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Bellon S.A.

Statutory auditors' report on the consolidated financial statements

Year ended August 31, 2011
Bellon S.A.
Espace Gaymard - 2, place d'Arvieux - 13002 Marseille
This report contains 64 pages
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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 it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the Group's management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Bellon S.A.

Registered office: Espace Gaymard - 2, place d'Arvieux - 13002 Marseille
Share capital: €.411,360

Statutory auditors' report on the consolidated financial statements

Year ended August 31, 2011

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended August 31, 2011, 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.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at August 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2 Justification of our assessments

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

- The Company has tested goodwill and other intangible assets with an indefinite useful life for impairment, and has assessed whether assets with a finite useful life presented any 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 these impairment tests, 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 in this context and the consistency of the data which was used, in particular the assumptions used in the preparation of the business plans.

- Post-employment benefits and other long-term employee benefits are measured and recognized as described in notes 2.17 and 4.17 to the consolidated financial statements and have for the most part 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 4.17 provides appropriate information.

The aforementioned items are based on estimates and underlying assumptions that 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.

3 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.

The statutory auditors

Paris La Défense, January 30, 2012	Marseille, January 30, 2012
French original signed by	French original signed by
KPMG Audit *Department of KPMG S.A.*	
Jean-Claude Reydel *Partner*	Olivier Belnet

Bellon S.A. Consolidated Financial Statements as of August 31, 2011

1. CONSOLIDATED INCOME STATEMENT

(in millions of euro)	Notes	Fiscal 2011	Fiscal 2010
Revenues	**3**	**16,047**	**15,230**
Cost of sales	4.1	(13,529)	(12,846)
Gross profit		**2 518**	**2,384**
Sales department costs	4.1	(242)	(226)
General and administrative costs	4.1	(1,411)	(1,359)
Other operating income	4.1	10	12
Other operating costs	4.1	(25)	(41)
Operating profit	**3**	**850**	**770**
Interest income	4.2	57	61
Financing costs	4.2	(236)	(249)
Share of profit of companies consolidated by the equity method	3 and 4.8	15	14
Profit for the period before tax		**686**	**596**
Income tax expense	4.3	(250)	(205)
Profit for the year		**436**	**392**
Of which:			
Non controlling interests		310	287
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**126**	**105**

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euro)	Notes	Fiscal 2011	Fiscal 2010
Profit for the year		436	**392**
Available for sale financial assets	4.10.3 and 4.14	0	0
Cash flow hedges	4.16 and 4.14	14	(3)
Actuarial gain (loss) on defined benefit pension plans and other items	4.17.1 and 4.14	36	(62)
Currency translation differences		(314)	336
Share of other components of comprehensive income of companies consolidated by the equity method, net of tax		**1**	**(9)**
Income tax related to components of other comprehensive income		**(15)**	**17**
Total other comprehensive income, after tax		**(278)**	**279**
Comprehensive income		158	671
Of which:			
Equity holders of the parent		31	203
Non-controlling interests		127	468

3. CONSOLIDATED BALANCE SHEET

ASSETS

(in millions of euro)	**Notes**	**August 31, 2011**	**August 31, 2010**
Non-current assets			
Property, plant and equipment	4.4	513	531
Goodwill	4.5	4,489	4,840
Other intangible assets	4.6	492	527
Client investments	4.7	222	228
Companies consolidated by the equity method	4.8	70	71
Financial assets	4.10	82	110
Other non-current assets	4.12	14	14
Deferred tax assets	4.20	153	162
TOTAL NON-CURRENT ASSETS		**6,035**	**6,483**
Current assets			
Financial assets	4.10	9	6
Derivative financial instruments	4.16	2	6
Inventories	4.11	252	235
Income tax receivable		72	81
Trade and other receivables	4.12	3,142	3,033
Restricted cash and financial assets related to the Motivation Solutions activity	4.10	622	578
Cash and cash equivalents	4.13	1,465	1,593
TOTAL CURRENT ASSETS		**5,564**	**5,532**
TOTAL ASSETS		**11,599**	**12,015**

LIABILITIES AND EQUITY

(in millions of euro)	Notes	August 31, 2011	August 31, 2010
Shareholders' equity			
Common stock		0	0
Additional paid in capital		397	397
Retained earnings		0	0
Consolidated reserves		65	74
Equity attributable to equity holders of the parent		**462**	**471**
Non-controlling interests		**1,612**	**1,740**
TOTAL SHAREHOLDERS' EQUITY	**4.14**	**2,074**	**2,211**
Non-current liabilities			
Borrowings	4.15	2,332	3,124
Derivative financial instruments		1	
Employee benefits	4.17	282	349
Other liabilities	4.19	190	243
Provisions	4.18	62	64
Deferred tax liabilities	4.20	150	122
TOTAL NON-CURRENT LIABILITIES		**3,017**	**3,902**
Current liabilities			
Bank overdrafts		23	59
Borrowings	4.15	756	319
Derivative financial instruments	4.16	12	29
Income tax payable		120	138
Provisions	4.18	47	61
Trade and other payables	4.19	3,129	2,989
Vouchers payable		2,421	2,307
TOTAL CURRENT LIABILITIES		**6,508**	**5,902**
TOTAL LIABILITIES AND EQUITY		**11,599**	**12,015**

4. CONSOLIDATED CASH FLOW STATEMENT

(in millions of euro)	Notes	Fiscal 2011	Fiscal 2010
Operating activities			
Operating profit		**850**	**771**
Elimination of non-cash and non-operating items			
Depreciation and amortization		244	240
Provisions		(9)	19
Losses/(gains) on disposal and other		15	9
Dividends received from associates		13	9
Change in working capital from operating activities		**101**	**257**
Change in inventories	4.12	(32)	(12)
Change in accounts receivable		(235)	(177)
Change in trade and other payables		262	201
Change in vouchers payable		170	233
Change in financial assets related to the Motivation Solutions activity		(64)	12
Interest paid		(176)	(172)
Interest received		14	28
Income tax paid		(233)	(186)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**819**	**975**
Investing activities			
Acquisitions of property, plant and equipment and intangible assets		(242)	(236)
Disposals of property, plant and equipment and intangible assets		22	26
Change in client investments	4.7	(22)	(19)
Change in financial assets		12	(20)
Acquisitions of subsidiaries		(2)	(23)
Dispositions of subsidiaries		-	3
NET CASH USED IN INVESTING ACTIVITIES		**(232)**	**(269)**
Financing activities			
Dividends paid to parent company shareholders		(7)	(5)
Dividends paid to non-controlling shareholders of consolidated companies		(149)	(141)
Purchases of treasury shares			
Disposition of treasury shares			
Increase/(Reduction) of capital		2	
Acquisition of non-controlling interests		(226)	(116)
Disposition of equity investments without loss of control		57	24
Proceeds from borrowings		499	321
Repayment of borrowings		(770)	(393)
NET CASH USED IN FINANCING ACTIVITIES		**(594)**	**(310)**
CHANGE IN NET CASH AND CASH EQUIVALENTS		(7)	**396**
Net effect of exchange rates and other effects on cash		(86)	(49)
Net cash and cash equivalents at beginning of period		1,534	1,187
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**4.13**	**1,441**	**1,534**

5. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

						Total shareholders' equity		
(in millions of euro)	Shares outstanding	Share capital	Share premium	Reserves and comprehensive income	Translation adjustments	Attributable to holders of the parent	Non-controlling interests	Total
Notes				4.14				
Shareholders' equity as of August 31, 2009	**25,710**		**397**	**73**	**(180)**	**290**	**1,466**	**1,756**
Profit for the period				105		105	287	392
Other comprehensive income, net of tax				(19)	116	97	182	279
Comprehensive income				**86**	**116**	**202**	**469**	**671**
Dividends paid				(6)		(6)	(140)	(146)
Other				(15)		(15)	(55)	(70)
Shareholders' equity as of August 31, 2010	**25,710**		**397**	**138**	**(64)**	**471**	**1,740**	**2,211**
Profit for the period				126		126	310	436
Other comprehensive income, net of tax				12	(107)	(95)	(183)	(278)
Comprehensive income				**138**	**(107)**	**31**	**127**	**158**
Dividends paid				(8)		(8)	(147)	(155)
Other				(32)		(32)	(108)	(140)
Shareholders' equity as of August 31, 2011	**25,710**		**397**	**236**	**(171)**	**462**	**1,612**	**2,074**

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 6, 2011. They will be submitted to the Annual Shareholder's Meeting on May 22, 2012.

1. SIGNIFICANT EVENTS

On April 12, 2011, Bellon SA repaid the 160 million euro loan to Calyon which reached maturity. To finance this repayment, Bellon SA used its cash available and entered into an Equity Linked Swap agreement with CACIB (forward sale of Sodexo shares with a swap exchanging changes in interest rates and changes in Sodexo share prices) for an initial amount of 40 million euros and a maturity date of June 30, 2011. On this date, the financing amount was increased to 70 million euros with a maturity date of December 31, 2011, which was subsequently extended to February 15, 2012.

On March 29, 2011 Sodexo SA issued fixed interest bonds for 600 million U.S. dollars in a private placement with U.S. investors. On July 18, 2011, Sodexo SA also contracted a multicurrency confirmed credit facility for a maximum of 600 million euro plus 800 million U.S. dollars, and on July 20, 2011 cancelled the April 2005 multicurrency facility in advance of its expiration date. These two funding transactions enabled Sodexo to take advantage of market conditions and extend the maturity of its borrowings.

These financing transactions are described in note 4.15 "Borrowings".

As mentioned in paragraph 4.28 "Post-Balance Sheet Events", on September 6, 2011, Sodexo acquired Puras do Brasil, becoming the leader in Brazil's fast-growing On-site Service Solutions market.

Also, on August 1, 2011 Sodexo SA signed a contract to acquire the French company, Lenôtre. This transaction was subject to approval by the competition authorities and closed on September 22, 2011. This acquisition will enable Sodexo to grow its portfolio of Prestige activities in France and globally, and to develop its *savoir faire* in the field of luxury gastronomy, thereby strengthening its client offering.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

2.1.1 Basis of preparation of financial information for Fiscal 2011

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 balance sheet date, 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/standards_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, given the Group's balance sheet date. Consequently, any difference between the two sets of standards arising out of delays in approval by the European Union had no impact considering the application date of the related standards or interpretations.

Finally, the Group continues to assess the impact of IFRIC 4 and IFRIC 12 since their required application date, but has not made any adjustment in the absence of any significant investment.

Certain comparative information has been reclassified in order to conform to the Fiscal 2011 presentation.

2.1.2 New applicable accounting standards and interpretations

The new standards, interpretations and amendments whose application was mandatory effective for the fiscal year beginning September 1, 2010 had no material impact on the Group's financial statements for Fiscal 2011:

• The following pronouncements were determined to not be applicable to the Group: the amendment to IFRS 2 "Group Cash-settled Share-based Payment Arrangements"; IFRIC interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"; and the amendment to IAS 32 "Classification of Rights Issues";

• The 2010 annual improvements to IFRSs, adopted by the European Union in February 2011, had no material impact on the Group financial statements. These improvements included the amendments to IFRS 3 "Business Combinations"; and IAS 27 "Consolidated and Separate Financial Statements".

2.1.3 Accounting standards and interpretations issued but not yet applicable

The Group has not elected early application of standards and interpretations not required to be applied in Fiscal 2011. The Group is currently researching the practical consequences of these new rules and the impact of their application on the annual financial statements. 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/standards_en.htm.

2.2 Use of estimates

The preparation of financial statements requires the management of the Group 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 and 4.12);

• fair value of derivative financial instruments (note 4.16);

• provisions for litigation and tax risks (notes 4.18 and 4.27);

• valuation of post-employment defined benefit plan assets and liabilities (note 4.17);

• deferred taxes (note 4.20);

• share-based payment (note 4.22);

• valuation of goodwill and acquired intangible assets and their estimated useful lives (note 4.23).

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. Control exists when Sodexo has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing whether control exists, *de facto* control and potential voting rights that are currently exercisable or convertible are considered. 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.
Companies in which Bellon SA directly or indirectly exercises significant influence or joint control over financial and operating policy without exercising control are consolidated by the equity method from the date on which significant influence or joint control is obtained to the date on which it ceases.

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 conducted for each of these equity interests, of which the details are provided in note 4.8, in order to determine whether the Group has significant influence based on the criteria in IAS 27, as amended, IAS 28 and the interpretation SIC 12. Based on this analysis, these companies are consolidated using the equity method of accounting.

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 these entities as of August 31, 2011 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.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date 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 the Group are reported in consolidated shareholders' equity until the disposal or liquidation of the investment.

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 Bellon S.A. 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 shareholders' equity as "Cumulative translation adjustments". At the time of the transition to IFRS, the cumulative translation adjustments 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, the Group has applied the specific accounting requirements of this standard to the transactions of its subsidiaries operating in this country in the preparation of the consolidated financial statements.

On January 8, 2010, Venezuela announced the devaluation of its currency, the Bolivar Fuerte.

As of that date, the Group decided to no longer use the official exchange rate published by the Venezuelan government, namely USD 1 = 4.3 bolivar. The financial statements for the year ended August 31, 2010 of subsidiaries operating in Venezuela have consequently been translated at the rate of USD 1 = 8.25 bolivar, or 1 euro = 10.46 bolivar corresponding to the last observable quotation on the parallel currency market, and for the year ended August 31, 2011, at the rate of USD 1 USD = 9.39 bolivar, or 1 euro = 13.57 bolivar, which is the rate observed for recent transactions.

The Group considers these to be the most appropriate rates, for the following reasons:

• to better reflect the economic parity between the euro and the Bolívar resulting from the hyperinflationary situation in Venezuela since the end of 2009; and

• to estimate the most probable rate at which the Group considers it will be able to convert Bolivars into euro in the future given the current restrictions on official market transactions placed by the country's authorities.

The impact on the Group's financial statements is provided below:

	Fiscal 2011			Fiscal 2010		
(in millions of euro)	**Amounts used by the Group €1 = 13.57 VEF**	**Proforma amounts at official rate € 1 = 6.21 VEF**	**Impact of choice on published financial statements**	**Amounts used by the Group €1 = 10.46 VEF**	**Proforma amounts at official rate € 1 = 5.45 VEF**	**Impact of choice on published financial statements**
Revenue of Venezuelan subsidiaries	51	111	(60)	60	116	(56)
Operating income of Venezuelan subsidiaries	19	41	(22)	25	49	(24)
Net earnings of Venezuelan subsidiaries	6	13	(7)	7	14	(7)
Shareholders' equity of Venezuelan subsidiaries	14	31	(17)	15	28	(13)

2.4 Business combinations and goodwill

The Group has applied IFRS 3R (revised in 2008) "Business Combinations" since September 1, 2009.

