**BELLON**

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

**(For the year ended August 31, 2015)**

**PricewaterhouseCoopers Audit**
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92208 Neuilly-Sur-Seine cedex

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

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

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

**BELLON**
Espace Gaymard - 2 place d'Arvieux
13002 Marseille, France

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

**(For the year ended August 31, 2015)**

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended August 31, 2015, on:

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

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

## I- Opinion on the consolidated financial statements

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

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 August 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## II- Justification of our assessments

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

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

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

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

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

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

## III- Specific verification

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

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

Neuilly-sur-Seine and Paris La Défense, 8 January 2016

The Statutory Auditors

*French original signed by*

| | |
|---|---|
| PricewaterhouseCoopers Audit | KPMG Audit<br>*Department of KPMG S.A.* |
| Agnès Husshèrr<br>*Partner* | Jean-Claude Reydel<br>*Partner* |

# Consolidated financial statements – Fiscal 2015

## 1 CONSOLIDATED INCOME STATEMENT

| *(in millions of euro)* | Notes | Fiscal 2015 | Fiscal 2014 |
|---|---|---|---|
| **Revenues** | **3** | **19,815** | **18,016** |
| Cost of sales | 4.1 | (16,657) | (15,265) |
| **Gross profit** | | **3,158** | **2,751** |
| Administrative and Sales Department costs | 4.1 | (1,983) | (1,822) |
| Other operating income | 4.1 | 12 | 44 |
| Other operating costs | 4.1 | (56) | (46) |
| **Operating profit(1)** | **3** | **1,131** | **927** |
| Share of profit of companies consolidated by the equity method that directly contribute to the Group's business | 3 and 4.8 | 7 | 6 |
| **Operating profit after share of profit of companies consolidated by the equity method that directly contribute to the Group's business** | | **1,138** | **933** |
| Interest income | 4.2 | 82 | 20 |
| Financing costs | 4.2 | (208) | (226) |
| Share of profit of other companies consolidated by the equity method | 3 and 4.8 | 7 | 8 |
| **Profit for the period before tax** | | **1,019** | **735** |
| Income tax expense | 4.3 | (321) | (265) |
| **Profit for the year** | | **698** | **470** |
| Of which: | | | |
| Non-controlling interests | | 480 | 336 |
| **PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT** | | **218** | **134** |

*(1) Including 27 million euro in costs recorded in Fiscal 2014 in connection with the program to improve operational efficiency and reduce costs (see note 2.22.4).*

## 2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *(in millions of euro)* | Notes | Fiscal 2015 | Fiscal 2014 |
|---|---|---|---|
| **Profit for the year** | | **698** | **470** |
| **Components of other comprehensive income to be reclassified subsequently to profit or loss** | | | |
| Change in fair value of available for sale financial assets | 4.10.2 and 4.13 | (1) | |
| Change in fair value of Cash Flow Hedge instruments | 4.15 and 4.13 | (5) | (14) |
| Change in fair value of Cash Flow Hedge instruments reclassified to profit or loss | 4.15 and 4.13 | 3 | 13 |
| Currency translation differences | | 37 | 29 |
| Tax on components of other comprehensive income to be reclassified subsequently to profit or loss | 4.13 | 1 | |
| Share of other components of comprehensive income of companies consolidated by the equity method, net of tax | 4.13 | 3 | |
| **Components of other comprehensive income that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined benefit plan obligation | 4.16.1 and 4.13 | 56 | (75) |
| Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss | 4.13 | (13) | 16 |
| **Total other comprehensive income (loss), after tax** | | **81** | **(31)** |
| **COMPREHENSIVE INCOME** | | **779** | **439** |
| Of which: | | | |
| Equity holders of the parent | | 246 | 126 |
| Non-controlling interests | | 533 | 313 |

## 3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

| *(in millions of euro)* | Notes | August 31, 2015 | August 31, 2014 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 4.4 | 594 | 555 |
| Goodwill | 4.5 | 5,506 | 5,177 |
| Other intangible assets | 4.6 | 505 | 524 |
| Client investments | 4.7 | 485 | 361 |
| Companies consolidated by the equity method | 4.8 | 71 | 60 |
| Financial assets | 4.10 | 89 | 89 |
| Derivative financial instrument assets | 4.15 | 10 | 17 |
| Other non-current assets | 4.11 | 22 | 16 |
| Deferred tax assets | 4.19 | 232 | 226 |
| **Total non-current assets** | | **7,514** | **7,025** |
| **CURRENT ASSETS** | | | |
| Financial assets | 4.10 | 24 | 8 |
| Derivative financial instrument assets | 4.15 | 35 | 35 |
| Inventories | | 270 | 265 |
| Income tax receivable | | 176 | 185 |
| Trade and other receivables | 4.11 | 3,912 | 3,627 |
| Restricted cash and financial assets related to the Benefits and Rewards Services activity | 4.10 | 739 | 758 |
| Cash and cash equivalents | 4.12 | 2,075 | 2,791 |
| **Total current assets** | | **7,231** | **7,669** |
| **TOTAL ASSETS** | | **14,745** | **14,694** |

## LIABILITIES AND SHAREHOLDERS' EQUITY

| *(in millions of euro)* | **Notes** | **August 31, 2015** | **August 31, 2014** |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | | | |
| Common stock | | 0 | 0 |
| Additional paid in capital | | 397 | 397 |
| Reserves and retained earnings | | 631 | 394 |
| **Equity attributable to equity holders of the parent** | | **1,028** | **791** |
| **Non-controlling interests** | | **2,427** | **2,067** |
| **Total shareholders' equity** | **4.13** | **3,455** | **2,858** |
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings | 4.14 | 3,277 | 3,280 |
| Derivative financial instrument liabilities | 4.15 | 8 | 29 |
| Employee benefits | 4.16 | 421 | 451 |
| Other non-current liabilities | 4.18 | 192 | 233 |
| Provisions | 4.17 | 88 | 104 |
| Deferred tax liabilities | 4.19 | 130 | 148 |
| **Total non-current liabilities** | | **4,116** | **4,245** |
| **CURRENT LIABILITIES** | | | |
| Bank overdrafts | 4.12 | 39 | 61 |
| Borrowings | 4.14 | 343 | 1,112 |
| Derivative financial instrument liabilities | 4.15 | 5 | 17 |
| Income tax payable | | 133 | 132 |
| Provisions | 4.17 | 83 | 88 |
| Trade and other payables | 4.18 | 4,075 | 3,599 |
| Vouchers payable | | 2,496 | 2,582 |
| **Total current liabilities** | | **7,174** | **7,591** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **14,745** | **14,694** |

# 4 CONSOLIDATED CASH FLOW STATEMENT

| *(in millions of euro)* | **Notes** | **Fiscal 2015** | **Fiscal 2014** |
|---|---|---|---|
| **Operating activities** | | | |
| **Operating profit** | | **1,131** | **927** |
| **Elimination of non-cash and non-operating items** | | | |
| Depreciation, amortization and impairment of intangible assets and property, plant and equipment | | 277 | 250 |
| Provisions | | (11) | (21) |
| (Gain)/loss on disposal and other non-cash items | | | (30) |
| Dividends received from companies consolidated by the equity method | | 10 | 12 |
| **Change in working capital from operating activities** | | **22** | **120** |
| *Change in inventories* | | *5* | *5* |
| *Change in trade and other receivables* | | *(260)* | *(138)* |
| *Change in trade and other payables* | | *201* | *221* |
| *Change in vouchers payable* | | *100* | *103* |
| *Change in financial assets related to the Benefits and Rewards Services activity* | | *(24)* | *(71)* |
| Interest paid | | (215) | (187) |
| Interest received | | 37 | 24 |
| Income tax paid | | (289) | (301) |
| **Net cash provided by operating activities** | | **962** | **794** |
| **Investing activities** | | | |
| Acquisitions of property, plant and equipment and intangible assets | | (302) | (245) |
| Disposals of property, plant and equipment and intangible assets | | 18 | 26 |
| Change in client investments | 4.7 | (62) | (68) |
| Change in financial assets | | 17 | |
| Acquisitions of subsidiaries | | (56) | (50) |
| Dispositions of subsidiaries | | 7 | |
| **Net cash used in investing activities** | | **(378)** | **(337)** |
| **Financing activities** | | | |
| Dividends paid to parent company shareholders | | (9) | (8) |
| Dividends paid to non-controlling shareholders of consolidated companies | | (192) | (168) |
| Increase in share capital | | 2 | |
| Acquisitions of non-controlling interests in consolidated companies | | (84) | (74) |
| Dispositions of non-controlling interests in consolidated companies | | 58 | 56 |
| Proceeds from borrowings | | 357 | 1,903 |
| Repayment of borrowings | | (1,418) | (770) |
| **Net cash provided by/(used in) financing activities** | | **(1,286)** | **939** |
| **CHANGE IN NET CASH AND CASH EQUIVALENTS** | | **(702)** | **1,396** |
| Net effect of exchange rates and other effects on cash | | 8 | (28) |
| Net cash and cash equivalents, beginning of period | | 2,730 | 1,362 |
| **NET CASH AND CASH EQUIVALENTS, END OF PERIOD** | **4.12** | **2,036** | **2,730** |

