	Category	Note	August 31, 2013		Fair value level			Total
			Carrying value	Fair value	Level 1	Level 2	Level 3	
Cash and cash equivalents	Financial assets at fair value through profit and loss	4.12	434	434	23	411		434
Restricted cash and financial assets related to the Benefits and Rewards Services activity	Available-for-sale financial assets	4.10	734	734	117	617		734
Trade and other receivables	Loans and receivables at amortized cost	4.11	3,466	3,466				
Other financial assets	Available for sale financial assets	4.10	1	N/A				
	Loans and receivables at amortized cost	4.10	91	91				
Derivative financial instruments, assets		4.15	108	108		87	21	108

Financial liabilities (in millions of euro)	Category	Note	August 31, 2013		Fair value level			Total
			Carrying value	Fair value	Level 1	Level 2	Level 3	
Bond issues <sup>(1)</sup>	Financial liabilities at amortized cost	4.14	1 425	1 501				
Bank borrowings	Financial liabilities at amortized cost	4.14	1 736	1 796				
Other borrowings and financial debts	Financial liabilities at amortized cost	4.14	55	55				
Bank overdrafts	Financial liabilities at amortized cost		41	41				
Trade and other payables	Financial liabilities at amortized cost	4.18	3 352	3 352				
Vouchers payable	Financial liabilities at amortized cost		2 541	2 541				
Derivative instruments, liabilities		4.15	46	46		46		46

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2013.

There was no transfer between the different levels between Fiscal 2013 and Fiscal 2014.



## 4.21 SHARE-BASED PAYMENT

In both Fiscal 2014 and Fiscal 2013, Sodexo's Board of Directors decided to grant new and/or existing Sodexo shares to Group employees free of consideration. Some of these share grants are subject to performance conditions. Options to purchase existing Sodexo shares were also granted by Sodexo's Board of Directors to Group employees under various stock option plans set up in prior years.

### 4.21.1 Stock option plans

#### PRINCIPAL FEATURES OF STOCK OPTION PLANS

Rules governing stock option plans are as follows:

- stock options are generally granted at the same time of the year and their exercise price has no discount;
- contractual life of options: 6-7 years;
- vesting of options is conditional on employment by the Sodexo Group and, for plans after 2007, on attainment of average annual growth in Sodexo Group net profit (excluding currency effects) of at least 6% over a period of three years. However, this performance condition applies only to a portion (varying between 0 and 50%) of the stock options granted to each beneficiary, with the exception of Sodexo's Chief Executive Officer, whose entire grant is conditional on performance, with the remaining options vesting in equal tranches over a period of four 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)
January 7, 2008	42.27 euro	28.85%	7	4.01%	2.75%	6
September 9, 2008	45.56 euro	29.48%	7	4.15%	2.75%	6
September 9, 2008	45.56 euro	29.48%	6	4.11%	2.75%	5
January 19, 2009	39.40 euro	37.16%	7	3.28%	3.00%	6
January 19, 2009	39.40 euro	37.16%	6	2.90%	3.00%	5
January 11, 2010	39.88 euro	28.50%	7	2.97%	3.00%	6
January 11, 2010	39.88 euro	28.50%	6	2.45%	3.00%	5
December 13, 2010	48.37 euro	25.00%	7	3.27%	3.00%	6
December 13, 2010	48.37 euro	25.00%	6	2.63%	3.00%	5
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, excluding the share price fluctuations of September 2002, is an indicator of future trends.

For plans granted as from 2008, the expected volatility is based on 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 2014 AND FISCAL 2013

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

	Fiscal 2014		Fiscal 2013	
	Number	WAP (in euro)	Number	WAP (in euro)
<b>Outstanding at the beginning of the period</b>	<b>5,007,293</b>	<b>46.76</b>	<b>6,816,539</b>	<b>45.71</b>
Granted during the period				
Forfeited during the period	(134,133)	45.72	(191,001)	47.12
Exercised during the period	(1,273,004) <sup>(1)</sup>	43.99	(1,618,245) <sup>(2)</sup>	42.27
Expired during the period				
<b>Outstanding at the end of the period</b>	<b>3,600,156</b>	<b>47.78</b>	<b>5,007,293</b>	<b>46.76</b>
<b>Exercisable at the end of the period</b>	<b>2,090,670</b>	<b>45.52</b>	<b>2,133,493</b>	<b>43.05</b>

(1) The weighted average share price at the exercise date of options exercised in the period was 74.47 euro.