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 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 is included in the value of the equity method investment.

2.4.1 Goodwill

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 equity interest in the acquired company (measured either at fair value or its share in the fair value of the identifiable 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 balance sheet.

The Group measures non-controlling equity 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 assets acquired.

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 intangible items has been recognized as goodwill in the balance sheet. 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 Negative goodwill

Negative goodwill represents the excess of the fair value of the assets, liabilities and contingent liabilities of the acquired entity at the acquisition date over the consideration transferred (for example the acquisition cost), increased by the amount of any non-controlling interest.

After reviewing the procedures for the identification and measurement of the different components included in the calculation of goodwill, any negative goodwill is immediately expensed in the income statement in the period of acquisition.

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.

Previously, 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 or in other comprehensive income in accordance with the applicable IFRS standard.

2.4.5 Step acquisitions

In a step acquisition, the fair value of 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 in accordance with IAS 38. At the time of the transition to IFRS, the Group did not elect to re-measure intangible assets at their fair value in the opening balance sheet as of September 1, 2004. Intangible assets acquired in connection with a business combination and which (i) can be reliably measured, (ii) are controlled by the Group and (iii) 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 brands having an indefinite useful life (when market conditions and the legal context allow for an indefinite utilisation) are considered to have finite useful lives, and are amortized by the straight line method over their expected useful lives:

Integrated management software	5 years
Other software	3-4 years
Patents and licenses	2-10 years
Other intangible assets	3-20 years

Client relationships	3-20 years

The cost of licenses and software recognized in the balance sheet 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

In accordance with IAS 16, property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for land, which is measured at cost less accumulated impairment losses. Cost includes expenditures directly incurred to acquire the asset, and in some cases may also include estimated unavoidable future dismantling, removal and site remediation costs.

Subsequent expenditures are included in the carrying amount of the asset, or recognized as a separate component, if it is probable that the future economic benefits of the expenditures will flow to the Group and the cost can be measured reliably. All other repair and maintenance costs are recognized as expenses during the period in which they are incurred, except costs incurred to improve productivity or extend the useful life of an asset, which are capitalized. At the time of the transition to IFRS, the Group did not elect to re-measure property, plant and equipment at its fair value in the opening balance sheet as of September 1, 2004.

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 balance sheet date.

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

Leases contracted by the Group as lessee are accounted for in accordance with IAS 17, “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 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 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 conducted are then confirmed using data as of August 31.

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 conducted for each CGU or group of CGUs, which are generally defined as one of the Group's two main activities, with the On-site Service Solutions activity further segmented into geographic regions.

The assets allocated to each CGU comprise:

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

Indications of impairment

The main indicators that a CGU may be impaired are a significant decrease in revenues and gross margin or material changes in market trends.

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 arm's length transaction between knowledgeable, willing parties;
- 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 CGUs is estimated using after-tax cash flow projections generally based on three year business plans prepared by management and extrapolated to future years.

Management both at Group and subsidiary levels prepares gross 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.

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

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

On some contracts, the Group makes a financial contribution to the purchase of equipment or fixtures on the client site that are necessary to fulfill service obligations. The amortization of these assets is recognized as a reduction to revenues over the period of the service obligation.

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 and measured in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

Financial assets and liabilities are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

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

2.12.1 Financial assets

Under IAS 39, 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 balance sheet 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

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

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.

As required by IAS 39, these derivative financial instruments are initially recognized in the balance sheet at fair value, as financial assets or liabilities.

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 balance sheet date. 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 determined based on valuations provided by the bank counter-parties.

2.12.3 Commitments to purchase non-controlling interests

As required by IAS 32, the Group recognizes commitments to purchase non-controlling interests as a liability within borrowings in the consolidated balance sheet. 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 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 in the balance sheet;
- 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 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 are recognized as follows:

- borrowing costs directly attributable to the acquisition, construction or production of a non-current asset are capitalized as part of the cost of the underlying asset;
- borrowing costs not directly attributable to a non-current asset as defined in IAS 23 reduce the related borrowing in the balance sheet and are recognized in the income statement over the term of the borrowing.

2.15 Bellon S.A. treasury shares

Bellon S.A. shares held by the company 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 (i) an entity has a legal or constructive obligation at the balance sheet date, (ii) it is probable that settlement of the obligation will require an outflow of resources, and (iii) the amount of the liability can be reliably measured.

Provisions primarily cover commercial, employee-related and tax-related risks and litigation arising in the course of operating activities, and are measured in accordance with IAS 37 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 contract 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

The Group measures and recognizes post-employment benefits in accordance with IAS 19. As a result:

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

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

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

Actuarial gains and losses arising at each balance sheet date are recognized in other comprehensive income, as permitted by IAS 19 Revised. Actuarial gains and losses do not affect the income statement. At the time of the transition to IFRS, actuarial losses and gains on pensions and related benefits as of September 1, 2004 were recognized in shareholders' equity.

If benefits under an existing plan are amended or a new defined benefit-plan is established, past service cost relating to vested benefits is recognized in the income statement, and past service cost relating to benefits not yet vested is recognized on a straight line basis over the average residual vesting period.

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 balance sheet if the obligation exceeds the plan assets and the unrecognized past service cost;
- if the value of plan assets exceeds the obligation under the plan, the net amount is recognized as a non-current asset. Overfunded plans are recognized as assets only if they represent future economic benefits that will be available to the Group. Where the calculation of the net obligation results in an asset for the Group, the amount recognized for this asset may not exceed the total of the unrecognized past service cost plus 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, amortization of past service cost, and the effect of any plan curtailments or settlements, all of which are recorded in operating income,
    - the effect of discounting and the expected return on plan assets, which are recorded in financial income or expense.

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

2.17.3 Other long-term employee benefits

Other long-term employee benefits are measured in accordance with IAS 19. The expected cost of such benefits is recognized as a non-current liability over the employee's period of service. Actuarial gains and losses and past service costs related to an amendment to an existing plan or to the creation of a new plan 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 share-based payment in shares of Sodexo S.A., 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 options granted as of the grant date, computed using the binomial model.

On an annual basis, the Group reassesses the number of potentially exercisable options. The impact of any change in estimates is recognized in the income statement, with the offset recognized in shareholders' equity.

At the time of the transition to IFRS, only stock option plans granted after November 7, 2002 and not vested as of January 1, 2005 were measured, as permitted by IFRS 2.

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 balance sheet date.

Deferred taxes are not recognized on the following items:

- initial recognition of goodwill that is not deductible for tax purposes;
- 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 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

As permitted by IAS 1, "Presentation of Financial Statements", the Group 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.

2.22.2 Revenues

In accordance with IAS 18, revenues reported by the Group relate to the sale of services in connection with the ordinary activities of fully-consolidated companies as follows:

- On-site Service Solutions: revenues include all revenues stipulated in the contract, taking into account whether Sodexo acts as principal (the vast majority of cases) or agent;

- Motivation Solutions: revenues comprise commissions received from clients and affiliates, financial income from the investment of surplus cash generated by the activity, and profits from vouchers and cards not reimbursed.

In accordance with IAS 18, revenues are measured at the fair value of the consideration received or to be received, net of discounts and rebates and value added tax (VAT) and other taxes. Revenues are recognized when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. No income is recognized if there is significant uncertainty about recoverability of the costs incurred or to be incurred in meeting the service obligation.

Foodservices and other on-site services revenues are recognized when the service is rendered.

2.22.3 Income tax expense

In connection with the introduction of the *Contribution Économique Territoriale* (CET – "Local Economic Contribution" replacing the former professional tax) under the 2010 Finance Bill in France, which applies to French subsidiaries, the Group 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 paid).

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 as an integral component of treasury management.

3. OPERATING SEGMENTS

As of August 31, 2011, the Group's activities are monitored by the chief operating decision maker as follows: On-site Service Solutions, and Motivation Solutions. On-site Service Solutions is further segmented by geographic region:

- North America;
- Continental Europe;
- United Kingdom and Ireland;
- Rest of the World.

The geographic regions of On-site Service Solutions and Motivation Solutions constitute the Group's primary operating segments.

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

3.1 By operating activity

	On-site Service Solutions								
Fiscal 2011 *(in millions of euro)*	**North America**	**Continental Europe**	**United Kingdom and Ireland**	**Rest of the World**	**Total**	**Motivation Solutions**	**Corporate expenses**	**Elimination**	**Total**
Revenues (third-party)	6,005	5,473	1,245	2,624	15,347	700			16,047
Inter-segment sales (Group)						17		(17)	0
TOTAL	**6,005**	**5,473**	**1,245**	**2,624**	**15,347**	**717**		**(17)**	**16,047**
Segment operating profit	304	247	59	84	694	262	(89)	(17)	850
Share of profit of associates	1	2	3	9	15				15
Net financing costs									(179)
Income tax expense									(250)
Non-controlling interests									310
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									**126**
Depreciation/amortization of tangible and intangible	48	101	26	33	208	25	14		247

assets								
Other non-cash items	6	3	1	2	12	1	4	17

Fiscal 2010 *(in millions of euro)*	On-site Service Solutions North America	 Continental Europe	 United Kingdom and Ireland	 Rest of the World	 Total	Motivation Solutions	Corporate expenses	Eliminations	Total
Revenues (third-party)	5,850	5,289	1,252	2,194	14,585	645			15,230
Inter-segment sales (Group)						18		(18)	0
TOTAL	**5,850**	**5,289**	**1,252**	**2,194**	**14,585**	**663**		**(18)**	**15,230**
Segment operating profit	281	233	57	70	641	215	(68)	(18)	770
Share of profit of associates	1	1	6	6	14				14
Net financing costs									(188)
Income tax expense									(205)
Non-controlling interests									287
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									**105**
Depreciation/amortization of tangible and intangible assets	54	96	20	32	202	25	13		240
Other non-cash items	5	2	1	1	9	1	(1)		9

3.2 By significant country

The Group's operations are spread across 80 countries, three of which have significant revenues: France (the country of domicile), the United States and the United Kingdom. Revenues and non-current assets in these countries are stated below:

As of and for the year ended August 31, 2011 *(in millions of euro)*	France	United States	United Kingdom	Others	Total
Revenues (third-party)	2,684	5,676	1,227	6,460	16,047
Non-current assets (1)	1,048	2,375	705	1,588	5,716

As of and for the year ended August 31, 2010 *(in millions of euro)*	France	United States	United Kingdom	Others	Total
Revenues (third-party)	2,645	5,543	1,223	5,819	15,230
Non-current assets (1)	1,054	2,685	744	1,643	6,126

(1) Excluding financial assets and deferred tax assets

4. NOTES TO THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2011

4.1 Operating expenses by nature

(in millions of euro)	**Fiscal 2011**	**Fiscal 2010**
Depreciation, amortization and impairment losses	(229)	(246)
Employee costs		
• Wages and salaries	(5,745)	(5,459)
• Other employee costs (1)	(1,681)	(1,662)
Purchases of consumables and change in inventory	(5,106)	(4,822)
Other operating expenses (2)	(2,436)	(2,271)
TOTAL	**(15,197)**	**(14,460)**

(1) Primarily payroll taxes, but also including costs associated with defined-benefit plans (note 4.17), defined contribution plans (note 4.17), and stock options (note 4.22).

(2) Other operating expenses mainly include operating lease expenses (331 million euro for Fiscal 2011 and 303 million euro for Fiscal 2010), fees, other purchases of consumables, other sub-contracting costs and travel expenses.

By function	**Fiscal 2011**	**Fiscal 2010**
Cost of sales	(13,529)	(12,846)
Sales department costs	(242)	(226)
General and administrative costs	(1,411)	(1,359)
Other operating income	10	12
Other operating expenses (1)	(25)	(41)
TOTAL	**(15,197)**	**(14,460)**

(1) Primarily amortization expense and impairment charges related to client relationships and trademarks.

4.2 Finance income and expense

(in millions of euro)	**Fiscal 2011**	**Fiscal 2010**
Gross borrowing cost(1)	(175)	(176)
Interest income from short-term bank deposits and equivalent	12	7
Net borrowing cost	**(163)**	**(169)**
Interest income from loans and receivables at amortized cost	5	5
Other interest income		15
Other interest expense	(5)	(6)
Net foreign exchange (losses)/gains	(4)	(2)
Net impairment (losses)/reversals	1	(16)
Expected return on defined-benefit plan assets	39	34
Interest cost on defined-benefit plan obligation	(35)	(36)
Foreign-exchange adjustment for hyperinflation	(5)	(5)
Change in fair value of derivative financial instruments not qualified for hedge accounting	(6)	
Other	(6)	(8)
Net financing costs	**(179)**	**(188)**
Interest income component	**57**	**61**
Financial expense component	**(236)**	**(249)**

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

4.3 Income tax expense

Income tax rate reconciliation

(in millions of euro)	**Fiscal 2011**	**Fiscal 2010**
Profit for the period before tax	686	596
Share of profit of companies consolidated by the equity method	(15)	(14)
Accounting profit before tax	**671**	**582**
Tax rate applicable to the Group	34.43%	34.43 %
Theoretical income tax expense	**(231)**	**(200)**
Effect of jurisdictional tax rate differences	25	24
Permanently non-deductible expenses or non-taxable income	(3)	(3)
Other tax repayments/(charges), net(1)	(17)	(22)
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	6	20
Tax loss carry-forwards arising during the period but not recognized as a deferred tax asset	(19)	(18)
Actual income tax expense	**(239)**	**(199)**
Withholding taxes	(11)	(6)
TOTAL INCOME TAX EXPENSE	**(250)**	**(205)**

(1) Other tax payments include the recognition of the CVAE in income tax expense.

Components of income tax expense

(in millions of euro)	**Fiscal 2011**	**Fiscal 2010**
Current income taxes	(243)	(221)
Adjustments to current income tax payable in respect of prior periods	(1)	(3)
Provision for tax exposures	4	(5)
Tax credits, tax losses and temporary difference carry-forwards utilized	15	10
Sub-total: current income taxes	**(225)**	**(219)**
Deferred taxes on temporary differences arising or reversing during the period	(21)	3
Deferred taxes on changes in tax rates or liability for taxes at new rates	(1)	1
Tax credits and tax losses utilized	8	16
Sub-total: deferred taxes	**(14)**	**20**
ACTUAL INCOME TAX EXPENSE	**(239)**	**(199)**

An accrual of 3 million euro was recorded in the consolidated financial statements as of the balance sheet date to cover withholding taxes on dividends receivable.