# 5 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| *(in millions of euro)* | Shares outstanding | Share capital | Share premium | Reserves and comprehensive income | Translation adjustments | Total shareholders' equity: Attributable to equity holders of the parent | Total shareholders' equity: Non-controlling interests | Total shareholders' equity: Total |
|---|---|---|---|---|---|---|---|---|
| **Notes** | **4.13** | | | **4.13** | | | | |
| **Shareholders' equity as of August 31, 2013** | **25,710** | | **397** | **460** | **(190)** | **667** | **1,907** | **2,574** |
| Profit for the year | | | | 134 | | **134** | 336 | **470** |
| Other comprehensive income (loss), net of tax | | | | (21) | 13 | **(8)** | (23) | **(31)** |
| **Comprehensive income** | | | | **113** | **13** | **126** | **313** | **439** |
| Dividends paid | | | | (7) | | **(7)** | (169) | **(176)** |
| Other(1) | | | | 5 | | **5** | 16 | **21** |
| **Shareholders' equity as of August 31, 2014** | **25,710** | | **397** | **571** | **(177)** | **791** | **2,067** | **2,858** |
| Profit for the year | | | | 218 | | **218** | 480 | **698** |
| Other comprehensive income (loss), net of tax | | | | 15 | 13 | **28** | 53 | **81** |
| **Comprehensive income** | | | | **233** | **13** | **246** | **533** | **779** |
| Dividends paid | | | | (8) | | **(8)** | (193) | **(201)** |
| Other(1) | | | | (1) | | **(1)** | 20 | **19** |
| **Shareholders' equity as of August 31, 2015** | **25,710** | | **397** | **795** | **(164)** | **1,028** | **2,427** | **3,455** |

# 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 SA, “the Group” refers to Bellon SA together with the Sodexo group, and “Sodexo” or “the Sodexo Group” refers to Sodexo SA and its consolidated subsidiaries.**

**Bellon SA’s consolidated financial statements were finalized by its Executive Board and submitted to its Supervisory Board on December 16, 2015. They will be submitted to the Annual Shareholder’s Meeting in May 2016.**

## 1. SIGNIFICANT EVENTS

As discussed in Note 4.14 “Borrowings,” during Fiscal 2015, Bellon SA reimbursed the debt underlying three Equity Linked Swaps (“ELS” - forward sale of Sodexo shares with a swap exchanging changes in interest rates for changes in Sodexo share prices), of which two were with Natexis for a total amount of 300 million euro, and one was with CACIB for 70 million euro. Two new Equity Linked Swap agreements were signed, one for 150 million euro muturing in June 2019 and another for 200 million euro maturing in July 2020. Bellon SA also signed an Equity Linked Swap in July 2015 with a start date of September 10, 2015 for 150 million euro maturing in July 2018.

In addition, on January 30, 2015, Sodexo SA redeemed the bonds issued in 2009 for a total amount of 880 million euro. With the refinancing transactions carried out in 2014, including the U.S. Private Placement completed by the Sodexo Group in March 2014 for an amount of 1.1 billion U.S. dollars and a bond issue carried out in June 2014 for 1.1 billion euro, the Sodexo Group has significantly extended the life of its debt and gradually reduced its borrowing costs.

In September 2014, Bellon SA signed a forward purchase agreement with SOFRANE, a simplified joint stock company that is wholly owned by Pierre Bellon’s children. Under the terms of the agreement, Sofrane will sell to Bellon SA full ownership of the usufruct (the right to receive dividends) of 2,736 Bellon SA shares. The sale will take place at the latest eight working days after the Bellon SA annual shareholders meeting to approve the financial statements of the year ended December 31, 2015. Pursuant to the terms of the aforementioned agreement, the one-time fixed price for the acquisition of the full ownership of the usufruct of these shares was fixed at 22 million euro of which 21 million euro were paid by Bellon SA when the agreement was finalized and is recognized in the Statement of Financial Position in the line item “Other receivables”.

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### 2.1.1 Basis of preparation of financial information for Fiscal 2015

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

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

The IFRS application dates as approved by the European Union are the same as those for the IFRS standards published by the IASB during the past three years, except for IFRS 10, IFRS 11 and IFRS 12, which are applicable in accounting periods beginning on or after January 1, 2013 according to the IASB and in accounting periods beginning on or after January 1, 2014 in the European Union. The Group early-adopted these standards as from September 1, 2013 (see note 2.1.2). Any difference between the two sets of standards arising out of delays in approval by the European Union had no impact on the Group’s consolidated financial statements.

#### 2.1.2 New accounting standards and interpretations required to be applied

The new standards, interpretations or amendments whose application was mandatory for the Group effective for the fiscal year beginning September 1, 2014 had no material impact on the consolidated financial statements. In particular, retrospective application of IFRIC 21 “Levies”, which describes the criteria for recognizing a liability for the payment of a levy other than income tax, had no material impact on the consolidated income statement or statement of financial position for Fiscal 2014.

The Group elected to early adopt IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”, as well as the amendments to IAS 27 “Separate Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” in the consolidated financial statements for the fiscal year beginning September 1, 2013.

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

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

The Group has not applied any IFRSs that had not yet been approved by the European Union as of August 31, 2015.

The impacts of applying IFRS 15 “Revenue from Contracts with Customers” are currently under review. This standard will be applicable to the Group as from Fiscal 2019, provided that it has been adopted for use in the European Union.

## 2.2 USE OF ESTIMATES

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

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

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

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

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

## 2.3 PRINCIPLES AND METHODS OF CONSOLIDATION

### 2.3.1 Intragroup transactions

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

### 2.3.2 Consolidation methods

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

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

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

Further information on the main entities consolidated as of August 31, 2015 is provided in note 6.

### 2.3.3 Foreign currency translation

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

#### 2.3.3.1 FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

#### 2.3.3.2 FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

**Countries with stable currencies**

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

For consolidation purposes, all foreign-currency assets and liabilities of consolidated entities are translated into the reporting currency of the Group (the euro) at the closing exchange rate, and all income statement items are translated at the average exchange rate for the period. The resulting translation differences are recognized in other comprehensive income under “Currency translation differences”. At the time of the transition to IFRS, the cumulative translation adjustments recognized as of September 1, 2004 were reclassified to consolidated reserves.

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

**Countries with hyperinflationary economies**

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

**Subsidiaries operating in Venezuela**

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

Effective from Fiscal 2010, the Group no longer uses the official exchange rate published by the Venezuelan government, and translated the financial statements of subsidiaries operating in Venezuela at the actual rate obtained for the most recent currency transactions. Accordingly, based on the rates obtained for transactions carried out in June 2014 and August 2014 on the SICAD II platform, the exchange rate used for the year ended August 31, 2014 was 1 U.S. dollar = 51.06 bolivars (1 euro = 67.34 bolivars).

On February 10, 2015, the Venezuelan government announced that it was setting up a new foreign exchange platform called SIMADI (Marginal Currency Exchange System) to replace the SICAD II platform. In mid-July 2015, Sodexo decided to transition to the new platform and started bidding for dollars on SIMADI. In the absence of any other transactions carried out during the year, the Group considers that the best estimate of the exchange rate at which funds from its activities in Venezuela could be repatriated at the fiscal year-end is the rate observed on August 28, 2015 on the SIMADI platform. The exchange rate used for the year ended August 31, 2015 is therefore 1 U.S. dollar = 198.96 bolivars (1 euro = 223.14 bolivars).

## 2.4 BUSINESS COMBINATIONS AND GOODWILL

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

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

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

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

### 2.4.1 Goodwill

#### 2.4.1.1 ACQUISITIONS MADE SINCE SEPTEMBER 1, 2009

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

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

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

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

### 2.4.2 Bargain purchases

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

### 2.4.3 Transactions in non-controlling interests

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

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

### 2.4.4 Adjustments and/or earn-outs

Since September 1, 2009, earn-outs related to business combinations are recognized at their fair value as of the date of acquisition even if they are considered to be not probable. After the date of acquisition, changes in estimates of the fair value of price adjustments are adjusted to goodwill only if they occur within the time period allowed (a maximum of one year as of the date of acquisition) and if they result from facts and circumstances that existed at the acquisition date. In all other cases, the change is recognized in profit and loss except when the consideration transferred consists of an equity instrument.