(2) The weighted average share price at the exercise date of options exercised in the period was 65.57 euro.

No stock options were granted in Fiscal 2014 or Fiscal 2013.

The weighted average residual life of options outstanding as of August 31, 2014 was 3 years (August 31, 2013: 3.6 years).

The exercise prices and exercise period for options outstanding as of August 31, 2014 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, 2014
January 2008	January 2009	January 2015	42.27 euro	84,021
September 2008	September 2009	September 2015	45.56 euro	
September 2008	September 2009	September 2014	45.56 euro	
January 2009	January 2010	January 2016	39.40 euro	209,982
January 2009	January 2010	January 2015	39.40 euro	63,852
January 2010	January 2011	January 2017	39.88 euro	308,046
January 2010	January 2011	January 2016	39.88 euro	184,450
December 2010	December 2011	December 2017	48.37 euro	630,825
December 2010	December 2011	December 2016	48.37 euro	459,955
December 2011	December 2012	December 2018	51.40 euro	773,858
December 2011	December 2012	December 2017	51.40 euro	885,167
<b>TOTAL</b>				<b>3,600,156</b>

#### 4.21.2 Free share plans

##### PRINCIPLE FEATURES OF FREE SHARE PLANS

Rules governing free Sodexo share plans are as follows:

- the shares will vest only if the beneficiary is still working for the Group on the vesting date. In addition, a performance condition applies to a certain proportion of the grant (ranging from 0 to 50% depending on the managers concerned, except for Sodexo's Chief Executive Officer who receives only performance shares);
- for beneficiaries resident in France, the vesting period is two years for shares not subject to any performance condition and three years for performance shares, subject in both cases to the beneficiary still working for the Group on the vesting date. For beneficiaries resident outside France, the vesting period is four years;
- free shares awarded to beneficiaries resident in France for tax purposes are also subject to a two-year lock-up period as from the vesting date.

## 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 a lock-up discount for beneficiaries resident in France for tax purposes. 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.

## MOVEMENTS IN FISCAL 2014 AND FISCAL 2013

The table below shows movements in free shares granted in Fiscal 2014 and Fiscal 2013:

	Fiscal 2014	Fiscal 2013
<b>Outstanding at the beginning of the period</b>	<b>838,305</b>	
Granted during the period	840,000	840,755
Forfeited during the period	(62,938)	(2,450)
Delivered during the period		
<b>Outstanding at the end of the period</b>	<b>1,615,367</b>	<b>838,305</b>

The weighted average fair value of the free shares was 68.31 euro for shares granted in Fiscal 2014 and 56.14 euro for shares granted in Fiscal 2013.

The table below shows the grant dates of free shares outstanding as of August 31, 2014, 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 (%)	Loan interest rate (in %)	Number of shares outstanding as of August 31
April 25, 2013	France	2	2	2.5%	0.40%	6%	152,171
April 25, 2013	France	3	2	2.5%	0.40%	6%	114,746
April 25, 2013	International	4	N/A	2.5%	0.60%	6%	508,450
March 11, 2014	France	2	2	2.5%	0.50%	5.8%	160,111
March 11, 2014	France	3	2	2.5%	0.50%	5.8%	120,714
March 11, 2014	International	4	N/A	2.5%	0.80%	5.8%	559,175
<b>TOTAL</b>							<b>1,615,367</b>

### 4.21.3 Expense recognized during the year

The expense recognized in the Fiscal 2014 income statement for stock options and free shares was 28 million euro (17 million euro in Fiscal 2013).

## 4.22 BUSINESS COMBINATIONS

There were no material acquisitions during Fiscal 2014.