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, has increased from 35.2% as of August 31, 2010 to 37.2% as of August 31, 2011.

4.4 Property, plant and equipment

4.4.1 Analysis of property, plant and equipment

The tables below include assets held under finance leases.

(in millions of euro)	**Land and Buildings**	**Plant and equipment**	**Construction in progress and other**	**Total**
Carrying amount – August 31, 2009	**72**	**369**	**79**	**520**
Increases during the fiscal year	4	123	57	184
Decreases during the fiscal year	(2)	(19)	(5)	(26)
Assets classified as held for sale				
Newly consolidated companies		2	1	3
Newly deconsolidated companies				
Depreciation expense	(9)	(142)	(23)	(174)
Impairment losses recognized in profit or loss		(3)		(3)
Impairment losses reversed in profit or loss				
Translation adjustment	2	18	5	25
Other	2	23	(23)	2
Carrying amount – August 31, 2010	**69**	**371**	**91**	**531**
Increases during the fiscal year	9	177	8	194
Decreases during the fiscal year	(1)	(16)	(1)	(18)
Assets classified as held for sale				
Newly consolidated companies				
Newly deconsolidated companies				
Depreciation expense	(9)	(150)	(14)	(173)
Impairment losses recognized in profit or loss	(1)	(1)	(2)	(4)
Impairment losses reversed in profit or loss		2		2
Translation adjustment	(1)	(12)	(5)	(18)
Other	3	4	(8)	(1)
Carrying amount – August 31, 2011	**69**	**375**	**69**	**513**

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Cost	1,483	1,499
Accumulated depreciation and impairment	(970)	(968)
Carrying amount	**513**	**531**

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 *(in millions of euro)*	**Buildings**	**Plant and equipment**	**Construction in progress and other**	**Total**
August 31, 2009	14	59	5	78
August 31, 2010	11	53	4	68
August 31, 2011	8	45	2	55

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Cost	159	194
Accumulated depreciation and impairment	(104)	(126)

Carrying amount	55	68

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

4.5 Goodwill

(in millions of euro)		August 31, 2010	Additions during the period	Dispositions during the period	Translation adjustment	Other	August 31, 2011
On-site Service Solutions North America	Gross	2,275			(278)		1,997
	Impairment						
On-site Service Solutions United Kingdom and Ireland	Gross	561			(38)		523
	Impairment						
On-site Service Solutions Continental Europe	Gross	952			3	(1)	954
	Impairment						
On-site Service Solutions Rest of the World	Gross	226			(16)		210
	Impairment						
Motivation Solutions	Gross	620			(21)		599
	Impairment	(2)					(2)
Sodexo	Gross	206					206
	Impairment						
Other	Gross	2					2
	Impairment						
TOTAL	**GROSS**	**4,842**			(350)	(1)	4,491
	IMPAIRMENT	**(2)**					(2)

No significant acquisition was made in Fiscal 2011.

(in millions of euro)		August 31, 2009	Additions during the period	Dispositions during the period	Translation adjustment	Other	August 31, 2010
On-site Service Solutions North America	Gross	2,026			253	(4)	2,275
	Impairment						
On-site Service Solutions United Kingdom and Ireland	Gross	525			36		561
	Impairment						
On-site Service Solutions Continental Europe	Gross	941	2		10	(1)	952
	Impairment						
On-site Service Solutions Rest of the World	Gross	193	2		31		226
	Impairment						
Motivation Solutions	Gross	541	1		78		620
	Impairment	(2)					(2)
Sodexo	Gross	206					206
	Impairment						
Other	Gross	2					2
	Impairment						
TOTAL	**GROSS**	**4,434**	**5**		**408**	**(5)**	**4,842**
	IMPAIRMENT	**(2)**					**(2)**

No significant acquisition was made in Fiscal 2010.

4.6 Intangible assets

The tables below show movements in intangible assets during Fiscal 2010 and Fiscal 2011.

(in millions of euro)	Licenses and software	Other intangible assets	Total
Carrying amount – August 31, 2009	**76**	**316**	**392**
Increases during the fiscal year	45	115	160
Decreases during the fiscal year	(5)		(5)
Newly consolidated companies			
Assets classified as held for sale			
Newly deconsolidated companies			
Amortization expense	(28)	(27)	(55)
Impairment losses recognized in profit or loss		(8)	(8)
Impairment losses reversed in profit or loss			
Translation adjustment	4	33	37
Other	2	4	6
Carrying amount – August 31, 2010	**94**	**433**	**527**
Increases during the fiscal year	34	27	61
Decreases during the fiscal year	0	(2)	(2)
Newly consolidated companies			
Assets classified as held for sale			
Newly deconsolidated companies			
Amortization expense	(33)	(36)	(69)
Impairment losses recognized in profit or loss		(5)	(5)
Impairment losses reversed in profit or loss		5	5
Translation adjustment	(4)	(21)	(25)
Other	1	(1)	0
Carrying amount – August 31, 2011	**92**	**400**	**492**

(in millions of euro)	August 31, 2011	August 31, 2010
Cost	812	801
Accumulated amortization and impairment	(320)	(274)
Carrying amount	**492**	**527**

Amortization 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 selling costs, except for the amortization of client relationship and brand intangible assets, which is recognized in “Other operating expenses”.

4.7 Client investments

(in millions of euro)	Fiscal 2011	Fiscal 2010
Carrying amount – September 1	228	186
Increases during the period	69	64
Decreases during the period	(48)	(44)
Translation adjustment	(27)	25
Other		(3)
Carrying amount – August 31	**222**	**228**

4.8 Companies consolidated by the equity method

When the Group is legally obligated to pay on behalf of companies consolidated by the equity method, provision is made under liabilities in the balance sheet for its share in the negative shareholders' equity of the said companies (see note 4.18). Changes in the Group's share of the net assets of its associates in Fiscal 2010 and Fiscal 2011 are shown below:

(in millions of euro)	**August 31, 2010**		**Profit/(loss)**	**Dividend**	**Changes in**			**August 31, 2011**	
	Positive amounts	**Negative amounts**	**for the period**	**paid for the period**	**scope of consolidation**	**Other movements(1)**	**Translation adjustment**	**Positive amounts**	**Negative amounts**
Doyon Universal Services	16.0		1.0	(0.8)			(2.0)	14.2	
BAS	7.2		3.0	(2.0)			(0.4)	7.8	
NANA	12.4		1.1	(1.5)		0.6	(1.5)	11.1	
SERCO Sodexo Defense Services	8.2		5.0	(4.1)			0.5	9.6	
Catalyst Healthcare (Manchester) Holdings Ltd	3.9		(0.3)	(1.2)			(0.3)	2.1	
Groupe Crèches Attitude	13.7		0.7	(0.5)		0.2	0.0	14.1	
Zehnacker	4.3		1.1	(1.2)		0.2	0.0	4.4	
South Manchester Healthcare (Holdings) Ltd	1.0		1.2	(0.4)		0.5	(0.1)	2.2	
Agecroft Prison Management Ltd		(2.7)	0.1	0.0		0.0	0.1		(2.5)
Catalyst Healthcare (Roehampton) Holdings Ltd		(5.2)	0.3	0.0		(0.4)	0.4		(4.9)
Ashford Prison Services Holdings Ltd		(3.6)	0.2	0.0		0.2	0.2		(3.0)
HpC King's College Hospital (Holdings) Ltd		(2.3)	0.7	0.0		0.0	0.1		(1.5)
Addiewell Prison (Holdings) Ltd		(4.0)	0.5	(0.6)		0.3	0.3		(3.5)
Enterprise Healthcare Ltd		(1.3)	0.1	0.0		(0.1)	0.1		(1.2)
Peterborough Prison Mgt		(3.9)	0.3	(0.2)		0.2	0.3		(3.3)
Other	4.6	(0.5)	0.2	(0.6)		0.0	(0.2)	4.9	(1.4)
TOTAL	**71.3**	**(23.5)**	**15.2**	**(13.1)**		**1.7**	**(2.5)**	**70.4**	**(21.3)**

(1) Including fair value of derivative financial instrument hedges (note 4.16).

(in millions of euro)	**August 31, 2009** Positive amounts	**August 31, 2009** Negative amounts	**Profit/(loss)** for the period	**Dividend paid for the period**	**Changes in scope of consolidation**	**Other movements(1)**	**Translation adjustment**	**August 31, 2010** Positive amounts	**August 31, 2010** Negative amounts
Doyon Universal Services	13.9		0.9	(0.6)			1.8	16.0	
BAS	6.3		1.4	(1.9)			1.4	7.2	
NANA	10.7		1.1	(1.4)		0.6	1.4	12.4	
SERCO Sodexo Defense Services	4.0		3.2				1.0	8.2	
Catalyst Healthcare (Manchester) Holdings Ltd	4.3		1.4	(2.1)			0.3	3.9	
Groupe Crèches Attitude					13.7			13.7	
Agecroft Prison Management Ltd		(2.5)					(0.2)		(2.7)
Catalyst Healthcare (Roehampton) Holdings Ltd		(2.9)	0.2			(2.2)	(0.3)		(5.2)
Ashford Prison Services Holdings Ltd		(2.1)	0.1			(1.4)	(0.2)		(3.6)
HpC King's College Hospital (Holdings) Ltd		(2.1)	(0.1)				(0.1)		(2.3)
Addiewell Prison (Holdings) Ltd		(2.0)	0.4			(2.2)	(0.2)		(4.0)
Enterprise Healthcare Ltd		(0.9)	(0.1)			(0.3)			(1.3)
Peterborough Prison Mgt		(1.9)	0.3	(0.2)		(1.9)	(0.2)		(3.9)
Other	8.3	(0.1)	5.6	(3.0)	(0.2)	(1.3)	0.1	9.9	(0.5)
TOTAL	**47.5**	**(14.5)**	**14.4**	**(9.2)**	**13.5**	**(8.7)**	**4.8**	**71.3**	**(23.5)**

(1) Including fair value of derivative financial instrument hedges (note 4.16).

The table below provides key financial data for the Group's principal associates *(in millions of euro, based on financial statements adjusted for the purposes of consolidation by the Group; figures are for the associate as a whole, rather than the Group's percentage interest)*:

(in millions of euro)	**Country of operations**	**% interest**	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Profit/(loss) for the period**
RMPA Holdings Ltd*	UK	14 %	670	673	(3)	30	(6)
Catalyst Healthcare (Manchester) Holdings Ltd*	UK	25 %	539	524	14	40	(1)
Healthcare Support (North Staffs) Holdings Ltd*	UK	25 %	430	424	6	94	1
Catalyst Healthcare (Romford) Holdings Ltd*	UK	25 %	330	331	(1)	45	(2)
BAS (Chili)*	Chile	33.33 %	131	107	23	29	9
Addiewell Prison (Holdings) Ltd*	UK	33.33 %	128	139	(10)	25	2
HpC King's College Hospital (Holdings) Ltd*	UK	25 %	116	127	(11)	22	(2)
Catalyst Healthcare (Roehampton) Holdings Ltd*	UK	25 %	108	128	(20)	11	1
Peterborough Prison Management Holdings Ltd*	UK	33.33 %	107	117	(10)	30	1
South Manchester Healthcare (Holdings) Ltd*	UK	25 %	103	94	9	26	5
Mercia Healthcare (Holdings) Ltd*	UK	25 %	97	94	3	14	3
Ashford Prison Services Holdings Ltd*	UK	33.33 %	78	87	(9)	26	1
Enterprise Healthcare Holdings Ltd*	UK	10 %	57	69	(12)	16	1
Serco Sodexo Defence Services PTY	Australia	50 %	55	35	19	195	10
Pinnacle Schools (Fife) Holdings Ltd*	UK	10 %	50	48	3	4	1
NANA (Sodexo, Inc.)	USA	43.6 %	49	23	26	139	4
Agecroft Prison Management Ltd*	UK	50 %	49	54	(5)	40	(0)

* *Project companies established in connection with Public-Private Partnership (PPP) contracts (see note 2.3.2.).*

4.9 Impairment of assets

Impairments of 22 million euro and 20 million euro were recognized on tangible and intangible assets as of August 31, 2011 and 2010 respectively. The charge for the year was 2 million euro (11 million euro for Fiscal 2010).

Assets with indefinite useful lives were tested for impairment as of August 31, 2011 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:

	2011		2010	
Economic region	Discount rate(1)	Long-term growth rate(2)	Discount rate(1)	Long-term growth rate(2)
Continental Europe (1)	9.3% to 11.3%	2%	8.8%	2.0%
North America	9.3%	2.5%	8.8%	2.5%
United Kingdom	9.3%	3.6%	8.8%	3.3%
Rest of World (1)	11.8%	3.2% to 3.7%	11.8%	3.5% to 5.5%

(1) The discount rate defined by the Group has been increased for certain regions to allow for greater risk factors affecting certain countries.

(2) The long-term growth rate serves to extrapolate the terminal value based on year-3 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.

This analysis demonstrated that a 2% increase in the discount rate could lead to impairment of the assets of the North America CGU. A 2.5% decrease in the growth rate could also lead to impairment of the assets of the United Kingdom CGU.

For the other CGUs, analysis of sensitivity to a change in the discount rate did not reveal any probable scenario in which the recoverable value of a CGU would fall below its carrying value.