### 2.4.5 Step acquisitions

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

## 2.5 INTANGIBLE ASSETS

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

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

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

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

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

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

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

## 2.6 PROPERTY, PLANT AND EQUIPMENT

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

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

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

The useful lives generally used by the Group are:

| | |
|---|---|
| Buildings | 20-30 years |

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

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

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

## 2.7 LEASES

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

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

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

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

## 2.8 IMPAIRMENT OF ASSETS

### 2.8.1 Impairment of assets with finite useful lives

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

### 2.8.2 Impairment of assets with indefinite useful lives

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

#### 2.8.2.1 CASH GENERATING UNITS

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

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

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

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

#### 2.8.2.2 INDICATIONS OF IMPAIRMENT

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

#### 2.8.2.3 METHODS USED TO DETERMINE THE RECOVERABLE AMOUNT

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

Recoverable amount is the greater of:

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

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

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

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

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

#### 2.8.2.4 RECOGNITION OF IMPAIRMENT LOSSES

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

### 2.8.3 Reversal of impairment losses

Impairment losses recognized with respect to goodwill cannot be reversed.

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

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

## 2.9 CLIENT INVESTMENTS

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

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

## 2.10 INVENTORIES

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

## 2.11 TRADE AND OTHER RECEIVABLES

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

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

## 2.12 FINANCIAL INSTRUMENTS

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

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

### 2.12.1 Financial assets

Financial assets are measured and recognized in three main categories:

- **available-for-sale financial assets** include equity investments in non-consolidated entities, marketable securities with maturities greater than three months, and restricted cash. They are measured at fair value, with changes in fair value recognized in other comprehensive income. When an available-for-sale financial asset is sold or impaired, the cumulative fair value adjustment recognized in other comprehensive income is transferred to the income statement. For securities listed on an active market, fair value is considered to equal market value. If no active market exists, fair value is generally determined based on appropriate financial criteria for the specific security. If the fair value of an available-for-sale financial asset cannot be reliably measured, it is recognized at cost;
- **loans and receivables** include financial and security deposits, and loans to non-consolidated equity investees. These financial assets are recognized in the statement of financial position at fair value and subsequently at amortized cost, which is equivalent to acquisition cost as no significant transaction costs are incurred in acquiring such assets. They are tested for impairment if there is an indication that they may be impaired, and an impairment loss is recognized if the carrying amount of the asset is greater than its estimated recoverable amount;
- **financial assets at fair value through profit or loss** include other financial assets held for trading and acquired for the purpose of resale in the near term. Subsequent changes in the fair value of these assets are recognized in financial income or expense in the income statement.

### 2.12.2 Derivative financial instruments

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

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

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

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

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

### 2.12.3 Commitments to purchase non-controlling interests

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

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

### 2.12.4 Bank borrowings and bond issues

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

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

## 2.13 CASH AND CASH EQUIVALENTS

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

## 2.14 BORROWING COSTS

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

## 2.15 TREASURY SHARES

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

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

## 2.16 PROVISIONS

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

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

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

### Loss-making contracts

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

## 2.17 EMPLOYEE BENEFITS

### 2.17.1 Short-term benefits

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

These benefits are reported as current liabilities.

### 2.17.2 Post-employment benefits

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

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

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

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

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

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

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

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

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

### 2.17.3 Other long-term employee benefits

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

## 2.18 VOUCHERS PAYABLE

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

## 2.19 SHARE-BASED PAYMENT

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

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

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

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

## 2.20 DEFERRED TAXES

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

Deferred taxes are not recognized on the following items:

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

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

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

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

## 2.21 TRADE AND OTHER PAYABLES

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

## 2.22 INCOME STATEMENT

### 2.22.1 Income statement by function

The Group presents its income statement by function.

Operating profit comprises the following components:

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

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

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

### 2.22.2 Revenues

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

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

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

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

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

### 2.22.3 Income tax expense

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

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

### 2.22.4 Program to improve operational efficiency and reduce costs

In early Fiscal 2013, the Group launched a program to improve its operational efficiency and reduce costs over an 18-month period ended February 28, 2014, in order to strengthen its competitiveness. The expenses incurred in connection with this program are presented under various operating expense captions in the income statement depending on the functions concerned. In the Group's segment information they are presented in the "Unallocated" column. They mainly relate to net contract termination costs (including impairments of assets dedicated to the contracts and any losses and provisions related to loss-making contracts) and reorganization costs.

### 2.23 CASH FLOW STATEMENT

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

# 3. OPERATING SEGMENTS

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

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

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

The Group's operating segments are as follows:

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

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

### 3.1 BY OPERATING ACTIVITY

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

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

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

*(1) Including share of profit of companies consolidated by the equity method that directly contribute to the Group's business.*
*(2) Corresponding to the costs recorded in connection with the program to improve operational efficiency and reduce costs (see note 2.22.4).*

## 3.2 BY SIGNIFICANT COUNTRY

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

| **August 31, 2015** *(in millions of euro)* | **France** | **United States** | **Other** | **Total** |
|---|---|---|---|---|
| Revenues (third-party) | 2,796 | 7,588 | 9,431 | 19,815 |
| Non-current assets[1] | 1,298 | 3,277 | 2,515 | 7,090 |

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

| **August 31, 2014** *(in millions of euro)* | **France** | **United States** | **Other** | **Total** |
|---|---|---|---|---|
| Revenues (third-party) | 2,827 | 6,385 | 8,804 | 18,016 |
| Non-current assets[1] | 1,290 | 2,715 | 2,612 | 6,617 |

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

## 3.3 BY TYPE OF SERVICE

Revenues by type of service are as follows:

| *(in millions of euro)* | **Fiscal 2015** | **Fiscal 2014** |
|---|---|---|
| Foodservices | 13,356 | 12,327 |
| Facilities management services | 5,638 | 4,944 |
| **Total On-site Services revenues** | **18,994** | **17,271** |
| Benefits and Rewards Services | 827 | 751 |
| Eliminations | (6) | (6) |
| **TOTAL CONSOLIDATED REVENUES** | **19,815** | **18,016** |

# 4. NOTES TO THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2015

## 4.1 OPERATING EXPENSES BY NATURE

| *(in millions of euro)* | **Fiscal 2015** | **Fiscal 2014[3]** |
|---|---|---|
| Depreciation, amortization and impairment losses | (253) | (263) |
| Employee costs | | |
| • Wages and salaries | (7,359) | (6,589) |
| • Other employee costs[1] | (2,137) | (1,960) |
| Purchases of consumables and change in inventory | (5,716) | (5,332) |
| Other operating expenses[2] | (3,219) | (2,945) |
| **TOTAL** | **(18,684)** | **(17,089)** |

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

*(2) Other operating expenses mainly include operating lease expenses (318 million euro for Fiscal 2015 and 288 million euro for Fiscal 2014), professional fees, other purchases of consumables, sub-contracting costs and travel expenses.*

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

## 4.2 FINANCE INCOME AND EXPENSE

| *(in millions of euro)* | **Fiscal 2015** | **Fiscal 2014** |
|---|---|---|
| Gross borrowing cost[1] | (174) | (186) |
| Interest income from short-term bank deposits and equivalent | 22 | 16 |
| **Net borrowing cost** | **(152)** | **(170)** |
| Interest income from loans and receivables at amortized cost | 5 | 4 |
| Other interest income | 12 | |
| Other interest expense | (6) | (4) |
| Net foreign exchange gains/(losses) | (12) | (6) |
| Net interest cost on net defined benefit plan obligation | (9) | (7) |
| Monetary adjustment for hyperinflation | (7) | (8) |
| Change in fair value of derivative financial instruments not qualified for hedge accounting | 28 | (5) |
| Other | 15 | (10) |
| **Net financing costs** | **(126)** | **(206)** |
| **Interest income component** | **82** | **20** |
| **Financial expense component** | **(208)** | **(226)** |

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

## 4.3 INCOME TAX EXPENSE

### 4.3.1 Income tax rate reconciliation

| *(in millions of euro)* | **Fiscal 2015** | **Fiscal 2014** |
|---|---|---|
| Profit for the period before tax | 1,019 | 735 |
| Share of profit of companies consolidated by the equity method | (14) | (14) |
| **Accounting profit before tax** | **1,005** | **721** |
| Tax rate applicable to Sodexo SA[1] | 38.0% | 38.0% |
| **Theoretical income tax expense** | **(382)** | **(274)** |
| Effect of jurisdictional tax rate differences | 68 | 55 |
| Additional tax on dividends paid | (8) | (7) |
| Permanently non-deductible expenses or non-taxable income | 30 | 17 |
| Other tax repayments/(charges), net | (7) | (17) |
| Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods | 7 | 1 |
| Tax loss carry-forwards arising during the period but not recognized as a deferred tax asset | (25) | (31) |
| **Actual income tax expense** | **(317)** | **(256)** |
| Withholding taxes | (4) | (9) |
| **TOTAL INCOME TAX EXPENSE** | **(321)** | **(265)** |

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

### 4.3.2 Components of income tax expense

| *(in millions of euro)* | **Fiscal 2015** | **Fiscal 2014** |
|---|---|---|
| Current income taxes | (329) | (256) |
| Adjustments to current income tax payable in respect of prior periods | 4 | 1 |
| Provision for tax exposures | 1 | (1) |
| Utilization of tax credits, tax losses and temporary difference carry-forwards | (13) | (32) |
| **Current income taxes** | **(337)** | **(288)** |
| Deferred taxes on temporary differences arising or reversing during the period | 15 | 15 |
| Deferred taxes on changes in tax rates or liability for taxes at new rates | 4 | 2 |
| Utilization of tax credits, tax losses and tax loss carry-forwards | 1 | 15 |
| **Deferred income taxes** | **20** | **32** |
| **ACTUAL INCOME TAX EXPENSE** | **(317)** | **(256)** |

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, decreased from 36.8% for Fiscal 2014 to 31.9% for Fiscal 2015.