## 4.23 COMMITMENTS AND CONTINGENCIES

### 4.23.1 Sureties

As of August 31, 2014:

- 9,974,234 Sodexo shares were pledged to Natixis,
- 1,831,022 Sodexo shares were pledged to CACIB
- 3,350,066 Sodexo shares were pledged to the U.S. Investors in connection with the USD notes
- 1 185 335 Sodexo shares were pledged to the U.S. Investors in connection with the euro notes
- 266 724 Sodexo shares were pledged to CACIB (USD swap notes)
- 158 144 Sodexo shares were pledged to Société Générale(USD swap notes)
- 104 905 43 Sodexo shares were pledged to Natixis (USD swap notes)

As such, a total of 16,870,430 of the 59,252,063 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 2014 are immaterial.

### 4.23.2 Operating lease commitments

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

<i>(in millions of euro)</i>	August 31, 2014	August 31, 2013
Less than 1 year	119	128
1 to 5 years	231	271
More than 5 years	73	99
<b>TOTAL</b>	<b>423</b>	<b>498</b>

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 120 million euro, compared to 136 million euro for Fiscal 2013;
- the rent for office premises of 283 million euro, compared to 338 million euro for Fiscal 2013. The 12-year leases signed on October 19, 2006 in connection with the relocation of the corporate headquarters to Issy-les-Moulineaux in 2008 increased operating lease commitments for office premises by 29 million euro. The leases and lease renewals signed by Sodexo France and Sodexo, Inc. for their office premises represent operating lease commitments of 24 million euro and 51 million euro respectively.

### 4.23.3 Other commitments given

<i>(in millions of euro)</i>	August 31, 2014			August 31, 2013	
	Less than 1 year	1 to 5 years	More than 5 years	Total	Total
Financial guarantees to third parties	12	2		14	10
Site management commitments	1	1		2	5
Performance bonds given to clients		48	132	180	167
Other commitments	22	1	126	149	139
<b>TOTAL</b>	<b>35</b>	<b>52</b>	<b>258</b>	<b>345</b>	<b>321</b>

Financial guarantees to third parties mainly comprise bank subordinated debt commitments under Public-Private Partnership (PPP) contracts (see note 2.3.2.) totaling 10 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, Sodexo 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, Sodexo 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 for a maximum of 100 million pounds sterling given by Sodexo SA in October 2012 to the Trustee of the UK pension plan in order to cover Sodexo UK's obligations in connection with the plan.

The Group also has commitments to provide training hours to its employees in France, known as Individual Training Rights. In the absence of guidance from regulatory authorities on the accounting treatment for these rights, the Group has opted to present these rights as a commitment. Based on available information, the number of hours to be provided to employees of French subsidiaries is estimated to be approximately 2,806,000 hours.

#### 4.24 RELATED PARTIES

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

<i>(millions of euro)</i>	August 31, 2014		August 31, 2013	
	Gross	Impairment	Carrying amount	Carrying amount
Loans	61	0	61	65

	August 31, 2014	August 31, 2013
<b>Off-balance sheet commitments</b>		
Financial guarantees to third parties	14	10
Performance bonds given to clients	180	165

Transactions	Fiscal 2014	Fiscal 2013
Revenue	327	325
Operating expenses	0	0
Financial income and expense, net	4	3

#### 4.25 COMPENSATION, LOANS, POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS GRANTED TO MEMBERS OF THE EXECUTIVE AND SUPERVISORY BOARDS OF BELLON S.A.

<i>(in euro)</i>	August 31, 2014	August 31, 2013
Compensation paid by Bellon S.A. to members of its Executive and Supervisory Boards	672,044	611,548
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	265,225	257,215
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	301,945	266,843
<b>TOTAL</b>	<b>1,449,214</b>	<b>1,345,606</b>

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.

During Fiscal 2014, the Group did not grant any severance benefit or other long-term benefit to members of Sodexo's Board of Directors, Executive Committee or Chief Executive Officer.