4.10 Financial assets

4.10.1 Non-current financial assets

(in millions of euro)	August 31, 2011	August 31, 2010
Available-for-sale financial assets		
Investments in non-consolidated companies		
Cost	5	6
Impairment	(1)	(1)
Carrying amount	**4**	**5**
Loans and receivables		
Receivables from investees		
Cost	46	49
Impairment	(1)	(1)
Carrying amount	**45**	**48**
Loans and deposits		
Cost	33	74
Impairment	0	(17)
Carrying amount	**33**	**57**
Financial assets at fair value through profit and loss		
Other financial assets at fair value		
TOTAL NON-CURRENT FINANCIAL ASSETS	**82**	**110**
Cost	84	129
Impairment	(2)	(19)
Carrying amount	**82**	**110**

4.10.2 Current financial assets

Current ***(in millions of euro)***	August 31, 2011	August 31, 2010
Available-for-sale financial assets		
Restricted cash and other financial assets: Motivation Solutions activity		
Cost	622	578
Impairment		

Carrying amount	**622**	**578**
Loans and receivables		
Loans and deposits		
Cost	10	6
Impairment	(1)	
Carrying amount	**9**	**6**
TOTAL CURRENT FINANCIAL ASSETS	**631**	**584**
Cost	632	584
Impairment	(1)	
Carrying amount	**631**	**584**

Restricted cash, included in "Restricted cash and financial assets: Motivation Solutions activity", amounts to 389 million euro. The main components of this figure are funds set aside to comply with regulations governing the issuance of service vouchers in France (236 million euro), India (70 million euro), and Romania (30 million euro); guarantee funds for affiliates in Mexico (4 million euro); and contractual guarantees given to public-sector clients in Venezuela (19 million euro).

4.10.3 Changes in current and non-current financial assets

(Carrying value in millions of euro)	**August 31, 2010**	**Increase/(decrease) during the period**	**Impairment**	**Change in scope of consolidation**	**Change in fair value**	**Translation adjustment and other items**	**August 31, 2011**
Available-for-sale financial assets	582	64				(20)	626
Loans and deposits	112	(20)	2			(7)	87
Financial assets at fair value through profit and loss	0						0
TOTAL	**694**	**44**	**2**			**(27)**	**713**

(Carrying value in millions of euro)	**August 31, 2009**	**Increase/ (decrease) during the period**	**Impairment**	**Change in scope of consolidation**	**Change in fair value**	**Translation adjustment and other items**	**August 31, 2010**
Available-for-sale financial assets	603	(12)				(9)	582
Loans and deposits	93	27	(15)			7	112
Financial assets at fair value through profit and loss	0						0
TOTAL	**696**	**15**	(15)			**(2)**	**694**

Changes in fair value of available-for-sale financial assets were recognized in other comprehensive income during Fiscal 2010 and Fiscal 2011 and the amounts were negligible.

4.10.4 Details of impairment recognized in financial assets

	August 31, 2010	**Impairment**	**Releases**	**Change in scope of consolidation**	**Translation adjustment and other items**	**August 31, 2011**
Available-for-sale financial assets	1					1
Loans and deposits	18		(2)		(14)	2
TOTAL	**19**		**(2)**		**(14)**	**3**

	August 31, 2009	**Impairment**	**Releases**	**Change in scope of consolidation**	**Translation adjustment and other items**	**August 31, 2010**
Available-for-sale financial assets	1					1
Loans and deposits	2	15			1	18
TOTAL	**3**	**15**			**1**	**19**

4.11 Inventories

(in millions of euro)	**August 31,**	**Increase/(decrease)**	**Change in scope**	**Translation**	**August 31,**

	2010	during the period	of consolidation	adjustment and other items	2011
Cost	237	33	(1)	(14)	255
Impairment	(2)	(1)			(3)
Carrying amount	**235**	**32**	**(1)**	**(14)**	**252**

(in millions of euro)	August 31, 2009	Increase/(decrease) during the period	Change in scope of consolidation	Translation adjustment and other items	August 31, 2010
Cost	206	12	2	17	237
Impairment	(2)				(2)
Carrying amount	**204**	**12**	**2**	**17**	**235**

Inventories mainly comprise food and other high-throughput consumables. Changes in inventories are included in cost of sales, Sales Department costs or general and administrative costs, depending on the nature of the inventory.

No inventories are pledged as collateral for a liability.

4.12 Trade and other receivables

(in millions of euro)	Gross amount as of August 31, 2011	Allowance as of August 31, 2011	Carrying amount as of August 31, 2011	Gross amount as of August 31, 2010	Allowance as of August 31, 2010	Carrying amount as of August 31, 2010
Other non-current assets	14	0	14	14		14
Total other non-current assets	**14**	**0**	**14**	**14**		**14**
Advances to suppliers	5	0	5	17		17
Trade receivables	2,868	(89)	2,779	2,778	(105)	2,673
Other operating receivables	223	(6)	217	241	(6)	235
Prepaid expenses	133	0	133	99		99
Non-operating receivables	7	0	7	8		8
Assets held for sale	1	0	1	1		1
TOTAL TRADE AND OTHER RECEIVABLES	**3,237**	**(95)**	**3,142**	**3,144**	**(111)**	**3,033**

The maturities of trade receivables as of August 31, 2010 and August 31, 2011 respectively were as follows:

	2011		2010	
Breakdown of trade receivables due as of August 31:	**Gross amount**	**Allowance**	**Gross amount**	**Allowance**
Less than 3 months due	482	(5)	444	(13)
More than 3 months and less than 6 months due	131	(10)	108	(9)
More than 6 months and less than 12 months due	35	(7)	30	(6)
More than 12 months due	72	(46)	77	(51)
TOTAL TRADE RECEIVABLES DUE	**720**	**(68)**	**659**	**(79)**
TOTAL TRADE RECEIVABLES NOT YET DUE	**2,148**	**(21)**	**2,119**	**(26)**
TOTAL TRADE RECEIVABLES	**2,868**	**(89)**	**2,778**	**(105)**

During the fiscal years presented, the Group was not affected by any significant change resulting from impacts of 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 depreciated.

4.13 Cash and cash equivalents

(in millions of euro)	August 31, 2011	August 31, 2010
Marketable securities	447	449
Cash	1,018	1,144
Sub-total: cash and cash equivalents	**1,465**	**1,593**

Bank overdrafts	(23)	(59)
NET CASH AND CASH EQUIVALENTS	**1,442**	**1,534**

Marketable securities, totaling 447 million euro at August 31, 2011 and 449 million euro as of August 31, 2010, comprised:

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Short-term notes	323	268
Term deposits	98	118
Listed bonds	6	12
Mutual funds and other	20	51
Total marketable securities	**447**	**449**

Nearly 85% of the Group's cash, together with the restricted cash and financial assets of the Motivation Solutions segment, is held with A1 or A2-rated financial institutions.

4.14 Statement of changes in shareholders' equity

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

(in millions of euro)	Available-for-sale financial assets	Cash Flow Hedges	Actuarial adjustments and other	Currency translation adjustments	Total other items recognized in OCI (Group share)
Shareholders' equity as of August 31, 2009	**0**	**(7)**		**(159)**	**(166)**
(Decrease) increase during the year, pre-tax		(4)	(21)	116	91
Income tax benefit (expense)		1[(1)]	6		7
(Decrease) increase during the year, net of tax		(3)	(15)	116	98
Shareholders' equity as of August 31, 2010	**0**	**(10)**	**(15)**	**(43)**	**(68)**
Increase (decrease) during the year, pre-tax		5	12	(107)	(90)
Income tax benefit (expense)		(2)	(3)		(5)
Increase (decrease) during the year, net of tax		3	9	(107)	(95)
Shareholders' equity as of August 31, 2011		**(7)**	**(6)**	**(150)**	**(163)**

(1) Including deferred 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 Statement of Comprehensive Income.

4.15 Borrowings

(in millions of euro)	August 31, 2011		August 31, 2010	
	Current	Non-current	Current	Non-current
Bond issues				
Euro	43	1,385	43	1,386
Bank borrowings [(1)]				
US dollar	17	760	10	686
Brazilian real	51	46	55	95
Euro	605	73	179	865
Other currencies	3	0	6	
	676	**879**	**250**	**1,646**
Finance lease obligations				
US dollar	0	0		
Brazilian real	1	0	2	1
Euro	7	18	9	25
Other currencies	11	21	9	24
	19	**39**	**20**	**50**
Other borrowings [(2)]				
Euro	12	24	3	33
Other currencies	6	5	3	9
	18	**29**	**6**	**42**
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**756**	**2,332**	**319**	**3,124**
Net fair value of financial instruments [(3)]	10	1		**24**
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**766**	**2,333**	**319**	**3,148**

(1) Including the proceeds of the two private bond placements with U.S. private investors (respectively USD 500 million and USD 600 million).

(2) Including 34 million euro corresponding to liabilities recognized in connection with the commitments to repurchase the minority interests in certain subsidiaries.

(3) Described in note 4.16.

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

4.15.1 Bond issues

	August 31,2010	Increases	Repayments	Discounting effects and other	Translation adjustment	August 31,2011
2007 bond issue – €500 million						
Principal	500					500
Debt issuance costs	(1)					(1)
Accrued interest	10					10
TOTAL	**509**					**509**
Effective rate	*4.55 %*					*4.55 %*
2009 bond issue - €880 million						
Principal	880					880
Debt issuance costs and issue premium	8			(1)		7
Accrued interest	32					32
TOTAL	**920**			**(1)**		**919**
Effective rate	5.97 %					5.97 %
TOTAL	**1,429**			**(1)**		**1,428**

	August 31, 2009	Increases	Repayments	Discounting effects and other	Translation adjustment	August 31, 2010
2007 bond issue – €500 million						
Principal	500					500
Debt issuance costs	(1)					(1)
Accrued interest	9			1		10
TOTAL	**508**			**1**		**509**
Effective rate	*4.55 %*					*4.55 %*
2009 bond issue – €880 million						
Principal	880					880
Debt issuance costs and issue premium	9			(1)		8
Accrued interest	33			(1)		32
TOTAL	**922**			**(2)**		**920**
Effective rate	5.97 %					5.97 %
TOTAL	**1,430**			**(1)**		**1,429**

500 million euro bond issue

On March 30, 2007, Sodexo issued bonds for 500 million euro, redeemable at par on March 28, 2014. The bonds bear interest at an annual rate of 4.50%, payable annually on March 28.

880 million euro bond issue

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 bringing the face value to 880 million euro. After the additional bonds, these bonds bear an average effective interest rate of 5.97%

Neither of these two bond issues is subject to financial covenants.

4.15.2 Other borrowings from financial institutions

Loan agreement with the CNCEP

On June 15, 2004, Bellon SA entered into a loan agreement for 413 million euros with the CNCEP. The loan has a fixed term through July 4, 2012 and pays interest annually at a rate of 4.78%.

Interest is payable as follows:

- An amount of 14 million euro is payable in arrears as of each annual maturity date. This amount is calculated at an interest rate of 3.5%
- Interest related to the difference between the 4.78% and 3.5% rates is capitalized and will be payable at the time of reimbursement of the principal on July 4, 2012.

As of August 31, 2011, Bellon SA's CNCEP borrowings totalled:

- Principal	413
- Capitalized interest	46
- Interest payable	3
TOTAL	462

Loan for 160 million euros with Calyon

On April 12, 2005, Bellon SA entered into a loan agreement with Calyon for 160 million euros. This loan, which pays interest annually at a rate of 5.15%, matured on April 12, 2011 and was repaid during the fiscal year.

Loan for 70 million euros with Calyon

On July 23, 2007, Bellon SA entered into a loan agreement with Calyon for 70 million euros. This loan matures on July 31, 2014 and pays interest annually at a rate of 5.49%.

Equity linked swap with Socité Générale

On August 29, 2007, Bellon SA entered into a contract with Société Générale for an equity linked swap for a notional amount of 70 million euros. This financing matures on August 31, 2012 and pays interest based on the 3 month EURIBOR rate plus a margin of 45 basis points. An interest rate swap was entered into as of the same date. The fixed interest rate is 4.429%.

Equity linked swap with CACIB

On April 12, 2011, Bellon SA entered into with CACIB an Equity Linked Swap (ELS) agreement (forward sale of Sodexo shares with a swap exchanging changes in interest rates for changes in Sodexo share prices) for an initial amount of 40 million euro with a maturity date of June 30, 2011. On this date, the financing amount was increased to 70 million euro with a maturity date of December 31, 2011. This financing pays interest at the 3 month EURIBOR rate plus a margin of between 55 basis points and 85 basis points.

The various loans contracted by Bellon SA have the following covenants:

The credit agreement signed in 2004 with the Caisse Nationale des Caisses d'Epargne et de Prévoyance (CNCEP), the loan agreement signed in 2007 with Calyon as well as the Equity Linked Swap agreement signed with Société Générale in 2007 and the Equity Linked Swap agreement signed with CACIB in 2011 all contain terms that are customary for loans of this nature made to a holding company. These conditions mainly include the following:

- control of the company Bellon SA by Mr. Pierre Bellon and his children, who must hold more than half the capital and voting rights of the company (agreements with CNCEP, Société Générale, Calyon and CACIB)
- the level of Bellon SA's investment in Sodexo should not be less than 33.34% of voting rights (all bank agreements)
- Bellon SA's assets must include:
    - a minimum of 80% of Sodexo shares or shares of subsidiaries controlled by Sodexo or jointly by Sodexo and Bellon SA (CNCEP agreement)
    - 90% Sodexo shares (agreements with Société Générale and Calyon)
- the ratio of net financial debt to total assets (excluding cash) should not exceed 90% (CNCEP)
- the ratio of revaluated assets to net financial debt must be higher than 1.25 as of August 31 and December 31 of each year (Société Générale, Calyon and CACIB contracts)
- the ratio "dividends to net financial expenses" should be higher than 1 each year (Société Générale and Calyon contracts)
- total borrowings should be lower than 1.1 billion euro at any point in time (Société Générale, Calyon and CACIB contrats)

- Bellon SA must not propose a tender offer on all or part of its Sodexo shares without exercising its voluntary reimbursement right (CNCEP)
- Sodexo's rating should not be lower than BBB-

As of August 31, 2011 Bellon SA was in compliance with its covenants.

April 2005 multi-currency revolving credit facility

On April 29, 2005, Sodexo and Sodexo, Inc. contracted a multi-currency revolving credit facility of up to 460 million euro plus 700 million U.S. dollars, the maturity of which had been extended until April 26, 2012. As of August 31, 2010, 370 million U.S. dollars (292 million euro) and 265 million euro had been drawn.

On July 20, 2011, Sodexo SA and Sodexo, Inc. cancelled this credit facility prior to its maturity date.

July 2011 multicurrency confirmed credit facility

On July 18, 2011, Sodexo SA contracted a multicurrency confirmed credit facility of up to 600 million euro plus 800 million U.S. dollars. This facility matures on July 18, 2016, but the maturity may be extended at the request of Sodexo (subject to consent from the lenders) until July 2017 and subsequently until July 2018. Drawings on this facility will be subject to floating rate interest indexed on LIBOR and EURIBOR. There are no financial covenants attached to this credit facility.

This facility was unutilized as of August 31, 2011 and is therefore fully available.