## 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, 2013** | **86** | **381** | **73** | **540** |
| Increases during the fiscal year | 5 | 137 | 63 | 205 |
| Decreases during the fiscal year | (5) | (15) | (5) | (25) |
| Newly consolidated companies | 6 | | | 6 |
| Newly deconsolidated companies | | | (1) | (1) |
| Depreciation expense | (13) | (146) | (19) | (178) |
| Impairment losses reversed in profit or loss | | 7 | | 7 |
| Translation adjustment | 1 | | | 1 |
| Other | 1 | 28 | (29) | |
| **Carrying amount – August 31, 2014** | **81** | **392** | **82** | **555** |
| Increases during the fiscal year | 9 | 205 | 19 | 233 |

| | | | | |
|---|---|---|---|---|
| Decreases during the fiscal year | (4) | (11) | (5) | (20) |
| Newly consolidated companies | | 11 | | 11 |
| Newly deconsolidated companies | (3) | (1) | | (4) |
| Depreciation expense | (2) | (171) | (13) | (186) |
| Translation adjustment | 2 | 6 | 2 | 10 |
| Other | (11) | 34 | (28) | (5) |
| **Carrying amount – August 31, 2015** | **72** | **465** | **57** | **594** |

| *(in millions of euro)* | **August 31, 2015** | **August 31, 2014** |
|---|---|---|
| Cost | 1,834 | 1,691 |
| Accumulated depreciation and impairment | (1,240) | (1,136) |
| **Carrying amount** | **594** | **555** |

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

Depreciation and impairment losses are reported under either cost of sales or administrative and sales department costs.

### 4.4.2 Analysis of assets held under finance leases

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

| **Carrying amount** *(in millions of euro)* | **Buildings** | **Plant and equipment** | **Construction in progress and other** | **Total** |
|---|---|---|---|---|
| August 31, 2013 | 7 | 38 | 1 | 46 |
| August 31, 2014 | 7 | 14 | | 21 |
| August 31, 2015 | 6 | 14 | | 20 |

| *(in millions of euro)* | **August 31, 2015** | **August 31, 2014** |
|---|---|---|
| Cost | 49 | 59 |
| Accumulated depreciation and impairment | (29) | (38) |
| **Carrying amount** | **20** | **21** |

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

## 4.5 GOODWILL

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

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

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

Changes in goodwill, aggregated by operating segment, were as follows in Fiscal 2014:

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

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

## 4.6 OTHER INTANGIBLE ASSETS

The tables below show movements in other intangible assets during Fiscal 2014 and Fiscal 2015.

| *(in millions of euro)* | **Licenses and software** | **Client relationships, trademarks and other** | **Total** |
|---|---|---|---|
| **Carrying amount – August 31, 2013** | **109** | **419**[(1)] | **528** |
| Increases during the fiscal year | 41 | 5 | 46 |
| Decreases during the fiscal year | (2) | | (2) |
| Newly consolidated companies | | 22 | 22 |
| Amortization expense | (40) | (34) | (74) |
| Impairment losses recognized in profit or loss | | (5) | (5) |
| Translation adjustment | | 12 | 12 |
| Other | 3 | (6) | (3) |
| **Carrying amount – August 31, 2014** | **111** | **413**[(1)] | **524** |
| Increases during the fiscal year | 57 | 5 | 62 |
| Decreases during the fiscal year | | (1) | (1) |
| Newly consolidated companies | | 20 | 20 |
| Amortization expense | (45) | (39) | (84) |
| Impairment losses recognized in profit or loss | | (7) | (7) |
| Translation adjustment | 2 | (14) | (12) |
| Other | 18 | (15) | 3 |
| **Carrying amount – August 31, 2015** | **143** | **362**[(1)] | **505** |

*(1) Including trademarks and lease rights with an indefinite useful life for 50 million euro as of August 31, 2014 and 2015.*

| *(in millions of euro)* | **August 31, 2015** | **August 31, 2014** |
|---|---|---|
| Cost | 1,063 | 1,032 |
| Accumulated amortization and impairment | (558) | (508) |
| **Carrying amount** | **505** | **524** |

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

## 4.7 CLIENT INVESTMENTS

| *(in millions of euro)* | **Fiscal 2015** | **Fiscal 2014** |
|---|---|---|
| Carrying amount – September 1 | 361 | 288 |
| Increases during the fiscal year | 139 | 129 |
| Decreases during the fiscal year | (77) | (61) |
| Translation adjustments | 62 | 5 |
| **Carrying amount as of August 31** | **485** | **361** |

## 4.8 COMPANIES CONSOLIDATED BY THE EQUITY METHOD

When the Group is legally or constructively obligated to make payments on behalf of companies consolidated by the equity method, provision is made under liabilities in the consolidated statement of financial position for its share in the negative shareholders' equity of the said companies (cf. note 4.17). Changes in the Group's share of the net assets of companies consolidated by the equity method in Fiscal 2014 and Fiscal 2015 are shown below:

| | Fiscal 2015 | | | Fiscal 2014 | | |
|---|---|---|---|---|---|---|
| *(in millions of euro)* | **Joint ventures** | **Associates** | **Total** | **Joint ventures** | **Associates** | **Total** |
| As of September 1 | 43 | 4 | 47 | 56 | 4 | 60 |
| Positive amounts | 56 | 4 | 60 | 73 | 5 | 78 |
| Negative amounts | (13) | | (13) | (17) | (1) | (18) |
| Share of profit for the period | 11 | 3 | 14 | 13 | 1 | 14 |
| Other comprehensive income(1) | 3 | | 3 | | | |
| Dividend paid for the period | (8) | (1) | (9) | (11) | (1) | (12) |
| Changes in scope of consolidation | | | | (14) | | (14) |
| Translation adjustments | 5 | | 5 | (1) | | (1) |
| Other movements | 1 | | 1 | | | |
| **AS OF AUGUST 31** | **55** | **6** | **61** | **43** | **4** | **47** |
| **Positive amounts** | **65** | **6** | **71** | **56** | **4** | **60** |
| **Negative amounts** | **(10)** | | **(10)** | **(13)** | | **(13)** |

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

## 4.9 IMPAIRMENT OF ASSETS

Impairments of 50 million euro and 43 million euro were recognized on property, plant and equipment and intangible assets (including goodwill) as of August 31, 2015 and 2014 respectively. Movements for the year represented a net charge of 7 million euro in Fiscal 2015 and a net release of 2 million euro in Fiscal 2014.

Assets with indefinite useful lives were tested for impairment as of August 31, 2015 using the methods described in note 2.8.2.

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

| | Fiscal 2015 | | Fiscal 2014 | |
|---|---|---|---|---|
| **Economic region** | **Discount rate(1)** | **Long-term growth rate(2)** | **Discount rate(1)** | **Long-term growth rate(2)** |
| Continental Europe | 8.7% | 1.75% | 9.0% | 2.0% |
| North America | 7.9% | 2.0% | 8.2% | 2.5% |
| United Kingdom and Ireland | 7.9% | 2.1% | 8.2% | 2.3% |
| Latin America | 10.6% | 4.0% | 10.9% | 4.0% |
| Rest of the World (excluding Latin America) | 9.4% | 3.0% | 9.2% | 3.3% |
| Benefits and Rewards Services | 9.9% | 3.4% | 10.2% | 3.6% |

*(1) The discount rate defined by the Group has been increased for certain regions in order to incorporate more significant risk factors affecting certain countries.*
*(2) The long-term growth rate serves to extrapolate the terminal value based on data in the management plans.*

### Sensitivity analysis

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

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

The Group also performed a sensitivity analysis on the operational assumptions used in order to determine whether a 5% decrease in projected net cash flows over the time period of the business plans prepared by management and in terminal value would result in the recognition of an impairment loss in the Group's consolidated financial statements at August 31, 2015. The results of this analysis indicated no risk of impairment for any of the CGUs or groups of CGUs.

The Group is particularly attentive to economic trends in Latin America, which accounted for approximately 10% of consolidated revenue in Fiscal 2015, especially trends in Brazil where GDP is expected to contract by around 3% in 2015 (source: International Monetary Fund) and may continue to decline in 2016. This situation has been taken into account in the business plans prepared by management, but actual results may nonetheless differ from business plan estimates if assumptions or conditions change.