## 4.26 GROUP EMPLOYEES

The following table shows the breakdown of Group employees:

	August 31, 2014	August 31, 2013
Executives, middle management, site managers and supervisory staff	51,788	48,893
Front-line service staff and other employees	367,737	379,036
<b>TOTAL</b>	<b>419,325</b>	<b>427,929</b>

Group employees by activity and region were as follows:

	On-site Services					Benefits and Rewards Services	Holding companies	Total
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total			
August 31, 2014	132,030	99,073	34,641	149,134	414,878	3,983	464	419 325
August 31, 2013	132,581	100,249	34,997	155,653	423,480	3,989	460	427 929

## 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 Bellon S.A.'s knowledge, there have been no other governmental, judicial or arbitral proceedings (including any such proceedings which are pending or threatened of which Sodexo 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 12, 2014, Sodexo's Benefits and Rewards Services subsidiary in the United Kingdom announced that it had signed an agreement for the acquisition of Motivcom plc. The acquisition was finalized in November 2014.

# 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

## 5.1 EXPOSURE TO FOREIGN EXCHANGE AND INTEREST RATE RISK

Because Sodexo 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 exposure to interest rate and foreign exchange rate risk.

The Group's policies are designed to prevent speculative positions. Further, 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 on external borrowings 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

<i>(in millions of euro)</i>	Note	August 31, 2014	August 31, 2013
<b>Financial liabilities excluding derivative financial instruments</b>	<b>4.14</b>	<b>4,392</b>	<b>3,216</b>
Fixed rate liabilities		3,806	2,563
Variable rate liabilities		586	653
<b>Impact of interest rate and cross-currency swaps</b>	<b>4.15</b>	<b>(6)</b>	<b>(41)</b>
On fixed rate liabilities		549	547
On variable rate liabilities		(555)	(588)
<b>Financial liabilities after impact of interest rate and cross-currency swaps</b>	<b>4.14</b>	<b>4,386</b>	<b>3,175</b>
Fixed rate liabilities		4,355	3,110
Variable rate liabilities		31	65

As of August 31, 2014 and 2013, a 0.5% increase or decrease in interest rates would have had no material impact on net 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

#### EXPOSURE TO CURRENCY RISK

<i>(in millions of euro)</i>	August 31, 2014				August 31, 2013			
	Dollar USD	Real BRL	Sterling GBP	Bolivar Fuerte VEF	Dollar USD	Real BRL	Sterling GBP	Bolivar Fuerte VEF
<i>Closing rate as of August 31</i>	0.758	0.338	1.257	0.015	0.756	0.321	1.171	0.074
<b>Monetary assets</b>								
Working capital items and other receivables	770	459	249	1	776	421	194	3
Deferred tax assets	91	46	19		57	43	10	1
Cash and cash equivalents	725	501	301	43	510	430	139	154
<b>TOTAL MONETARY ASSETS</b>	<b>1,586</b>	<b>1,006</b>	<b>569</b>	<b>44</b>	<b>1,343</b>	<b>894</b>	<b>343</b>	<b>158</b>
<b>Monetary liabilities</b>								
Financial liabilities	1,721		4		979	23	3	
Working capital items and other liabilities	1,297	816	477	30	1,226	722	335	112
Deferred tax liabilities	31	99			30	93		
<b>TOTAL MONETARY LIABILITIES</b>	<b>3,049</b>	<b>915</b>	<b>481</b>	<b>30</b>	<b>2,235</b>	<b>838</b>	<b>338</b>	<b>112</b>
<b>Net position<sup>(1)</sup></b>	<b>(1,463)</b>	<b>91</b>	<b>88</b>	<b>14</b>	<b>(892)</b>	<b>56</b>	<b>5</b>	<b>46</b>

(1) This net position does not include currency positions on intragroup transactions.