Loans for 500 million U.S. dollars and 600 million U.S. dollars

On September 29, 2008, Sodexo SA borrowed 500 million U.S. dollars at a fixed rate of interest from U.S. investors.

This financing was structured in three tranches:

- 140 million U.S. dollars at a fixed rate of 5.69% and redeemable in September 2013;
- 290 million U.S. dollars at a fixed rate of 5.99% and redeemable in September 2015;
- 70 million U.S. dollars at a fixed rate of 6.43% and redeemable in September 2018.

On March 29, 2011, Sodexo SA borrowed 600 million U.S. dollars at a fixed rate of interest from U.S. investors.

This financing is structured in three tranches:

- 250 million U.S. dollars at a fixed rate of 4.24% and redeemable in March 2018;
- 225 million U.S. dollars at a fixed rate of 4.85% and redeemable in March 2021;
- 125 million U.S. dollars at a fixed rate of 4.95% and redeemable in March 2023.

These two 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.

The Sodexo Group was compliant with these covenants as of August 31, 2011.

Borrowings in Brazilian real

In order to finance its acquisition of the VR group in Brazil in 2008, Sodexo SA contracted two fixed rate loans in Brazilian real for an amount of 318 million real, to be reimbursed over five years, with a final maturity in April 2013. Given the repayments made during the period, these loans amounted to 212 million reals (92 million euro) as of August 31, 2011. These two loans are not subject to any financial covenants.

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, 2011, more than 90% of the Group's borrowings were at fixed rate and the average rate of interest as of the same date was 5.4%.

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.

4.15.3 Maturity of borrowings

August 31, 2011 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	0	32	11	1,385	0	1,428
Bank borrowings*	49	70	557	414	465	1,555
Finance lease obligations	2	1	16	35	4	58
Other borrowings	3	1	14	28	1	47
TOTAL	**54**	**104**	**598**	**1,862**	**470**	**3,088**

* *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, 2011 Undiscounted contractual maturities, including payment of future interest not yet due	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1 – 5 years	More than 5 years	Total
Bond issues	0	55	24	1,595	0	1,674
Bank borrowings	55	70	584	569	553	1,831
Finance lease obligations	3	2	17	40	4	66
Other borrowings	3	1	16	32	1	53
Impact of derivative financial instruments excluding those related to the PPP companies (note 4.16)	3	3	2	3	0	11
TOTAL	**64**	**131**	**643**	**2,239**	**558**	**3,635**

August 31, 2010 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		32	11	1,386		1,429
Bank borrowings*	51	3	196	1,357	289	1,896
Finance lease obligations	2	2	16	44	6	70
Other borrowings	3		3	41	1	48
TOTAL	**56**	**37**	**226**	**2,828**	**296**	**3,443**

* *Excluding the impact of derivative financial instruments described in 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, 2010 Undiscounted contractual maturities, including payment of future interest not yet due	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1 – 5 years	More than 5 years	Total
Bond issues		54	23	1,674		1,751
Bank borrowings	58	6	217	1,536	301	2,118
Finance lease obligations	3	3	17	50	7	80
Other borrowings	3		6	50	1	60
Impact of derivative financial instruments excluding those related to the PPP companies (note 4.16)			3	5		8
TOTAL	**64**	**63**	**266**	**3,315**	**309**	**4,017**

4.16 Financial instruments

Derivative financial instruments *(in millions of euro)*	IFRS classification	August 31, 2011 Fair value	Notional amount	Face value	August 31, 2010 Fair value	Notional amount	Face value
Derivative financial instruments – asset position		**2**			**6**		
Currency instruments	*Trading*	*2*		*6*	*6*		*15*
Interest rate instruments	*Cash Flow Hedge*						
Derivative financial instruments – liability position		**13**			**30**		
Currency instruments	*Trading*	*6*		*21*	*10*		*43*
Currency instruments	*Cash Flow Hedge*	*1*		*(6)*	*1*		*(23)*
Interest rate instruments	*Trading*	*6*	*326*		*5*	*70*	
Interest rate instruments	*Cash Flow Hedge*				*14*	*292*	
Net derivative financial instruments		**(11)**	**(326)**	**(9)**	**(24)**	**(362)**	**(5)**

The “notional amount” of interest rate derivative instruments is the face value of financial instruments traded with counterparties.

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.

Currency derivative financial instruments

Contractual nominal maturities:

August 31, 2011 *(in millions of euro)*	< 1 year	1 to 5 years	> 5 years	Total
Financial liabilities in foreign currencies				
UK Sterling (GBP)	(27)			(27)
Brazilian Real (BRL)		(38)		(38)
Czech Crown (CZK)		(38)		(38)
Others	(22)	(4)		(26)
TOTAL	**(49)**	**(80)**		**(129)**
Financial assets in foreign currencies				
UK Sterling (GBP)	26			26
Brazilian Real (BRL)		34		34
Czech Crown (CZK)		40		40
Others	21	3		24
TOTAL	**47**	**77**		**124**
Currency derivative financial instruments				
UK Sterling (GBP)	(1)			(1)
Brazilian Real (BRL)		(4)		(4)
Czech Crown (CZK)		2		2
Others	(1)	(1)		(2)
TOTAL	**(2)**	**(3)**		**(5)**

Interest rate swaps

In order to hedge its exposure to variations in the 3 month EURIBOR rate applied to reimbursements on the equity linked swap in the amount of 70 million euros with Société Générale, Bellon S.A. entered into a swap to fix the interest rate at 4.429%. This derivative instrument is recognized in the balance sheet at fair value with changes in value during the period recognized in the statement of profit and loss. As of August 31, 2011, the fair value of this swap was -2 million euro. As of August 31, 2010, its fair value was -5 million euro.

In order to hedge its exposure to variations in the LIBOR rate applied to reimbursements on the multi-currency confirmed line of credit (see note 4.15), the Sodexo Group entered into a series of swaps to fix the interest rate on a portion of its outstanding borrowings. These swaps mature in February 2012 and their fair value as of August 31, 2011 was -4 million euro compared to -14 million euro as of August 31, 2010. For accounting purposes these swaps were classified as cash flow hedges in prior fiscal years.

During the year, an amount of 14 million euros (6 million euros in 2009-2010) was recycled from other comprehensive income to financial expense. Following early cancellation of the credit facility, all increases/(decreases) previously recognized in other comprehensive income and subsequent increases/(decreases) in fair value were recognized in financial income or expense.

Changes in fair value of cash flow hedging instruments, recognized in shareholders' equity, including non controlling interests, were as follows (in millions of euro):

Opening balance	(46)
Change in fair value for the period	0
Change in fair value of companies consolidated by the equity method(1)	1
Fair value items recognized in financial income or expense	14
Total changes recognized in other comprehensive income	**15**
Cumulative changes in fair value of financial assets on instruments designated as hedges as of August 31, 2011	**(31)**

(1) Certain associates accounted for under the equity method have hedged their variable rate debt. The impacts on the measurement of these instruments on the Group interest in the income and shareholders' equity of these entities is reflected in the above table.

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

4.17 Long-term employee benefits

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Net plan assets*	**(0)**	**(0)**
Defined-benefit plans	155	213
Other long-term employee benefits	127	136
Employee benefits	**282**	**349**

* *Included in other non-current assets in the balance sheet.*

4.17.1 Post-employment benefits

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 268 million euro for Fiscal 2011 compared to 260 million euro for Fiscal 2010.

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

Defined-benefit plans

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

- in France, the obligation primarily represents lump-sum benefits payable on retirement if the employee is still with the Company at retirement age. These obligations are covered by specific provisions in the balance sheet;
- in the United Kingdom, Sodexo's obligation relates to a complementary retirement plan including coverage 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.

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 balance sheet.

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

Amounts shown in the balance sheet for defined-benefit plans are as follows:

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Net plan assets*	(0)	(0)
Defined-benefit plans**	155	213

* *Reported in "Other non-current assets" in the balance sheet.*
** *Reported as a liability in the balance sheet under "Employee benefits".*

These amounts are detailed below:

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Present value of funded obligations	655	690
Fair value of plan assets	(606)	(588)
Present value of partially funded obligations	**49**	**102**
Present value of unfunded obligations	111	113
Unrecognized past service cost	(5)	(2)
Other unrecognized amounts		
NET OBLIGATION IN THE BALANCE SHEET	**155**	**213**

As described in note 2.17.2, the Group recognizes actuarial gains and losses arising during the period, net of deferred taxes, in the statement of comprehensive income.

Cumulative actuarial gains and losses reported in the statement of comprehensive income as of August 31, 2011 represented a net actuarial loss of 25 million euro. Cumulative actuarial gains and losses recognized in other comprehensive income as of August 31, 2010 represented a net actuarial loss of 61 million euro. This change in actuarial losses resulted primarily from the rise in interest rates in the United Kingdom, where most of the obligation is held. This change, however, was offset by negative actuarial changes in connection with changes in other assumptions such as the rate of inflation or mortality tables.

Defined benefit plan assets comprise:

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Equities	105	102
Bonds	76	61
Insurance and other	379	383
Real estate	32	25
Cash	14	17
TOTAL	**606**	**588**

The amount reported in the income statement for defined-benefit plans comprises:

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Current service cost	24	21
Interest cost	35	36
Expected return on plan assets	(39)	(34)
Curtailments and settlements	(3)	(3)
Amortization of unrecognized past service cost and other	0	2
NET EXPENSE	**17**	**22**

This net expense is recorded on the following lines:

- 9 million euro (11 million euro for Fiscal 2010) in cost of sales;
- 12 million euro (9 million euro for Fiscal 2010) in administrative costs;
- the remaining charge (financing cost and expected return on plan assets) in financial income or expense (see note 4.2).

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

(in millions of euro)	**2010-2011**	**2009-2010**
Obligation as of September 1	**802**	**634**

Current service cost	24	21
Interest cost	35	36
Actuarial (gains)/losses	(30)	84
Past service cost	3	0
Effect of curtailments and settlements	(7)	(4)
Contributions made by plan members	5	6
Benefits paid from plan assets	(17)	(14)
Benefits paid other than from plan assets	(9)	(11)
Business combinations	0	3
Translation differences	(40)	37
Other		10
OBLIGATION AS OF AUGUST 31	**766**	**802**

	2010-2011	2009-2010
Fair value of assets as of September 1	**588**	**485**
Expected return on assets	39	34
Employer's contributions	22	19
Actuarial (gains)/losses	6	22
Effect of curtailments and settlements	(4)	(1)
Contributions made by plan members	5	6
Benefits paid from plan assets	(17)	(14)
Business combinations	0	1
Translation differences	(33)	29
Other	0	7
FAIR VALUE OF ASSETS AS OF AUGUST 31	**606**	**588**

	2010-2011	2009-2010
Net present value of bonds	766	802
Fair value of plan assets	606	588
DEFICIT (SURPLUS)	**160**	**214**
Experience adjustments on liabilities	1	(13)
Experience adjustments on assets	6	22

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2011 and 2010:

As of August 31, 2011	France	The Netherlands	United Kingdom	Italy
Discount rate*	3.75% - 4.5%	4.,5%	5.4%	2.50% - 3.50%
Salary inflation rate**	3%	2.5%	3.5%	N/A
General inflation rate	2%	2%	3,5%	2%
Rate of return on plan assets	4.5%	5%	7%	N/A
Amount of obligation in balance sheet *(in millions of euro)*	38	9	17	32

* *Discount rates in each country have been adapted to reflect the term of the plans.*
** *The salary inflation rate disclosed includes general inflation.*

As of August 31, 2010	France	The Netherlands	United Kingdom	Italy
Discount rate*	3.15 % - 4.35 %	4.30% - 4.50 %	4.80 %	3.15 %
Salary inflation rate**	2 % - 3 %	2.5 %	3.30 %	N / A
General inflation rate	2.00 %	2.00 %	3.30 %	2.00 %
Rate of return on plan assets	4.50 %	5.40 %	7.00 %	N / A
Amount of obligation in balance sheet *(in millions of euro)*	42	9	66	33

*	*Discount rates in each country have been adapted to reflect the term of the plans.*
**	*The salary inflation rate disclosed includes general inflation.*

The expected rates of return on plan assets were determined by reference to market expectations of returns for each asset class over the life of the related obligation. For each fund, the expected rate of return is weighted to reflect the proportion of each asset class held by the relevant fund.

With respect to the assumptions provided in the above table, a reduction of 1% in the discount rate, combined with an increase of 0.5% in the inflation rate, would bring the gross obligation to 947 million euro (compared to 766 million euro with the assumptions used as of August 31, 2011). The Group has elected to recognize actuarial gains and losses directly in other comprehensive income, as permitted by the amendment to IAS 19.

The actual return on plan assets in Fiscal 2011 was 45 million euro, compared with an expected return of 39 million euro.

Based on estimates derived from reasonable assumptions, the Group will pay 16 million euro into defined-benefit plans in Fiscal 2012.

The United Kingdom plan is formally reviewed 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. The most recent review was conducted on April 5, 2009 and an agreement was reached in August 2010 pursuant to which Sodexo UK made an exceptional contribution of GBP 2.25 million (2.6 million euro) into the plan in September 2010. The next review is scheduled to take place on April 5, 2012, unless the trustees and the Company agree to an earlier timing.

4.17.2 Other employee benefits

Other employee benefits mainly comprise a liability related to a deferred compensation program in the United States and obligations relating to long-service awards.

Amounts reported in the balance sheet for other long-term employee benefits

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Other long-term employee benefits	127	136

The total expense recognized with respect to these benefits in Fiscal 2011 was 20 million euro, of which 2.2 million euro relates to a deferred compensation program in the United States, reported in financial expense.