## 4.10 FINANCIAL ASSETS

### 4.10.1 Current and non-current financial assets

| | August 31, 2015 | | August 31, 2014 | |
|---|---|---|---|---|
| *(in millions of euro)* | **Current** | **Non-current** | **Current** | **Non-current** |
| **Available-for-sale financial assets** | | | | |
| ***Investments in non-consolidated companies*** | | | | |
| Cost | | 13 | | 10 |
| Impairment | | (2) | | (2) |
| **Carrying amount** | | **11** | | **8** |
| ***Restricted cash and financial assets related to the Benefits and Rewards Services activity*** | | | | |
| Cost | 739 | | 758 | |
| Impairment | | | | |
| **Carrying amount** | **739** | | **758** | |
| **Loans and receivables** | | | | |
| ***Receivables from investees*** | | | | |
| Cost | | 32 | | 38 |
| Impairment | | (1) | | (1) |
| **Carrying amount** | | **31** | | **37** |
| ***Loans and deposits*** | | | | |
| Cost | 26 | 55 | 9 | 54 |
| Impairment | (2) | (8) | (1) | (10) |
| **Carrying amount** | **24** | **47** | **8** | **44** |
| **TOTAL FINANCIAL ASSETS** | **763** | **89** | **766** | **89** |
| Cost | 765 | 100 | 767 | 102 |
| Impairment | (2) | (11) | (1) | (13) |
| **Carrying amount** | **763** | **89** | **766** | **89** |

#### RESTRICTED CASH

Restricted cash of 439 million euro included in "Restricted cash and financial assets related to the Benefits and Rewards Services activity" primarily includes funds set aside to comply with regulations governing the issuance of service vouchers in France (262 million euro), India (70 million euro), Romania (39 million euro) and Belgium (23 million euro). The funds remain the property of the Sodexo Group but are subject to restrictions on their use. They may not be used for any purpose other than to reimburse affiliates and must be kept separate from the Group's unrestricted cash. Restricted cash is invested in interest-bearing instruments.

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

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

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

## 4.11 TRADE AND OTHER RECEIVABLES

| | August 31, 2015 | | | August 31, 2014 | | |
|---|---|---|---|---|---|---|
| *(in millions of euro)* | **Gross amount** | **Allowance** | **Carrying amount** | **Gross amount** | **Allowance** | **Carrying amount** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Other non-current assets** | **22** | | **22** | **16** | | **16** |
| Advances to suppliers | 16 | | 16 | 5 | | 5 |
| Trade receivables | 3,416 | (106) | 3,310 | 3,300 | (129) | 3,171 |
| Other operating receivables | 365 | (4) | 361 | 322 | (5) | 317 |
| Prepaid expenses | 199 | | 199 | 130 | | 130 |
| Non-operating receivables | 26 | | 26 | 4 | | 4 |
| **TOTAL TRADE AND OTHER RECEIVABLES** | **4,022** | **(110)** | **3,912** | **3,761** | **(134)** | **3,627** |

The maturities of trade receivables as of August 31, 2015 and August 31, 2014 respectively were as follows:

| | **August 31, 2015** | | **August 31, 2014** | |
|---|---|---|---|---|
| **Breakdown of trade receivables due as of August 31:** | **Gross amount** | **Allowance** | **Gross amount** | **Allowance** |
| Less than 3 months due | 522 | (4) | 479 | (7) |
| More than 3 months and less than 6 months due | 55 | (9) | 62 | (22) |
| More than 6 months and less than 12 months due | 127 | (22) | 113 | (25) |
| More than 12 months due | 72 | (62) | 77 | (66) |
| **TOTAL TRADE RECEIVABLES DUE AS OF AUGUST 31** | **776** | **(97)** | **731** | **(120)** |
| **TOTAL TRADE RECEIVABLES NOT YET DUE AS OF AUGUST 31** | **2,640** | **(9)** | **2,569** | **(9)** |
| **TOTAL TRADE RECEIVABLES AS OF AUGUST 31** | **3,416** | **(106)** | **3,300** | **(129)** |

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

## 4.12 CASH AND CASH EQUIVALENTS

| *(in millions of euro)* | **August 31, 2015** | **August 31, 2014** |
|---|---|---|
| Marketable securities | 362 | 814 |
| Cash | 1,713 | 1,977 |
| **Total cash and cash equivalents** | **2,075** | **2,791** |
| Bank overdrafts | (39) | (61) |
| **NET CASH AND CASH EQUIVALENTS** | **2,036** | **2,730** |

Marketable securities comprised:

| *(in millions of euro)* | **August 31, 2015** | **August 31, 2014** |
|---|---|---|
| Short-term notes | 188 | 282 |
| Term deposits | 148 | 199 |
| Listed bonds | | 8 |
| Mutual funds and other | 26 | 325 |
| **Total marketable securities** | **362** | **814** |

Around 83% of the Group's cash and cash equivalents, together with the restricted cash and financial assets of the Benefits and Rewards Services activity, is held with A1 or A2-rated financial institutions.

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

## 4.13 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

| | Fiscal 2015 | | | Fiscal 2014 | | |
|---|---|---|---|---|---|---|
| *(in millions of euro)* | **Increase/(decrease) during the year, pre-tax** | **Income tax (expense)/benefit** | **Increase/(decrease) during the year, net of tax** | **Increase/(decrease) during the year, pre-tax** | **Income tax (expense)/benefit** | **Increase/(decrease) during the year, net of tax** |
| Available-for-sale financial assets | | | | | | |
| Cash Flow Hedges | | | | (1) | | (1) |
| Remeasurements of net defined benefit obligation | 19 | (4) | 15 | (26) | 6 | (20) |
| Translation adjustment | 13 | | 13 | 13 | | 13 |
| **TOTAL OTHER COMPREHENSIVE INCOME (GROUP SHARE)** | **32** | **(4)** | **28** | **(14)** | **6** | **(8)** |

## 4.14 BORROWINGS

Changes in borrowings during Fiscal 2015 and Fiscal 2014 were as follows:

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

| *(in millions of euro)* | **August 31, 2013** | **Increases** | **Repayments** | **Discounting effects and other** | **Translation adjustments** | **Changes in scope of consolidation** | **August 31, 2014** |
|---|---|---|---|---|---|---|---|
| Bond issues | 1,425 | 1,097 | (500) | (8) | | | 2,014 |
| Bank borrowings | 1,736 | 806 | (230) | 15 | 21 | 3 | 2,351 |
| Finance lease obligations | 41 | 6 | (33) | | | | 14 |
| Other borrowings | 14 | 2 | (3) | | | | 13 |
| **TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS** | **3,216** | **1,911** | **(766)** | **7** | **21** | **3** | **4,392** |
| Net fair value of derivative financial instruments | (62) | (2) | 2 | 19 | 33 | | (6) |
| **TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS** | **3,154** | **1,909** | **(764)** | **25** | **54** | **3** | **4,386** |

### 4.14.1 Borrowings by currency

| | August 31, 2015 | | August 31, 2014 | |
|---|---|---|---|---|
| *(in millions of euro)* | **Current** | **Non-current** | **Current** | **Non-current** |
| **Bond issues** | | | | |
| Euro | 9 | 1,096 | 918 | 1,096 |
| **Total** | **9** | **1,096** | **918** | **1,096** |
| **Bank borrowings[(1)]** | | | | |
| U.S. dollar | 318 | 1,704 | 34 | 1,686 |
| Euro | 6 | 452 | 152 | 479 |
| Other currencies | 2 | 2 | | |
| **Total** | **326** | **2,158** | **186** | **2,165** |
| **Finance lease obligations** | | | | |
| Euro | 3 | 7 | 3 | 8 |
| Other currencies | 1 | 2 | 1 | 2 |
| **Total** | **4** | **9** | **4** | **10** |
| **Other borrowings[(2)]** | | | | |
| Euro | 1 | 3 | 1 | 5 |
| Other currencies | 3 | 11 | 3 | 4 |
| **Total** | **4** | **14** | **4** | **9** |
| **TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS** | **343** | **3,277** | **1,112** | **3,280** |
| **Net fair value of derivative financial instruments[(3)]** | **(30)** | **(2)** | **(18)** | **12** |
| **TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS** | **313** | **3,275** | **1,094** | **3,292** |

*(1) Including the proceeds of the three private bond placements made by the Sodexo Group with U.S. private investors (respectively 360 million U.S. dollars, 600 million U.S. dollars and 1,100 million U.S. dollars).*
*(2) Including 9 million euro as of August 31, 2015 and 4 million euro as of August 31, 2014 corresponding to liabilities recognized in connection with the commitments to repurchase the non-controlling interests in certain subsidiaries.*
*(3) Described in note 4.15.*

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

### 4.14.2 Bond issues

#### 4.14.2.1 2009 BOND ISSUE – 880 MILLION EURO

The bonds issued by Sodexo SA on January 30, 2009 for 650 million euro and the additional bonds issued on June 24, 2009 for 230 million euro were redeemed on January 30, 2015.

#### 4.14.2.2 2014 BOND ISSUES – 500 MILLION EURO AND 600 MILLION EURO

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

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

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

Accrued interest on these bonds amounted to 9 million euro as of August 31, 2015.