	August 31, 2014				August 31, 2013			
	Dollar USD	Real BRL	Sterling GBP	Bolivar Fuerte VEF	Dollar USD	Real BRL	Sterling GBP	Bolivar Fuerte VEF
After currency derivatives (in millions of euro)								
Closing rate as of August 31	0.758	0.338	1.257	0.015	0.756	0.321	1.171	0.074
<b>Monetary assets</b>								
Working capital items and other receivables	770	459	249	1	776	421	194	3
Deferred tax assets	91	46	19		57	43	10	1
Cash and cash equivalents	725	501	301	43	510	430	139	154
<b>TOTAL MONETARY ASSETS</b>	<b>1,586</b>	<b>1,006</b>	<b>569</b>	<b>44</b>	<b>1,343</b>	<b>894</b>	<b>343</b>	<b>158</b>
<b>Monetary liabilities</b>								
Financial liabilities	1,592	178	48		850	269	30	
Working capital items and other liabilities	1,297	816	477	30	1,226	722	335	112
Deferred tax liabilities	31	99			30	93		
<b>TOTAL MONETARY LIABILITIES</b>	<b>2,920</b>	<b>1,093</b>	<b>525</b>	<b>30</b>	<b>2,106</b>	<b>1,084</b>	<b>365</b>	<b>112</b>
<b>Net position<sup>(1)</sup></b>	<b>(1,334)</b>	<b>(87)</b>	<b>44</b>	<b>14</b>	<b>(763)</b>	<b>(190)</b>	<b>(22)</b>	<b>46</b>

(1) This net position does not include currency positions on intragroup transactions.

## 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, 2014				August 31, 2013			
	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	651	34	20	130	657	35	23	190
Real BRL	107	19	15	70	117	17	11	56
Sterling GBP	151	5	7	64	139	5	7	63
Bolivar VEF*	2	1		1	7	4	2	5
<b>TOTAL</b>	<b>911</b>	<b>59</b>	<b>42</b>	<b>265</b>	<b>920</b>	<b>61</b>	<b>43</b>	<b>314</b>

\* A 10% increase in the Bolivar/Euro exchange rate would not have had a material impact on profit – Group share for Fiscal 2014 and would have had an impact of less than 1 million euro on profit – Group share for Fiscal 2013.

## 5.2 EXPOSURE TO LIQUIDITY RISK

The nature of the Group's borrowings and bond issuances as of August 31, 2014 is described in detail in note 4.14 of the consolidated financial statements.

As of August 31, 2014, around 86% of the Group's consolidated borrowings was borrowed on capital markets and bank financing was around 6% of the Group's financing needs. As of August 31, 2013 around 78% of the Group's consolidated borrowings was borrowed on capital markets and bank financing was around 22% of the Group's financing needs. The reimbursement maturity dates of the main borrowings range between Fiscal 2015 and Fiscal 2029. The Group has a confirmed multi-currency line of credit for 600 million euro plus 800 million U.S. dollars which expires in July 2018. This line of credit had been utilized in the amount of 215 million euro as of August 31, 2014 (250 million euro as of August 31, 2013).

## 5.3 EXPOSURE TO COUNTERPARTY RISK

Exposure to counterparty risk is limited to the carrying value 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, reducing the amount of liquidity held by third parties by concentrating it in the Sodexo Group's financial holding companies.

The maximum counterparty is approximately 12% (14% as of August 31, 2013) of the Group's operating cash (including restricted cash and financial assets of the Benefits and Rewards Services activity) with a banking group whose rating is A1.

## 6. SCOPE OF CONSOLIDATION

Bellon SA holds 37.7% of the capital of Sodexo SA, a French *société anonyme* headquartered in Issy-les-Moulineaux, France, and 52.4% 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 34%. 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%):

<i>(in millions of euro)</i>	Fiscal 2014	Fiscal 2013
Revenues	18,016	18,397
Operating profit <sup>(1)</sup>	939	825
Profit for the year	509	462
Comprehensive income	478	130

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

<i>(in millions of euro)</i>	August 31, 2014	August 31, 2013
Non-current assets	6,852	6,626
Current assets	7,626	5,983
<b>TOTAL ASSETS</b>	<b>14,478</b>	<b>12,609</b>
Total shareholders' equity	3,221	2,987
Non-current liabilities	3,830	2,738
Current liabilities	7,427	6,884
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>14,478</b>	<b>12,609</b>

The total amount of dividends paid by Sodexo during the fiscal year was 248 million euro, taking into account treasury shares, a dividend of 1.62 euro per share and, as applicable, a dividend premium of 0.16 euro per share.