4.18 Provisions

(in millions of euro)	**August 31, 2010**	**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, 2011**
Tax and social security exposures	30	10	(3)	(7)	1			31
Employee claims and litigation	27	16	(15)	(3)	3			28
Contract termination and loss-making contracts	21	5	(14)	(3)	(3)			6
Client/supplier claims and litigation	14	7	(5)	(1)	(1)			14
Negative net assets of associates*	23				(2)			21
Other provisions	11	4	(4)		(2)			9
TOTAL	**126**	**42**	**(41)**	**(14)**	**(4)**			**109**

* *Negative net assets of associates (see note 4.8).*

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

Current and non-current provisions are as follows:

(in millions of euro)	August 31, 2011		August 31, 2010	
	Current	**Non-current**	**Current**	**Non-current**
Tax and social security exposures	14	17	17	13
Employee claims and litigation	17	11	16	11
Contract termination and loss-making contracts	4	2	14	7
Client/supplier claims and litigation	9	5	8	6
Negative net assets of associates*		21		23
Other provisions	3	6	7	4
TOTAL	**47**	**62**	**62**	**64**

* *Negative net assets of associates (see note 4.8).*

4.19 Trade and other payables

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Other non-current liabilities	190	243
TOTAL OTHER NON-CURRENT LIABILITIES	**190**	**243**
Advances from clients	286	241
Trade payables	1,526	1,444
Employee-related liabilities	906	908
Tax liabilities	218	218
Other operating liabilities	68	87
Deferred revenues	62	51
Other non-operating liabilities	63	40
TOTAL TRADE AND OTHER CURRENT PAYABLES	**3,129**	**2,989**
TOTAL TRADE AND OTHER PAYABLES	**3,319**	**3,232**

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

Maturities of trade and other payables *(in millions of euro)*	**Carrying value**	**Undiscounted contractual value**
Less than three months	2,260	2,260
More than three months and less than six months	213	213
More than six months and less than twelve months	604	604
More than one year and less than five years	200	216
More than five years	42	62
TOTAL TRADE AND OTHER PAYABLES	**3,319**	**3,355**

4.20 Deferred taxes

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Deferred tax assets	153	162
Deferred tax liabilities	(150)	(122)
DEFERRED TAX ASSETS (NET)	**3**	**40**

Including the effect of the deferred tax liabilities described in note 4.14.

Deferred tax assets not recognized because their recovery is not considered probable totaled 164 million euro (150 million euro as of August 31, 2010), including 5 million euro generated by subsidiaries prior to their acquisition (5 million euro as of August 31, 2010).

Deferred taxes comprise:

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
• Employee-related liabilities	157	177
• Fair value of financial instruments	1	5
• Other temporary differences	(193)	(183)

• Tax loss carry-forwards	38	41
NET DEFERRED TAX ASSETS (LIABILITIES)	**3**	**40**

Including the effect of the deferred tax liabilities described in note 4.14.

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

The principal other temporary differences resulted from the recognition of intangible assets in connection with acquisitions, together with temporary differences arising from the amortization of the tax deductible portion of goodwill in certain countries.

The change in net deferred tax liabilities recognized directly in other comprehensive income as of August 31, 2011 was -15 million euro.

4.21 Financial instruments

The table below presents the categories of financial instruments, their carrying value, and their fair value, by balance sheet item.

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: All other instruments.

			August 31, 2011		Level for instruments at fair value			
Financial assets *(in millions of euro)*	**Category**	**Note**	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	Financial assets at fair value through profit and loss	4.13	447	447	26	421		447
Restricted cash and financial assets related to the Motivation Solutions activity	Available-for-sale financial assets	4.10	622	622	93	529		622
Clients and other receivables	Loans and receivables at amortized cost	4.12	3,142	3,142				
Other financial assets	Available for sale financial assets	4.10	4	4				
	Loans and receivables at amortized cost	4.10	87	87				
	Financial assets at fair value through profit and loss	4.10	0	0				
Derivative financial instruments, assets		4.16	2	2		2		2

			August 31, 2011		Level for instruments at fair value			
Financial liabilities *(in millions of euro)*	**Category**	**Note**	**Carrying value**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Bond issues(1)	Financial liabilities at amortized cost	4.15	1,428	1,543				
Bank borrowings	Financial liabilities at amortized cost	4.15	1,555	1,555				
Other borrowings and financial debts	Financial liabilities at amortized cost	4.15	105	105				
Bank overdrafts	Financial liabilities at amortized cost		23	23				
Trade and other payables	Financial liabilities at amortized cost	4.19	3,129	3,129				
Vouchers payable	Financial liabilities at amortized cost		2,421	2,421				
Derivative instruments, liabilities		4.16	13	13		13		13

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2011.

There was no transfer between the different levels between Fiscal 2010 and 2011.

Financial assets *(in millions of euros)*	Category	Note	August 31, 2010 Carrying value	Fair value	Level for instruments at fair value Level 1	Level 2	Level 3	Total
Cash and cash equivalents	Financial assets at fair value through profit and loss	4.13	449	419	63	386		449
Restricted cash and financial assets related to the Motivation Solutions activity	Available-for-sale financial assets	4.10	578	578	143	435		578
Clients and other receivables	Loans and receivables at amortized cost	4.12	3,033	3,033				
Other financial assets	Available for sale financial assets	4.10	5	5				
	Loans and receivables at amortized cost	4.10	111	111				
	Financial assets at fair value through profit and loss	4.10						
Derivative financial instruments, assets		4.16	6	6		6		6

Financial liabilities *(in millions of euros)*	Category	Note	August 31, 2010 Carrying value	Fair value	Level for instruments at fair value Level 1	Level 2	Level 3	Total
Bond issues(1)	Financial liabilities at amortized cost	4.15	1,429	1,612				
Bank borrowings	Financial liabilities at amortized cost	4.15	1,896	1 896				
Other borrowings and financial debts	Financial liabilities at amortized cost	4.15	118	118				
Bank overdrafts	Financial liabilities at amortized cost		59	59				
Trade and other payables	Financial liabilities at amortized cost	4.19	2,989	2,989				
Vouchers payable	Financial liabilities at amortized cost		2,307	2,307				
Derivative instruments, liabilities		4.16	30	30		30		30

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2010.

4.22 Share-based payment

The Sodexo Board of Directors has granted payment to Group employees in the form of Sodexo shares under a number of stock option plans.

4.22.1 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 a specified level of Sodexo Group net income 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 the Sodexo Chief Executive Officer, whose entire grant is conditional on performance, with the remaining options vesting in equal tranches over a period of four years.

On November 8, 2010, the Sodexo Board of Directors noted that the performance condition provided for in the regulations governing the 2008 stock option plans and requiring attainment of a specified level of Sodexo Group net income as of August 31, 2010 had not been met, and accordingly, confirmed the cancellation of all options subject to this condition.

4.22.2 Measurement model applied and assumptions used

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.

In addition to the exercise price of the stock option plans described in note 4.22.3, the table below shows the data used in the valuation model for each plan measured under IFRS 2.

Date of grant	Expected volatility *(%)*	Contractual life *(years)*	Risk-free interest rate*(%)*	Expected dividend yield *(%)*	Expected life *(years)*
January 18, 2005	33.57%	6	3.35%	3.18%	5
June 16, 2005	32.20%	6	3.33%	4.10%	5
January 10, 2006	31.64%	6	3.33%	3.03%	5
January 17, 2007	29.42%	6	4.18%	2.81%	5
January 17, 2007	29.42%	7	4.18%	2.81%	5
April 24, 2007	28.23%	6	4.37%	2.79%	5
April 24, 2007	28.23%	7	4.37%	2.79%	5
September 11, 2007	28.54%	6	4.04%	2.75%	5
January 7, 2008	28.85%	7	4.01%	2.75%	6
January 7, 2008	28.85%	6	3.95%	2.75%	5
September 9, 2008	29.48%	7	4.15%	2.75%	6
September 9, 2008	29.48%	6	4.11%	2.75%	5
January 19, 2009	37.16%	7	3.28%	3.00%	6
January 19, 2009	37.16%	6	2.90%	3.00%	5
January 11, 2010	28.50%	7	2.97%	3.00%	6
January 11, 2010	28.50%	6	2.45%	3.00%	5
December 13, 2010	25.00%	7	3.27%	3.00%	6
December 13, 2010	25.00%	6	2.63%	3.00%	5

The expected life of the options is incorporated into the binomial model based on beneficiary 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.

Effective for plans granted in 2008, the expected volatility is based on a weighted average of the historical volatility of the shares observed over five years 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 Sodexo share price exceeds 20% of the exercise price,
  - 50% of grantees will exercise their options once the Sodexo share price exceeds 40% of the exercise price;

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

4.22.3 Initial charge and movements during Fiscal 2011

The stock option expense recognized in the Fiscal 2011 income statement was 17 million euro, compared to 9 million euro in Fiscal 2010.

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

	August 31, 2011		August 31, 2010	
	Number	**WAP** *(in euro)*	**Number**	**WAP** *(in euro)*
Outstanding at the beginning of the period	**6,703,643**	**40.83**	**5,959,157**	**39.44**
Granted during the period	1,734,700	48.37	1,699,700	39.88
Forfeited during the period	(852,501)[(1)]	42.36	(166,450)	42.20
Exercised during the period	(1,143,248)[(2)]	38.04	(784,463)[(3)]	27.97
Expired during the period	(3,556)	23.08	(4,301)	24.48
Outstanding at the end of the period	**6,439,038**	**43.17**	**6,703,643**	**40.83**
Exercisable at the end of the period	**1,944,228**	**43.26**	**2,223,047**	**40.59**

(1) Including options cancelled due to non-satisfaction of performance conditions for 2008 plans.

(2) The weighted average share price at the exercise date of options exercised in the period was 51.15 euro.

(3) The weighted average share price at the exercise date of options exercised in the period was 43.40 euro.

The weighted average residual life of options outstanding as of August 31, 2011 was 4.1 years (August 31, 2010: 4 years).

The weighted average fair value of options granted during the year was 11.21 euro per share (Fiscal 2010: 9.41 euro).

The exercise prices and exercise period for options outstanding as of August 31, 2011 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, 2011**
January 2006	January 2007	January 2012	34.83 euro	245,033
January 2007	January 2008	January 2013	47.82 euro	411,420
January 2007	January 2008	January 2014	47.82 euro	401,614
April 2007	April 2008	April 2013	55.36 euro	1,602
April 2007	April 2008	April 2014	55.36 euro	20,014
September 2007	September 2008	September 2013	47.17 euro	25,017
January 2008	January 2009	January 2015	42.27 euro	274,720
January 2008	January 2009	January 2014	42.27 euro	312,496
September 2008	September 2009	September 2015	45.56 euro	15,000
September 2008	September 2009	September 2014	45.56 euro	7,500
January 2009	January 2010	January 2016	39.40 euro	592,987
January 2009	January 2010	January 2015	39.40 euro	813,536
January 2010	January 2011	January 2017	39.88 euro	629,013
January 2010	January 2011	January 2016	39.88 euro	973,686
December 2010	December 2011	December 2017	48.37 euro	682,800
December 2010	December 2011	December 2016	48.37 euro	1,032,600
TOTAL				**6,439,038**

4.22.4 Plans awarded following the acquisition of Sodexho Marriott Services

The Group committed to delivering 3,044,394 Sodexho Alliance shares to Sodexho, Inc. employees at an average price of 29.01 US dollars per share under stock option plans assumed in connection with the June 2001 acquisition of 53% of the capital of Sodexho Marriott Services, Inc. As of August 31, 2011 11,415 of these shares were still deliverable.

All of these remaining options are exercisable prior to November 2012.

These option plans are not recognized under IFRS 2 because they were granted prior to the effective date of IFRS 2 in November 2002 and because the rights under the plans vested prior to January 1, 2005.

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

	August 31, 2011		**August 31, 2010**	
	Number	**WAP** *($)*	**Number**	**WAP** *($)*
Outstanding at the beginning of the period	**81,895**	**28.98**	**213,669**	**26.31**
Granted during the period				
Forfeited during the period	(520)	28.14	1,244	33.41
Exercised during the period	(69,960)[1]	28.82	(129,102)[2]	24.81
Expired during the period			(3,916)	22.32
Outstanding at the end of the period	11,415	29.99	81,895	28.98
Exercisable at the end of the period	**11,415**	**29.99**	**81,895**	**28.98**

(1) The weighted average share price at the exercise date of options exercised in the period was USD 65.32.

(2) The weighted average share price at the exercise date of options exercised in the period was USD 58.65.

The table below gives the exercise price of options outstanding as of August 31, 2011:

Date of grant	**Exercise price** *(USD)*	**Number of options outstanding as of August 31, 2011**
November 6, 1997	29.99	11,415

4.23 Business combinations

There were no material acquisitions in either Fiscal 2010 or Fiscal 2011.

4.24 Commitments and contingencies

4.24.1 Sureties

Commitments arising from surety arrangements (pledges, guarantees on plant and equipment, and real estate mortgages) contracted by Bellon SA and its subsidiaries in connection with operating activities during Fiscal 2010 are immaterial.

As of August 31, 2011, 8 720 837 Sodexo shares were pledged to Caisse Nationale des Caisses d'Epargne et de Prévoyance, 1 965 306 Sodexo shares were pledged to Société Générale, 1 950 637 Sodexo shares are pledged to Calyon, and 1 082 963 Sodexo shares are pledged to CACIB.

4.24.2 Operating lease commitments

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

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Less than 1 year	127	123
1 to 5 years	268	252
More than 5 years	104	109
TOTAL	**499**	**484**

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 for138 million euro, compared to 120 million euro for Fiscal 2010;
- the rent for office premises of 340 million euro, compared to 337 million euro for Fiscal 2010. The 12-year leases signed on October 19, 2006 in connection with the relocation of the Sodexo S.A. headquarters to Issy-les-Moulineaux in 2008 increased operating lease commitments for office premises by 45 million euro. The leases and lease

renewals signed by Sodexo France and Sodexo, Inc. for their office premises represent operating lease commitments of 35 million euro and 26.1 million euro respectively.

4.24.3 Other commitments given

	August 31, 2011				August 31, 2010
(in millions of euro)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**	**Total**
Financial guarantees to third parties		8		8	9
Site management commitments	11	37	3	51	40
Performance bonds given to Group Sodexo's clients	4	37	95	136	143
Other commitments	2	16	1	19	20
TOTAL	**17**	**98**	**99**	**214**	**212**

Financial guarantees to third parties mainly comprise bank subordinated debt commitments under public private partnership (PPP) contracts (see note 2.3.2.) totaling 8 million euro.

Performance bonds given to clients are subject to regular review by the management at the business unit level. A provision is recorded as soon as payment under a performance bond becomes probable.

The Group also has performance obligations to clients, but regards these as having the essential features of a performance bond 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 the Group is unable to provide alternative or additional resources to fulfill the obligation to the client).

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

At this time, no provision has been recorded in the balance sheet with respect to these guarantees.

The Group 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 2,400,000 hours.

4.25 Related parties

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

(in euro)	**August 31, 2011**	**August 31, 2010**
Compensation paid by Bellon S.A. to members of its Executive and Supervisory Boards	562,860	536,188
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	245,560	259,050
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	261,235	216,075
TOTAL	1,279,655	1,221,313

The total amount paid to related parties includes 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.