None of these bond issues is subject to financial covenants.

### 4.14.3 Other borrowings from financial institutions

#### 4.14.3.1 LOAN FOR 70 MILLION EURO WITH CALYON (2007)

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

#### 4.14.3.2 EQUITY LINKED SWAP WITH NATIXIS (2011)

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

Bellon SA reimbursed 150 million euro of the ELS at maturity on July 4, 2015. The tranche of 150 million which would have matured in July 2017 was reimbursed early, on July 10 2015. The interest rate swap agreements were cancelled.

#### 4.14.3.3 EQUITY LINKED SWAP WITH NATIXIS (2015)

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

#### 4.14.3.4 EQUITY LINKED SWAP WITH CACIB (2012)

On August 30, 2012, Bellon SA signed an Equity Linked Swap agreement (forward sale of Sodexo shares with a swap exchanging changes in interest rates for changes in Sodexo share prices) for an amount of 70 million euro with a maturity date of August 4, 2016. This synthetic debt carries floating rate interest. In November 2012 an interest rate swap was put in place bringing the interest rate to 2.965% for the term of the loan.

This loan was reimbursed early on June 22, 2015. The underlying for the interest rate swap maturing on August 1, 2016 is now 70 million euro of the 2015 CACIB ELS described below.

#### 4.14.3.5 EQUITY LINKED SWAP WITH CACIB (2015)

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

#### 4.14.3.6 EQUITY LINKED SWAP WITH SOCIETE GENERALE (2015)

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

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

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

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

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

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

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

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

- total net borrowings must be lower than 1.1 billion euro at any point in time

- Sodexo's rating must not be lower than BBB-

As of August 31, 2015, Bellon SA was in compliance with its covenants.

#### 4.14.3.8 JULY 2011 MULTI-CURRENCY CONFIRMED CREDIT FACILITY

On July 18, 2011, Sodexo SA contracted a multicurrency credit facility for a maximum of 600 million euro plus 800 million U.S. dollars. The facility, which originally matured on July 18, 2016, was extended in July 2013 until July 18, 2018. On July 2, 2015, it was further extended until July 2, 2020 for amounts of 531 million euro plus 709 million U.S. dollars. This maturity is extendable on application by Sodexo SA and subject to lenders' consent until July 2021, and then until July 2022.

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

As of August 31, 2015, the euro tranche had been utilized in the amount of 65 million euro (compared to 215 million euro as of August 31, 2014).

#### 4.14.3.9 U.S. PRIVATE PLACEMENT

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

| Date of the loan | Principal (in millions of U.S. dollars) | Interest rate | Maturity |
|---|---|---|---|
| September 29, 2008 | 290 | 5.99% | September 2015 |
| | 70 | 6.43% | September 2018 |
| **TOTAL** | **360** | | |
| March 29, 2011 | 250 | 4.24% | March 2018 |
| | 225 | 4.85% | March 2021 |
| | 125 | 4.95% | March 2023 |
| **TOTAL** | **600** | | |
| March 4, 2014 | 150 | 2.71% | March 2019 |
| | 150 | 3.44% | March 2021 |
| | 525 | 3.99% | March 2024 |
| | 175 | 4.14% | March 2026 |
| | 100 | 4.34% | March 2029 |
| **TOTAL** | **1,100** | | |
| **TOTAL** | **2,060** | | |

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

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

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

The Group was compliant with these covenants as of August 31, 2015, February 28, 2015 and August 31, 2014.

### 4.14.4 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, 2015, nearly 100% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 3.7%. As of August 31, 2014, nearly 100% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 4.3%.

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

### 4.14.5 Maturity of borrowings

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

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

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

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

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

| **August 31, 2014**<br>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 | | 941 | 15 | 95 | 1,227 | 2,278 |
| Bank borrowings | 39 | 12 | 193 | 1,373 | 1,266 | 2,883 |
| Finance lease obligations | 1 | 1 | 3 | 9 | 2 | 16 |
| Other borrowings | 1 | | 3 | 9 | 1 | 14 |
| Impact of derivative financial instruments excluding those related to the PPP companies | 13 | 2 | 16 | 24 | (1) | 54 |
| **TOTAL** | **54** | **956** | **230** | **1,510** | **2,495** | **5,245** |

## 4.15 DERIVATIVE FINANCIAL INSTRUMENTS

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

| **Derivative financial instruments** *(in millions of euro)* | **IFRS classification** | **August 31, 2015** | **August 31, 2014** |
|---|---|---|---|
| **Currency instruments** | | **9** | **(22)** |
| *Assets* | *Trading* | *14* | *1* |
| *Liabilities* | *Trading* | *(5)* | *(23)* |
| **Interest rate instruments(1)** | | **(8)** | **(11)** |
| *Assets* | *Trading* | | |
| *Liabilities* | *Trading* | *(8)* | *(11)* |
| **Cross-currency swaps(2)** | | **31** | **39** |
| *Assets* | *Cash Flow Hedge* | *30* | *52* |
| *Assets* | *Trading* | *5* | |
| *Liabilities* | *Cash Flow Hedge* | *(3)* | *(13)* |
| *Liabilities* | *Trading* | *(1)* | |
| **Net derivative financial instruments** | | **32** | **6** |

*(1) Relates to an interest rate swap intended to fix the interest rate on synthetic debt resulting from the equity linked swaps described in note 4.14.3.*
*(2) Relates to cross-currency euro-BRL swaps with notional value of 220 million BRL as of August 31, 2015 and 490 million BRL as of August 31, 2014 for which accrued interest of 4 million euro was recognized as a liability as of August 31, 2015 (13 million euro as of August 31, 2014).*

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

| | **August 31, 2015** | | | | **August 31, 2014** | | | |
|---|---|---|---|---|---|---|---|---|
| *(in millions of euro)* | **< 1 year** | **1-5 years** | **> 5 years** | **Total** | **< 1 year** | **1-5 years** | **> 5 years** | **Total** |
| **Currency lender positions** | **108** | **85** | **42** | **235** | **69** | **92** | **62** | **223** |
| *Czech Crown/Euro* | *72* | *11* | | *83* | *53* | *22* | | *75* |
| *Polish Zloty/Euro* | *20* | | | *20* | *16* | | | *16* |
| *U.S. Dollar/Euro* | *16* | *74* | *42* | *132* | | *70* | *62* | *132* |
| **Currency borrower positions** | **(75)** | **(81)** | **(17)** | **(173)** | **(188)** | **(111)** | **(22)** | **(321)** |
| *UK Sterling/Euro* | *(4)* | *(18)* | *(13)* | *(35)* | *(49)* | *(2)* | *(10)* | *(61)* |
| *Brazilian Real/Euro* | *(58)* | | | *(58)* | *(128)* | *(50)* | | *(178)* |
| *Czech Crown/Euro* | *(1)* | *(2)* | | *(3)* | | *(3)* | | *(3)* |
| *Mexican Peso/Euro* | *(8)* | *(21)* | | *(29)* | *(9)* | *(31)* | | *(40)* |
| *Other* | *(4)* | *(40)* | *(4)* | *(48)* | *(2)* | *(25)* | *(12)* | *(39)* |
| **TOTAL** | **33** | **4** | **25** | **62** | **(119)** | **(19)** | **40** | **(98)** |
| **Fair value** | **32** | **9** | **(1)** | **40** | **20** | **5** | **(8)** | **17** |

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

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

| | |
|---|---|
| **Cumulative changes in fair value of instruments designated as hedges as of August 31, 2013** | **(30)** |
| Change in fair value for the period | (14) |
| Share in the change in fair value of derivative instruments held by companies consolidated by the equity method(1) | |
| Fair value items recognized in financial income or expense | 13 |
| **Total changes recognized in other comprehensive income** | **(1)** |
| **Translation adjustments and other** | |
| **Cumulative changes in fair value of instruments designated as hedges as of August 31, 2014** | **(31)** |
| Change in fair value for the period | (5) |
| Share in the change in fair value of derivative instruments held by companies consolidated by the equity method(1) | 4 |
| Fair value items recognized in financial income or expense | 3 |
| **Total changes recognized in other comprehensive income** | **2** |
| **Translation adjustments and other** | |
| **Cumulative changes in fair value of instruments designated as hedges as of August 31, 2015** | **(29)** |

*(1) Certain companies consolidated by the equity method have hedged their variable rate debt. The impact of the measurement of these instruments on the Group interest in the profit and shareholders' equity of these entities is reflected in the above table.*

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

## 4.16 LONG-TERM EMPLOYEE BENEFITS

| *(in millions of euro)* | **August 31, 2015** | **August 31, 2014** |
|---|---|---|
| Net defined benefit plan asset[1] | (3) | (3) |
| Net defined benefit plan obligation | 239 | 300 |
| Other long-term employee benefits | 182 | 151 |
| **Employee benefits** | **418** | **448** |

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

### 4.16.1 Post-employment benefits

#### 4.16.1.1 DEFINED CONTRIBUTION PLANS

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

Contributions to defined contribution plans recognized in operating expenses were 386 million euro for Fiscal 2015, compared to 346 million euro for Fiscal 2014.