The main companies consolidated by Sodexo as of August 31, 2014 and presented in the table below together represent 90% of consolidated revenues. The various other entities represent individually less than 0.5% of each of revenues, operating profit and the Group share of net profit and of 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".

Companies newly deconsolidated during the year are indicated by the letter "S".

Associates (companies accounted for by the equity method) are indicated by the letters "EM". All other companies are fully consolidated.

		% interest	% voting rights	Principal activity	Country
<b>France</b>					
	Sodexo Entreprises (consolidated)			On-site	France
	Sodexo Santé Médico Social			On-site	France
	Société Française de Restauration et Services (consolidated)			On-site	France
	SEGSMH			On-site	France
	Sodexo Justice Services			On-site	France
	Sogeres (consolidated)			On-site	France
	Lenôtre SA (consolidated)			On-site	France
	L'Affiche			On-site	France
	Bateaux Parisiens (consolidated)			On-site	France
	Score			On-site	France
	Score Groupe			On-site	France
	Sodexo Solutions de Motivation France SA			Benefits and Rewards	France
	One SAS			Holding	France
	Sodexo Pass International SAS			Holding	France
	Sodexo Solutions de Services sur Sites			On-site	France
	Groupe Crèche Attitude (consolidated)			On-site	France
	Sodexo en France			Holding	France
	Sodexo Amecaa SAS			Holding	France
	Sofinsod SAS			Holding	France
	Etin SAS			Holding	France
	Sodexo Europe			Holding	France
	Sodexo GC			Holding	France
	SoTech Services			Holding	France
<b>Americas</b>					
	Sodexo do Brasil Comercial SA (consolidated including Puras)			On-site	Brazil
	Sodexo Pass do Brasil Serviços e Comercio SA			Benefits and Rewards	Brazil
	Sodexo Pass do Brasil Serviços de Inovação Ltda			Benefits and Rewards	Brazil
	Sodexo Canada Ltd (consolidated)			On-site	Canada
EM	Sociedad Concesionaria Bas SA	33%	33%	On-site	Chile
	Sodexo Chile (consolidated)			On-site	Chile
	Sodexo Inversiones SA			On-site	Chile
	Sodexo Soluciones de Motivacion Chile SA			Benefits and Rewards	Chile
	Sodexo Colombia SA	65%	65%	On-site	Colombia
	Sodexo, Inc. (consolidated)			On-site	United States
	Roth Bros., Inc. (consolidated)			On-site	United States
	Sodexo Holdings Inc.			Holding	United States
	Sodexo Remote Sites (USA) Inc.			Holding	United States
	Sodexo Remote Sites Partnership			On-site	United States
EM	Doyon Universal Services LLC (consolidated)	50%	50%	On-site	United States
	CK Franchising Inc.			On-site	United States
	Circle Company Associates, Inc.			On-site	United States
	Sodexo Rose Holding Company, Inc.			Holding	United States
	Sodexo Motivation Solutions Mexico, SA de CV			Benefits	Mexico