4.25.2 Unconsolidated companies

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

(in millions of euro)	Gross value as of August 31, 2011	Impairment as of August 31, 2011	Carrying amount as of August 31, 2011	Carrying amount as of August 31, 2010
Loans	64	0	64	89

Off balance sheet commitments	August 31, 2011	August 31, 2010
Commitments to third parties	8	8
Performance bonds given to clients	134	141

Transactions	Fiscal 2011	Fiscal 2010
Revenues	273	282
Operating charges	0	1
Net financial result	5	5

4.26 Group employees

As of August 31, 2011, Group employees comprised:

	August 31, 2011
Executives, middle management, site managers and supervisory staff	47,666
Front-line service staff and other employees	343,490
TOTAL	**391,156**

Group employees by activity and region were as follows:

	On-site Service Solutions							
	North America	Continental Europe	United Kingdom and Ireland	Rest of the world	Total	Motivation Solutions	Holding Companies	Total
TOTAL	**124,896**	**100,108**	**34,846**	**127,364**	**387,214**	**3,508**	**434**	**391,156**

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 the Company is aware) which may have, or have had in the past 12 months, material effects on the Group's financial position or profitability.

4.28 Subsequent events

On September 6, 2011, Sodexo acquired 100% of Puras do Brasil, the no. 2 provider of On-site Service Solutions in Brazil. Puras do Brasil has annual revenues of approximately 500 million euro and 22,000 employees spread over more than 1,300 sites nationwide.

On September 22, 2011, Sodexo closed the acquisition of Lenôtre, after receiving the approval of the competition authorities. The acquisition of this French company will enable Sodexo to grow its portfolio of Prestige businesses in France and globally, enhancing its *savoir faire* in luxury gastronomy and strengthening its client offering.

Valuation of the assets, including intangible assets, and liabilities as of the acquisition dates is now in progress.

On November 8, 2011, Sodexo reached agreement in the USA to acquire 100% of Roth Bros, a company providing technical Facilities Management services, with a broad national coverage across the United States. Founded in 1923, Roth Bros designs, manages and delivers solutions in HVAC, facilities automation, monitoring, and energy and fluids maintenance. Roth Bros has annual revenues of around 100 million U.S. dollars.

In conformity with new regulations in effect in the United Kingdom, the Group decided at the end of October to calculate future price indexation using the consumer price index (CPI), thus replacing the retail price index, in determining retirement benefits that Sodexo UK will be required to pay to certain members of its retirement plan. As of the end of October 2011, the retrospective effect on vested rights already accumulated in the plan by the members affected by this change will result in a decrease in the retirement obligation recorded in the balance sheet. The amount of this decrease is currently being evaluated. The offset of this decrease in liabilities will be a favorable adjustment to operating profit.

On November 15, 2011 Bellon SA entered two Equity Linked Swaps (ELS : forward sale of Sodexo shares with a swap exchanging cash flows which depend on the rate of return of Sodexo share price) with Natixis for a total amount of 300 million euro. These two ELS agreements amounting to 150 million euro each commence on July 4, 2012 and mature respectively on July 4, 2015 and July 4, 2017.

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 US 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 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

(in millions of euro)	Note	August 31, 2011	August 31, 2010
Financial liabilities excluding hedging effects	**4.15**	**3,088**	**3,443**
Fixed rate liabilities (excluding hedging effects)		2,917	2,755
Variable rate liabilities (excluding hedging effects)		171	688
Hedging effects	**4.16**	**11**	**24**
On fixed rate liabilities		74	362
On variable rate liabilities		(63)	(338)
Financial liabilities including hedging effects	**4.16**	**3,099**	**3,467**
Fixed rate liabilities (including hedging effects)		2,991	3,117
Variable rate liabilities (including hedging effects)		108	350

Since almost all liabilities are fixed-rate, a 0.5% increase or decrease in interest rates would have no material impact on net income before tax or on shareholders' equity.

As of August 31, 2010, the interest rate sensitivity analysis was as follows:

	Impact on pre-tax income	Impact on pre-tax shareholders' equity
Impact of a 0.5% increase in interest rates	(2)	2
Impact of a 0.5% decrease in interest rates	2	(2)

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

Exposure to currency risk

	As of August 31, 2011				As of August 31, 2010			
Before currency derivatives *(in millions of euro)*	**Dollar USD**	**Real BRL**	**Sterling GBP**	**Bolivar Fuerte VEF**	**Dollar USD**	**Real BRL**	**Sterling GBP**	**Bolivar Fuerte VEF**
Closing rate as of August 31	*0.692*	*0.432*	*1.129*	*0.074*	*0.789*	*0.447*	*1.212*	*0.096*
Monetary assets								
Working capital and other receivables	664	332	168	4	684	311	189	4
Deferred tax assets	77	25	11		97	17	22	2
Cash and cash equivalents	267	10	135	16	299	348	85	82
TOTAL MONETARY ASSETS	**1,008**	**367**	**314**	**20**	**1,080**	**676**	**296**	**88**
Monetary liabilities								
Financial liabilities	780	98	4		713	153	4	
Working capital items and other liabilities	1,093	625	356	69	1,160	588	320	69
Deferred tax liabilities	25	74	1		45	51		
TOTAL MONETARY LIABILITIES	**1,898**	**796**	**361**	**69**	**1,918**	**792**	**324**	**69**
Net position	**(890)**	**(429)**	**(47)**	**(49)**	**(838)**	**(116)**	**(28)**	**19**
Net income before tax	154	114	58	15	166	73	53	19

	As of August 31, 2011				As of August 31, 2010			
After currency derivatives *(in millions of euro)*	**Dollar USD**	**Real BRL**	**Sterling GBP**	**Bolivar Fuerte VEF**	**Dollar USD**	**Real BRL**	**Sterling GBP**	**Bolivar Fuerte VEF**
Closing rate as of August 31	*0.692*	*0.432*	*1.129*	*0.074*	*0.789*	*0.447*	*1.212*	*0.096*
Monetary assets								
Working capital and other receivables	664	332	168	4	684	311	189	4
Deferred tax assets	77	25	11		97	17	22	2
Cash and cash equivalents	267	10	135	16	299	348	85	82
TOTAL MONETARY ASSETS	**1,008**	**367**	**314**	**20**	**1,080**	**676**	**296**	**88**
Monetary liabilities								
Financial liabilities	780	136	32		713	191	46	
Working capital items and other liabilities	1 093	625	356	69	1 160	588	320	69
Deferred tax liabilities	25	74	1		45	51		
TOTAL MONETARY LIABILITIES	**1,898**	**835**	**389**	**69**	**1,918**	**830**	**366**	**69**
Net position	**(890)**	**(468)**	**(75)**	**(49)**	**(838)**	**(154)**	**(70)**	**19**
Net income before tax	154	114	58	15	166	73	53	19

Sensitivity to exchange rates

	August 31, 2011				August 31, 2010			
Impact of a 10% appreciation of the exchange rate of the following currencies against the euro *(in millions of euro)*	**Impact on revenues**	**Impact on operating profit**	**Impact on income before tax**	**Impact on shareholders' equity**	**Impact on revenues**	**Impact on operating profit**	**Impact on income before tax**	**Impact on shareholders' equity**
Dollar USD	581	30	15	170	564	28	17	188
Real BRL	71	16	11	46	59	12	7	41
Sterling GBP	121	6	6	58	122	6	5	58
TOTAL	**773**	**52**	**32**	**274**	**745**	**46**	**29**	**287**

5.2 Exposure to liquidity risk

The characteristics of the Group's borrowings and bond issuances as of August 31, 2011 are described in detail in note 4.15 of the consolidated financial statements.

The Group's financial policies require that all external financing be approved by the Group Chief Financial Officer, the Chief Executive Officer, or the Board of Directors, depending on the nature and amount. Further, under these policies:

- substantially all borrowings must be at fixed rates of interest, or converted to fixed-rate using hedging instruments;
- foreign exchange risk on Group borrowings and loans to subsidiaries must be hedged.

As of August 31, 2011 around 70% of the Group's consolidated borrowings was borrowed on capital markets and bank financing was less than 30% of the Group's financing needs. The reimbursement maturity dates range between 2012 and 2023. The Group has a confirmed multi-currency line of credit for 600 million euro plus 800 million U.S. dollars, which was unutilized as of August 31, 2011.

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. 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 which have not been impaired. 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 18% of the Group's operating cash (including restricted cash and financial assets of the Motivation Solutions activity) with a banking group whose rating is A1.

6. SCOPE OF CONSOLIDATION

The table below lists the principal companies consolidated by Sodexo as of August 31, 2011. There was no material change relative to Fiscal 2010.

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 Fiscal 2011 are indicated by the letter “N”.

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
France					
	Société Entreprises (consolidated)			On-site	France
	Altys Multiservice			On-site	France
	Société Française de Services			On-site	France
	Société Française de Restauration et Services (consolidated)			On-site	France
	Sodexo Formation			On-site	France
	EXCEL			On-site	France
	SEGSMHI			On-site	France
	SIR			On-site	France
	CIR			On-site	France
	Comrest			On-site	France
	Sodexo Justice Services			On-site	France
	La Normande SA			On-site	France
	RGC Restauration			On-site	France
	Sagere			On-site	France
	Saveurs et vie	51%	51%	On-site	France
	Sodexo Bien-être à Domicile			On-site	France
	Sogeres (consolidated)			On-site	France
	Yachts de Paris			On-site	France
	Compagnie d’Armateur Fluvial et Maritime	73%	73%	On-site	France
	L’Affiche			On-site	France
EM	Troyes Logipole Services	20%	20%	On-site	France
	Gedex			On-site	France
	Société Française de Propreté			On-site	France
	Millénia	60%	60%	On-site	France
EM	Altima	40%	40%	On-site	France
	Bateaux Parisiens (consolidated)			On-site	France
	Société des Thermes de Neyrac-les-Bains			On-site	France
	Score			On-site	France
	Caro d’As			On-site	France
	Sofires			On-site	France
	Score Groupe			On-site	France
	Sherpas			On-site	France
	Émis			On-site	France
	Altys International			On-site	France
	Sodexo Solutions de Motivation France SA			Motivation	France
	One SAS			Holding	France
	Sodexo Pass International			Holding	France
EM	SSIM	25%	25%	Motivation	France
	Indigo			Motivation	France
	Sodexo Solutions de Service sur Site			On-site	France

		% interest	% voting rights	Principal activity	Country
France					
	One SCA			Holding	France
	Vivaboxes France			Motivation	France
	Média Cadeaux	60%	60%	Motivation	France
	Cartes Cadeaux Distribution Service	51%	51%	On-site	France
	Circles France			On-site	France
	One Attitude			On-site	France
EM	Cat SAS	35%	35%	On-site	France
EM	Crèches ATTITUDE	35%	35%	On-site	France
EM	Défi JV	35%	35%	On-site	France
EM	Défi Crèche Conso	35%	35%	On-site	France
EM	AMD	35%	35%	On-site	France
EM	Pro'Formance	35%	35%	On-site	France
	Sodexo Remote Sites Caribbean			On-site	France
	Sodexo France SAS			Holding	France
	Sodexo Amecaa			Holding	France
	Sofinsod			Holding	France
	Sodexo Etinbis			Holding	France
	Etin			Holding	France
	Gardner Merchant Groupe			Holding	France
	Holding Sogeres			Holding	France
	Sodexo Management			Holding	France
	Sodexo Europe			Holding	France
	Sodexo Asie Océanie			Holding	France
	Sodexo Grande Chine			Holding	France
	Sodexo IS & T			Holding	France
	Siges Guyane			On-site	France
	Société Hôtelière et de Tourisme de Guyane			On-site	France
	Sodex'Net			On-site	France
	Sodexo Guyane			On-site	France
	Société Guyanaise de Protection et Gardiennage			On-site	France

		% interest	% voting rights	Principal activity	Country
Americas					
	Sodexo, Inc. (consolidated)			On-site	United States
	Sodexo Canada (consolidated)			On-site	Canada
	Jathy Inc.			On-site	Canada
	Sodexo Holdings Inc.			On-site	United States
	Sodexo Home Care			On-site	United States
	Delta Catering Management			On-site	United States
	Sodexo Remote Sites (USA) Inc.			Holding	United States
	Sodexo Remote Sites Partnership			On-site	United States
	Sodexo Services Enterprises LLC			Holding	United States
	Energy Catering Services LLC			On-site	United States
	Universal Sodexho Empresa de servicios y Campamentos			On-site	Venezuela
	Universal Sodexho Services de Venezuela			On-site	Venezuela
	Universal Services do Brasil Ltda			On-site	Brazil
	Sodexo do Brasil Comercial Ltda			On-site	Brazil
	Sodexo Argentina			On-site	Argentina
	Sodexo Colombia	65%	65%	On-site	Colombia

		% interest	% voting rights	Principal activity	Country
Americas					
	Sodexho Venezuela Alimentacĩõn y Servicios	70%	70%	On-site	Venezuela
	Sodexho Costa Rica			On-site	Costa Rica
	Sodexho Mexico SA de CV			On-site	Mexico
EM	Doyon Universal Services (consolidated)	50%	50%	On-site	United States
	Sodexo Perú			On-site	Peru
EM	Sociedad Concesionaria Bas	33%	33%	On-site	Chile
	Siges Chile SA			On-site	Chile
	Sodexo Chile (consolidated)			On-site	Chile
	Sodexho Mexico Servicios de Personal			On-site	Mexico
	Comfort Keepers			On-site	United States
	Vivaboxes U.S.			Motivation	United States
	Circle Company Associates Inc.			On-site	United States
	Sodexo Rose Holding Company Inc.			Holding	United States
	Sodexo Concierge Services LLC			Holding	United States
	Sodexo Pass USA Inc.			Motivation	United States
	Sodexo Pass do Brazil Servicos e Commercio			Motivation	Brazil
	Sociedad Concesionaria de Carceles Grupo 2 SA			On-site	Chile
	Sodexo Entrega Comercial			On-site	Brazil
	Sodexho Pass Chile			Motivation	Chile
	Sodexho Pass Venezuela	64%	64%	Motivation	Venezuela
	Sodexo Soluciones de Motivacion Colombia SA	51%	51%	Motivation	Colombia
	SPI Latin America Consultoria Empresarial			Motivation	Brazil
	Sodexo Pass do Brazil Servicos de Inovacao Ltda			Motivation	Brazil
	Sodexho Pass Perou			Motivation	Peru
	Sodexo Soluciones de Motivacion Argentina SA			Motivation	Argentina
	Sodexo SVC Uruguay SA			Motivation	Uruguay
	Sodexo Motivation Solutions Mexico			Motivation	Mexico
	Sodexo Servicios Operativos			Motivation	Mexico