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

#### 4.16.1.2 DEFINED BENEFIT PLANS

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

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

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

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").

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

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

| | Fiscal 2015 | | | Fiscal 2014 | | |
|---|---|---|---|---|---|---|
| | **Benefit obligation** | **Plan assets** | **Net benefit obligation** | **Benefit obligation** | **Plan assets** | **Net benefit obligation** |
| **As of September 1** | **1,171** | **(874)** | **297** | **980** | **(753)** | **227** |
| Expense/(income) recognized in the income statement | 57 | (33) | **24** | 62 | (34) | **28** |
| *Current service cost* | *31* | | ***31*** | *26* | | ***26*** |
| *Past service cost* | *(15)* | | ***(15)*** | *(4)* | | *(4)* |
| *Effect of settlements* | | | | *(1)* | | ***(1)*** |
| *Interest cost/(income)* | *41* | *(33)* | ***8*** | *41* | *(34)* | ***7*** |
| Remeasurement losses/(gains) | (28) | (28) | **(56)** | 109 | (34) | **75** |
| *Actuarial losses/(gains) arising from changes in demographic assumptions* | *1* | | ***1*** | *3* | | *3* |
| *Actuarial losses/(gains) arising from changes in financial assumptions* | *(18)* | *(28)* | ***(46)*** | *114* | *(34)* | *80* |
| *Experience adjustments* | *(11)* | | ***(11)*** | *(8)* | | *(8)* |
| *Effect of asset ceiling* | | | | | | |
| Translation adjustments | 70 | (63) | **7** | 48 | (44) | **4** |
| Contributions made by plan members | 2 | (2) | | 2 | (2) | |
| Employer contributions | | (26) | **(26)** | | (28) | **(28)** |
| Benefits paid from plan assets | (42) | 42 | | (21) | 21 | |
| Benefits paid other than from plan assets | (10) | | **(10)** | (9) | | **(9)** |
| Changes in scope of consolidation | | | | | | |
| Other | | | | | | |
| **AS OF AUGUST 31** | **1,220** | **(984)** | **236** | **1,171** | **(874)** | **297** |
| Of which: | | | | | | |
| Partially funded plans | 1,071 | (984) | **87** | 1,026 | (874) | **152** |
| Unfunded plans | 149 | | **149** | 145 | | **145** |

The amounts recorded in the income statement for defined benefit plans amounted to 23 million euro in Fiscal 2015 (27 million euro in Fiscal 2014), as follows:

- net expense of 12 million euro in Fiscal 2015 (net expense of 11 million euro in Fiscal 2014) in cost of sales;
- net expense of 4 million euro in Fiscal 2015 (net expense of 10 million euro in Fiscal 2014) in Administrative and Sales Department costs;
- net expense of 8 million euro in interest expense (see note 4.2).

Defined benefit plan assets comprise:

| *(in millions of euro)* | **August 31, 2015** | **August 31, 2014** |
|---|---|---|
| Equities | 177 | 167 |
| Bonds | 116 | 97 |
| Real estate | 61 | 60 |
| Cash | 16 | 5 |
| Derivative instruments | 1 | 1 |
| Investment funds | 121 | 108 |
| Insurance and other | 492 | 436 |
| **TOTAL** | **984** | **874** |

Recognized net actuarial gains arising from changes in financial assumptions amounted to 18 million euro, of which 30 million euro in the Netherlands, and were due mainly to a change in assumptions concerning the rate of future benefit increases.

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2015 and 2014:

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

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

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

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

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

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

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

(3) *Retail price index (RPI): 3.1%; consumer price index (CPI): 2.1% for Fiscal 2014.*

With respect to the assumptions provided in the above table, a reduction of 1% in the discount rate would bring the gross obligation to 1,502 million euro (compared to 1,220 million euro with the assumptions used as of August 31, 2015), while an increase of 0.5% in the long-term inflation rate would increase the gross obligation to 1,321 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 26 million euro into defined benefit plans in Fiscal 2016.

### 4.16.2 Other employee benefits

Other employee benefits, in the amount of 182 million euro as of August 31, 2015 (151 million as of August 31, 2014), mainly comprise a liability related to a deferred compensation program in the United States and obligations relating to long-service awards.

The total expense recognized with respect to these benefits in Fiscal 2015 was 25 million euro (15 million euro in Fiscal 2014), of which 1.7 million euro (1.3 million euro in Fiscal 2014) relates to a deferred compensation program in the United States, reported in financial expense.

## 4.17 PROVISIONS

| *(in millions of euro)* | **August 31, 2014** | **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, 2015** |
|---|---|---|---|---|---|---|---|---|
| Tax and social security exposures | 54 | 16 | (7) | (11) | (5) | | | 47 |
| Employee claims and litigation | 35 | 15 | (7) | (4) | (4) | | | 35 |
| Contract termination and loss-making contracts | 21 | 11 | (16) | (6) | 4 | | | 14 |
| Reorganization costs | 24 | 5 | (16) | (2) | | | | 11 |
| Client/supplier claims and litigation | 29 | 3 | (2) | (5) | 1 | | | 26 |
| Negative net assets of associates* | 13 | | | | (2) | | | 11 |
| Other provisions | 16 | 16 | (2) | | (3) | | | 27 |
| **TOTAL** | **192** | **66** | **(50)** | **(28)** | **(9)** | | | **171** |

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

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

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

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

Current and non-current provisions are as follows:

| | August 31, 2015 | | August 31, 2014 | |
|---|---|---|---|---|
| (in millions of euro) | Current | Non-current | Current | Non-current |
| Tax and social security exposures | 7 | 40 | 9 | 45 |
| Employee claims and litigation | 17 | 18 | 14 | 21 |
| Contract termination and loss-making contracts | 8 | 6 | 10 | 11 |
| Reorganization costs | 11 | | 24 | |
| Client/supplier claims and litigation | 23 | 3 | 26 | 3 |
| Negative net assets of associates* | | 11 | | 13 |
| Other provisions | 17 | 10 | 5 | 11 |
| **TOTAL PROVISIONS** | **83** | **88** | **88** | **104** |

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

## 4.18 TRADE AND OTHER PAYABLES

| (in millions of euro) | August 31, 2015 | August 31, 2014 |
|---|---|---|
| Other non-current liabilities | 192 | 233 |
| **TOTAL OTHER NON-CURRENT LIABILITIES** | **192** | **233** |
| Advances from clients | 418 | 299 |
| Trade payables | 1,953 | 1,768 |
| Employee-related liabilities | 1,126 | 1,022 |
| Tax liabilities | 266 | 267 |
| Other operating liabilities | 100 | 95 |
| Deferred revenues | 126 | 109 |
| Other non-operating liabilities | 86 | 39 |
| **TOTAL TRADE AND OTHER CURRENT PAYABLES** | **4,075** | **3,599** |
| **TOTAL TRADE AND OTHER PAYABLES** | **4,267** | **3,832** |

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

| Maturities of trade and other payables | Carrying value | Undiscounted contractual value |
|---|---|---|
| Less than three months | 2,903 | 2,903 |
| More than three months and less than six months | 328 | 328 |
| More than six months and less than twelve months | 791 | 791 |
| More than one year and less than five years | 186 | 199 |
| More than five years | 59 | 71 |
| **TOTAL TRADE AND OTHER PAYABLES** | **4,267** | **4,292** |

## 4.19 DEFERRED TAXES

Movements in deferred taxes were as follows in Fiscal 2015:

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

Movements in deferred taxes were as follows in Fiscal 2014:

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

Deferred tax assets not recognized because their recovery is not considered probable totaled 229 million euro (227 million euro as of August 31, 2014), including 7 million euro generated by subsidiaries prior to their acquisition (7 million euro as of August 31, 2014).