	% interest	% voting rights	Principal activity	Country
(consolidated including Servi-Bonos, SA de CV)			and Rewards	
Sodexo Peru SAC			On-site	Peru
Sodexho Pass Venezuela SA	64%	64%	Benefits and Rewards	Venezuela
<b>Europe</b>				
Sodexo Services GmbH (consolidated)			On-site	Germany
Sodexo Scs GmbH (consolidated)			On-site	Germany
Sodexo Beteiligungs BV & Co. KG			On-site	Germany
Sodexo Dienstleistungen GmbH (consolidated)			On-site	Germany
GA-tec Gebäude- und Anlagentechnik GmbH			On-site	Germany
Sodexo Service Solutions Austria			On-site	Austria
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 (Cyprus) Ltd			On-site	Cyprus
Sodexo España SA (consolidated)			On-site	Spain
Sodexo Soluciones de Motivación Espana SAU			Benefits and Rewards	Spain
Sodexo Oy			On-site	Finland
Sodexo Magyarorszag KFT			On-site	Hungary
Sodexo Motivation Solutions Italia SRL			On-site	Italy
Sodexo Italia SA (consolidated)			On-site	Italy
Sodexo Luxembourg SA (consolidated)			On-site	Luxembourg
Sodexo Remote Sites Norway AS			On-site	Norway
Sodexo AS			On-site	Norway
Sodexo Nederland BV (consolidated)			On-site	Netherlands
Sodexo Altys BV			On-site	Netherlands
Sodexo Pass Ceska Republika AS			Benefits and Rewards	Czech Republic
Sodexo Pass Romania SRL			Benefits and Rewards	Romania
Sodexo Property Solutions Ltd			On-site	United Kingdom
EM Agecroft Prison Management Ltd	50%	50%	On-site	United Kingdom
EM HpC King's College Hospital (Holdings) Ltd	25%	25%	On-site	United Kingdom
EM Catalyst Healthcare (Romford) Holdings Ltd	10%	10%	On-site	United Kingdom
EM Peterborough Prison Management Ltd	15%	15%	On-site	United Kingdom
EM Ashford Prison Services Ltd	15%	15%	On-site	United Kingdom
EM Catalyst Healthcare (Manchester) Holdings Ltd	10%	10%	On-site	United Kingdom
EM Mercia Healthcare (Holdings) Ltd	25%	25%	On-site	United Kingdom
EM South Manchester Healthcare (Holdings) Ltd	25%	25%	On-site	United Kingdom
EM RMPA Holdings Ltd	14%	14%	On-site	United Kingdom
EM Enterprise Education Holdings Conwy Ltd	10%	10%	On-site	United Kingdom
EM Addiewell Prison (Holdings) Ltd	33%	33%	On-site	United Kingdom
EM Healthcare support (North Staffs) Holdings Ltd	25%	25%	On-site	United Kingdom
S Integrated Pathology Partnerships Ltd	3%	3%	On-site	United Kingdom
Sodexo Services Group Ltd			Holding	United Kingdom
Sodexo Ltd			On-site	United Kingdom
Sodexo Prestige Ltd (consolidated)			On-site	United Kingdom

	% interest	% voting rights	Principal activity	Country
Sodexo Remote Sites Scotland Ltd			On-site	United Kingdom
Kalyx Ltd			On-site	United Kingdom
Tillery Valley Foods Ltd			On-site	United Kingdom
Sodexo Defence Services Ltd			On-site	United Kingdom
Sodexo Investment Services Ltd			On-site	United Kingdom
Sodexo Holdings Ltd			Holding	United Kingdom
Sodexo Education Services Ltd			On-site	United Kingdom
Sodexo Management Services Ltd			On-site	United Kingdom
Sodexo Healthcare Services Ltd			On-site	United Kingdom
Rugby Travel & Hospitality Ltd	60%	60%	On-site	United Kingdom
Sodexo Euroasia			On-site	Russia
Sodexo Facilities Services AB			On-site	Sweden
Sodexo Scandinavian Holding AB			On-site	Sweden
Sodexo AB			On-site	Sweden
Sodexo Pass Holding Sweden AB			Benefits and Rewards	Sweden
Sodexo Pass Sweden AB			Benefits and Rewards	Sweden
Sodexo (Suisse) SA			On-site	Switzerland
Sodexo Entegre Hizmet Yonetimi AS			On-site	Turkey
Sodexo Avantaj Ve Odullendime Hizmetleri AS			Benefits and Rewards	Turkey
<b>Asia, Pacific, Middle East</b>				
National Company for Management and Services Ltd	50%	50%	On-site	Saudi Arabia
Sodexo Australia Pty Ltd (consolidated)			On-site	Australia
EM Serco Sodexo Defence Services PTY Ltd	50%	50%	On-site	Australia
Sodexo Remote Sites Australia Pty Ltd			On-site	Australia
Sodexo Shanghai Management Services			On-site	China
Kelvin Catering Services (Emirates) LLC	49%	49%	On-site	United Arab Emirates
Sodexo International FZE			On-site	United Arab Emirates
Sodexo SVC India Private Ltd			Benefits and Rewards	India
Tariq Al Ghanim Company Ltd	50%	50%	On-site	Kuwait
Teyseer Services Company WLL	49%	49%	On-site	Qatar