		% interest	% voting rights	Principal activity	Country
Africa					
	Sodexo Afrique			On-site	France
	Sodexo Gabon	90%	90%	On-site	Gabon
	Sodexho (Angola)			On-site	Angola
	Sodexho Bénin			On-site	Benin
	Sodexho Tchad			On-site	Chad
	Universal Sodexho Ghana	90%	90%	On-site	Ghana
	Sodexho Pass Tunisie	82%	82%	Motivation	Tunisia
	Sodexo Maroc			On-site	Morocco
	Universal Sodexho Guinea Ecuatorial	70%	70%	On-site	Eq. Guinea
	Sodexo Cameroun	70%	70%	On-site	Cameroon
	Sodexo Congo			On-site	Congo
	Sodexo Guinée			On-site	Eq. Guinea
	Sodexo Africa			On-site	South Africa
	Sodexo Southern Africa (consolidated)			On-site	South Africa
	Sodexo Investments Ltd			Holding	South Africa
	Wadi Ezzain	75%	75%	On-site	Libya
	Sodexo Madagascar			On-site	Madagascar
N	Sodexo RDC			On-site	Democratic Republic of Congo
N, EM	Sodrest, LDA	49%	49%	On-site	Angola
N	Sodexo Healthcare South Africa (PTY) Ltd			On-site	South Africa
	Sodexo Tanzania			On-site	Tanzania

		% interest	% voting rights	Principal activity	Country
Europe					
	Sodexo Belgium (consolidated)			On-site	Belgium
	Special Event			Motivation	Belgium
	Circles Benelux Sprl			On-site	Belgium
	12Link			Motivation	Belgium
	Educadomo			Motivation	Belgium
	Imagor Services & Cie SNC			Motivation	Belgium
	Vivaboxes International NV			Motivation	Belgium
	Sogeres Monaco			On-site	Monaco
	Sodexo Suisse SA			On-site	Switzerland
	Sodexo Luxembourg (consolidated)			On-site	Luxemburg
	Sodexo Italia (consolidated)			On-site	Italy
EM	Fast Point	33%	33%	Motivation	Italy
	Sodexo Prehrana in Storitve d.o.o.			On-site	Slovenia
	Sodexo Oy			On-site	Finland
EM	Arandur Oy	33%	33%	On-site	Finland
	Sodexo AB			On-site	Sweden
	Sodexo Traffic Oy			On-site	Finland
	Sodexo AS			On-site	Norway
	Sodexo AS			On-site	Denmark
	Sodexo Scandinavian Holding AB			On-site	Sweden
	Sodexo España (consolidated)			On-site	Spain
	Sodexo Facilities Management SA			On-site	Spain
	Sodexo Portugal Restauracao e Servicos			On-site	Portugal
	Sodexo Services GmbH (consolidated)	94%		On-site	Germany
	Sodexo Scs GmbH (consolidated)	94%		On-site	Germany

		% interest	% voting rights	Principal activity	Country
Europe					
	Gastro-Kanne	94%		On-site	Germany
	Sodexo Beteiligungsgesellschaft BV & Co KG	90%	90%	On-site	Germany
	Zehnacker GmbH (consolidated)	94%		On-site	Germany
	Ga tec	94%		On-site	Germany
	Sodexo Germany BV	90%	90%	On-site	Germany
	Sodexo GmbH	94%		On-site	Germany
	Zehnacker Solutions Austria (consolidated)	92%		On-site	Austria
	Zehnacker AG	93%		On-site	Switzerland
	Aspen SA	81%	87%	On-site	Poland
	Sodexo Romania SRL			On-site	Romania
	Sodexo Ao			On-site	Russia
	Sodexo Euroasia			On-site	Russia
	Sodexo Pass CIS			Motivation	Russia
	Sodexo Pass Motivation Services Srl	75%	75%	Motivation	Moldavia
	Sodexo S.R.O.			On-site	Czech Republic
	Sodexo – Zarizeni Skolniho Stravovani Sro			On-site	Czech Republic
	Sodexo S.R.O.			On-site	Slovakia
	Sodexo Magyarorszag KFT			On-site	Hungary
	Zona Vendeglato KFT			On-site	Hungary
	Sodexo Entegre Hizmet Yonetimi AS			On-site	Turkey
	Sodexo Polska			On-site	Poland
EM	Agecroft Prison Management Ltd	50%	50%	On-site	United Kingdom
	Prestige Ticketing Ltd	80%	80%	On-site	United Kingdom
	Sodexo Defence Training Services Ltd			On-site	United Kingdom
	Sodexo Services Group Ltd			Holding	United Kingdom
EM	HpC King's College Hospital (Holdings) Ltd	25%	25%	On-site	United Kingdom
	Sodexo Ltd			On-site	United Kingdom
	Sodexo Prestige Ltd (consolidated)			On-site	United Kingdom
	Sodexo Remote Sites Scotland Ltd			On-site	United Kingdom
	Harmondsworth Detention Services	51%	51%	On-site	United Kingdom
	Kalyx Ltd			On-site	United Kingdom
EM	Catalyst Healthcare (Romford) Ltd	25%	25%	On-site	United Kingdom
EM	Catalyst Healthcare (Roehampton) Holdings Ltd	25%	25%	On-site	United Kingdom
	Tillery Valley Foods			On-site	United Kingdom
	Rugby Travel & Hospitality Ltd	80%	80%	On-site	United Kingdom
	Sodexo Defence Services			On-site	United Kingdom
	Sodexo Land Technology			On-site	United Kingdom
	Sodexo Investment Services			On-site	United Kingdom
EM	Peterborough Prison Management Ltd	33%	33%	On-site	United Kingdom
EM	Ashford Prison Services Ltd	33%	33%	On-site	United Kingdom
	Sodexo (Cyprus) Ltd			On-site	Cyprus
	Sodexo Holdings Ltd			Holding	United Kingdom
	Sodexo Education Services			On-site	United Kingdom
	Sodexo Management Services			On-site	United Kingdom
	Sodexo Healthcare Services Ltd			On-site	United Kingdom
	Sodexo Remote Sites Support Services Ltd			Holding	United Kingdom
	Sodexo Remote Sites Holdings Ltd			Holding	United Kingdom
EM	Catalyst Healthcare (Manchester) Holdings Ltd	25%	25%	On-site	United Kingdom
	Sodexo Remote Sites Europe Ltd			Holding	United Kingdom
EM	Mercia Healthcare (Holdings) Ltd	25%	25%	On-site	United Kingdom

		% interest	% voting rights	Principal activity	Country
Europe					
EM	South Manchester Healthcare (Holdings) Ltd	25%	25%	On-site	United Kingdom
EM	RMPA Holdings Ltd	14%	14%	On-site	United Kingdom
EM	Pinnacle Schools (Fife) Holdings Ltd	10%	10%	On-site	United Kingdom
EM	Enterprise Civic Buildings (Holdings) Ltd	10%	10%	On-site	United Kingdom
EM	Enterprise Education Holdings Conwy Ltd	10%	10%	On-site	United Kingdom
EM	Enterprise Healthcare Holdings Ltd	10%	10%	On-site	United Kingdom
EM	ES 2005 Ltd	50%	50%	On-site	United Kingdom
EM	Addiewell Prison (Holdings) Ltd	33%	33%	On-site	United Kingdom
EM	Healthcare support (North Staffs) Holding Ltd	25%	25%	On-site	United Kingdom
N, EM	Integrated Pathology Partnership	49%	49%	On-site	United Kingdom
	Rugby Hospitality & Travel 2015 & 2019 Ltd	60%	50%	On-site	United Kingdom
	Vivaboxes UK			Motivation	United Kingdom
	Circles Concierge UK Ltd			On-site	United Kingdom
	Sodexo Holdings Ireland Ltd			On-site	Ireland
	Sodexo Ireland Ltd			On-site	Ireland
N	Sodexo Zehnacker Healthcare Ireland Ltd	51%	51%	On-site	Ireland
	Sodexo Remote Sites Norway AS			On-site	Norway
N	Sodexo Onshore AS			On-site	Norway
N	Sodexo Mobile Units AS			On-site	Norway
	Sodexo Remote Sites The Nederlands BV			On-site	Netherlands
	Universal Sodexho Kazakhstan Ltd			On-site	United Kingdom
	Sodexo Nederland BV (consolidated)			On-site	Netherlands
	Sodexo Altys BV			On-site	Netherlands
	Sodexo Pass Luxembourg			Motivation	Luxemburg
	Sodexo Pass Belgium (consolidated)			Motivation	Belgium
	Sodexo Pass GmbH			Motivation	Germany
	Sodexo Motivation Solutions Italia SRL (consolidated)			Motivation	Italy
	Vivaboxes Italy			Motivation	Italy
	Sodexo Soluciones de Motivation España SAU			Motivation	Spain
	Sodexo Motivation Solutions Austria Gmbh			Motivation	Austria
	James Concept AB			Motivation	Sweden
	Sodexo Motivation Solutions UK Limited			Motivation	United Kingdom
	Sodexo Pass Hungaria			Motivation	Hungary
	Sodexo Pass Bulgaria EOOD			Motivation	Bulgaria
	Sodexo Pass Ceska Republika AS			Motivation	Czech Republic
	Sodexo Pass Slovak Republik SRO			Motivation	Slovakia
	Vouchers Acquisition Corporate Holding BV			Motivation	Netherlands
	Sodexo Motivation Solutions Polska SP Zoo			Motivation	Poland
	Sodexo Motivasyon Cozumleri A.S.			Motivation	Turkey
	Network Servisleri	50%	50%	Motivation	Turkey
	Sodexo Pass Romania			Motivation	Romania
	Catamaran Cruisers			On-site	United Kingdom
	Compagnie Financière Aurore International			Holding	Belgium

		% interest	% voting rights	Principal activity	Country
Asia, Pacific, Middle East					
	Kelvin Catering Services (Emirates) LLC	49%	49%	On-site	United Arab Emirates
EM	Hestia Facility Management LLC	49%	49%	On-site	United Arab Emirates
	Teyseer Services Company	49%	49%	On-site	Qatar
	Sodexo Kazakhstan LLP			On-site	Kazakhstan
	Restauration Française (Nouvelle-Calédonie)	60%	60%	On-site	France
	Sodexo Nouvelle-Calédonie	51%	51%	On-site	France
	Société du Catering du Nord	60%		On-site	France
	Sodexo Singapore			On-site	Singapore
	Sodexo Malaysia			On-site	Malaysia
	Sodexo Hong Kong			On-site	Hong Kong
	Sodexo Japan KK			On-site	Japan
EM	Sodexo Healthcare Support Services (Thaïland) Ltd	26%	26%	On-site	Thailand
	Sodexo Korea Co Ltd			On-site	Korea
	Universal Sodexho Eurasia Ltd			On-site	United Kingdom
	Aims Corporation			On-site	Australia
	Sodexo Asia Pacific PTE Ltd (consolidated)			On-site	Singapore
	SPI Asia			Holding	Singapore
	Sodexo FM Services PTY			On-site	Singapore
	PT Sodexo Indonesia Llc	75%	75%	On-site	Indonesia
	Sodexo Australia (consolidated)			On-site	Australia
EM	Serco Sodexo Defence Services	50%	50%	On-site	Australia
	Sodexo Venues Australia			On-site	Australia
	Sodexo Total Support Services NZ			On-site	New Zealand
	Rugby Travel & Hospitality NZ	80%		On-site	New Zealand
	Sodexo Remote Sites Australia Pty			On-site	Australia
	Beijing Luyuan Property Management Co. Ltd			On-site	China
	Sodexho Tianjin Service Management Company Ltd			On-site	China
	Sodexo Shanghaï Management Services			On-site	China
	Sodexo Management Company Ltd Shanghaï			On-site	China
EM	Shanghaï SAIC Sodexo Services Co. Ltd	49%	49%	On-site	China
	Beijing Sodexo Service Company Ltd	97%	97%	On-site	China
	Sodexo (Guangzhou)Management Services Ltd			On-site	China
	Wuhan Innovation Sodexo Services Co. Ltd	70%	70%	On-site	China
	Shanghaï Sodexo Pass Service Ltd			Motivation	China
EM	Changchun Faw Industry Sodexo Management Services Co. Ltd	50%	50%	On-site	China
	Sodexo Amarit (Thaïland Ltd)	49%	49%	On-site	Thailand
	Sodexo Support Services (Thailand) Ltd	61%	74%	On-site	Thailand
	Sodexo Thailand Ltd	49%	49%	On-site	Thailand
	Sodexo Project Management Services India Private Ltd			On-site	India
	Sodexo Food Services India Private Ltd			On-site	India
	Sodexho FM Services India Private Ltd			On-site	India
	Universal Remote Sites Services India Pty Ltd			On-site	India
	Sodexo SVC India Private Ltd			Motivation	India
	Unisol Infraservices Private Ltd			On-site	India
	RKHS Food and Allied Services Private Ltd			On-site	India
	Sodexo Food Solutions India Private Ltd			On-site	India
	Skyline Caterers Pvt Ltd			On-site	India
	Sodexho Pass, Inc.	60%	60%	Motivation	Philippines

		% interest	% voting rights	Principal activity	Country
Asia, Pacific, Middle East					
	Sodexo Services Liban	60%	60%	On-site	Lebanon
	Sodexo Laos Pvt Ltd			On-site	Laos
	PT Sodexo Motivation Solutions Indonesia			Motivation	Indonesia
N	Sodexho Pass Vietnam			Motivation	Vietnam
	Sodexo International FZE			On-site	United Arab Emirates
	Tariq Alghanim	50%	50%	On-site	Kuwait
	Rogozinsky and Ekron Hosting Sces Ltd	50%		On-site	Israel
	Chefa Ltd	50%	50%	On-site	Israel
N	Mealpass Motivation Solutions Israel Ltd	51%	51%	Motivation	Israel
	Sakhalin Support Services	100%	100%	On-site	Russia
	Allied Support			On-site	Russia
N	Sodexo Russia Far East			On-site	Russia