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

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

## 4.20 FINANCIAL INSTRUMENTS

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

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

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

| | | | August 31, 2015 | | Fair value level | | | |
|---|---|---|---|---|---|---|---|---|
| **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 | 4.12 | 362 | 362 | 26 | 336 | | 362 |
| Restricted cash and financial assets related to the Benefits and Rewards Services activity | Available-for-sale financial assets | 4.10 | 739 | 739 | 75 | 664 | | 739 |
| Trade and other receivables | Loans and receivables at amortized cost | 4.11 | 3,912 | 3,912 | | | | |
| Other financial assets | Available for sale financial assets | 4.10 | 11 | 11 | | | | |
| | Loans and receivables at amortized cost | 4.10 | 102 | 102 | | | | |
| Derivative financial instruments, assets | | 4.15 | 45 | 45 | | 45 | | 45 |

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

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

| | | | August 31, 2014 | | Fair value level | | | |
|---|---|---|---|---|---|---|---|---|
| **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 | 4.12 | 814 | 814 | 333 | 481 | | 814 |
| Restricted cash and financial assets related to the Benefits and Rewards Services activity | Available-for-sale financial assets | 4.10 | 758 | 758 | 112 | 646 | | 758 |
| Trade and other receivables | Loans and receivables at amortized cost | 4.11 | 3,627 | 3,627 | | | | |
| Other financial assets | Available for sale financial assets | 4.10 | 8 | 8 | | | | |
| | Loans and receivables at amortized cost | 4.10 | 89 | 89 | | | | |
| Derivative financial instruments, assets | | 4.15 | 52 | 52 | | 52 | | 52 |

| Financial liabilities *(in millions of euro)* | Category | Note | August 31, 2014 Carrying value | Fair value | Fair value level Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|---|---|
| Bond issues[(1)] | Financial liabilities at amortized cost | 4.14 | 2,014 | 2,086 | 2,086 | | | 2,086 |
| Bank borrowings | Financial liabilities at amortized cost | 4.14 | 2,351 | 2,415 | | | | |
| Other borrowings and financial debts | Financial liabilities at amortized cost | 4.14 | 27 | 27 | | | | |
| Bank overdrafts | Financial liabilities at amortized cost | | 61 | 61 | | | | |
| Trade and other payables | Financial liabilities at amortized cost | 4.18 | 3,599 | 3,599 | | | | |
| Vouchers payable | Financial liabilities at amortized cost | | 2,582 | 2,582 | | | | |
| Derivative instruments, liabilities | | 4.15 | 46 | 46 | | 46 | | 46 |

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

There was no transfer between the different levels between Fiscal 2014 and Fiscal 2015.

## 4.21 SHARE-BASED PAYMENT

### 4.21.1 Stock option plans

**PRINCIPAL FEATURES OF SODEXO STOCK OPTION PLANS**

Rules governing stock option plans are as follows:

- the option exercise price has no discount;
- contractual life of options: 6-7 years;
- vesting of options is conditional on employment by the Sodexo Group and, for plans after 2007, on attainment of average annual growth in Sodexo Group net income (excluding currency effects) of at least 6% over a period of three years. However, this performance condition applies only to a portion (varying between 0 and 50%) of the stock options granted to each beneficiary, with the exception of Sodexo's Chief Executive Officer, whose entire grant is conditional on performance, with the remaining options vesting in equal tranches over a period of four years.

**ESTIMATION OF FAIR VALUE AT DATE OF GRANT**

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

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

| Date of grant | Exercise price | Expected volatility (in %) | Contractual life (in years) | Risk-free interest rate (in %) | Expected dividend yield (in %) | Expected life (in years) |
|---|---|---|---|---|---|---|
| December 13, 2010 | 48.37 euro | 25.00% | 7 | 3.27% | 3.00% | 6 |
| December 13, 2010 | 48.37 euro | 25.00% | 6 | 2.63% | 3.00% | 5 |
| December 13, 2011 | 51.40 euro | 24.00% | 7 | 3.48% | 3.00% | 6 |
| December 13, 2011 | 51.40 euro | 24.00% | 6 | 2.85% | 3.00% | 5 |

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

The expected volatility is based on the assumption that volatility calculated using regression analysis of daily returns over the five- or six-year period (the expected life of the options) prior to the date of grant, excluding the share price fluctuations of September 2002, is an indicator of future trends.

For plans granted as from 2008, the expected volatility is based on a weighted average of the historical volatility of the shares observed over periods corresponding to the expected life of the options granted and the implicit volatility expected in the marketplace.

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

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

- grantees resident in France for tax purposes:
  - 50% of grantees will exercise their options once the share price exceeds the exercise price by 20%,
  - 50% of grantees will exercise their options once the share price exceeds the exercise price by 40%;

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

**MOVEMENTS DURING FISCAL 2015 AND FISCAL 2014**

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

| | Fiscal 2015 | | Fiscal 2014 | |
|---|---|---|---|---|
| | **Number** | **WAP** *(in euro)* | **Number** | **WAP** *(in euro)* |
| **Outstanding at the beginning of the period** | **3,600,156** | **47.78** | **5,007,293** | **46.76** |
| Forfeited during the period | (23,398) | 46.40 | (134,133) | 45.72 |
| Exercised during the period | (1,236,214)(1) | 47.08 | (1,273,004)(2) | 43.99 |
| **Outstanding at the end of the period** | **2,340,544** | **48.17** | **3,600,156** | **47.78** |
| **Exercisable at the end of the period** | **2,055,294** | **47.72** | **2,090,670** | **45.52** |

*(1) The weighted average share price at the exercise date of options exercised in the period was 83.69 euro.*
*(2) The weighted average share price at the exercise date of options exercised in the period was 74.47 euro.*

The weighted average residual life of options outstanding as of August 31, 2015 was 2.2 years (August 31, 2014: 3 years).

The exercise prices and exercise period for options outstanding as of August 31, 2015 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, 2015 |
|---|---|---|---|---|
| January 2009 | January 2010 | January 2016 | 39.40 euro | 172,582 |
| January 2010 | January 2011 | January 2017 | 39.88 euro | 240,225 |
| January 2010 | January 2011 | January 2016 | 39.88 euro | 97,231 |
| December 2010 | December 2011 | December 2017 | 48.37 euro | 320,700 |
| December 2010 | December 2011 | December 2016 | 48.37 euro | 210,541 |
| December 2011 | December 2012 | December 2018 | 51.40 euro | 758,740 |
| December 2011 | December 2012 | December 2017 | 51.40 euro | 540,525 |
| **TOTAL** | | | | **2,340,544** |

## 4.21.2 Free share plans

**PRINCIPLE FEATURES OF FREE SODEXO SHARE PLANS**

Rules governing free Sodexo share plans are as follows:

- free shares vest only if the beneficiary is still working for the Sodexo Group on the vesting date; in addition, some free share grants are subject to a performance condition;
- for beneficiaries resident in France, the vesting period is two years for shares not subject to any performance condition and three years for performance shares, subject in both cases to the beneficiary still working for the Sodexo Group on the vesting date. For beneficiaries resident outside France, the vesting period is four years;
- the proportion of shares subject to a performance condition ranges from 0 to 50%, except for the shares granted to Sodexo's Chief Executive Officer which consist solely of performance shares;
- free shares awarded to beneficiaries resident in France for tax purposes are also subject to a two-year lock-up period as from the vesting date.

The performance condition is based on annual growth in Sodexo Group net income over a three-year period, except for part of the share grant made to Group Executive Committee members in April 2015 for which the performance condition is based on Total Shareholder Return (TSR). TSR is a measure of the performance of different companies' stocks and shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder. For the shares to vest, TSR must have increased by at least 20% between August 31, 2014 and the Annual Shareholders' Meeting called to approve the Fiscal 2017 financial statements.

**ESTIMATED FAIR VALUE AT DATE OF GRANT**

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

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

**MOVEMENTS IN FISCAL 2015 AND FISCAL 2014**

The table below shows movements in free shares granted in Fiscal 2015 and Fiscal 2014:

| | Fiscal 2015 | Fiscal 2014 |
|---|---|---|
| **Outstanding at the beginning of the period** | **1,656,455** | **838,305** |
| Granted during the period | 848,875 | 840,000 |
| Forfeited during the period | (37,455) | (21,850) |
| Delivered during the period | (134,380) | |
| **Outstanding at the end of the period** | **2,333,495** | **1,656,455** |

The weighted average fair value of the free shares was 79.67 euro for shares granted in Fiscal 2015 (68.31 euro for shares granted in Fiscal 2014).

The table below shows the grant dates of free shares outstanding as of August 31, 2015, the assumptions used to estimate their fair value at the grant date and the number of free shares outstanding at the period end:

| Date of grant | | Vesting period (in years) | Lock-up period (in years) | Expected dividend yield (%) | Risk-free interest rate (%) | Loan interest rate (%) | Volatility[1] (%) | Number of shares outstanding as of August 31 |
|---|---|---|---|---|---|---|---|---|
| April 25, 2013 | France | 3 | 2 | 2.5% | 0.40% | 6% | | 104,245 |
| April 25, 2013 | International | 4 | N/A | 2.5% | 0.60% | 6% | | 553,650 |
| March 11, 2014 | France | 2 | 2 | 2.5% | 0.50% | 5.8% | | 145,472 |
| March 11, 2014 | France | 3 | 2 | 2.5% | 0.50% | 5.8% | | 110,868 |
| March 11, 2014 | International | 4 | N/A | 2.5% | 0.80% | 5.8% | | 570,385 |
| April 27, 2015 | France | 2 | 2 | 2.5% | 0.10% | 5.2% | | 157,326 |
| April 27, 2015 | France | 3 | 2 | 2.5% | 0.10% | 5.2% | 21% | 118,814 |
| April 27, 2015 | International | 4 | N/A | 2.5% | 0.20% | 5.2% | 21% | 572,735 |
| **TOTAL** | | | | | | | | **2,333,495** |

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

### 4.21.3 Expense recognized during the year

The expense recognized in the Fiscal 2015 income statement for stock options and free shares was 38 million euro (28 million euro in Fiscal 2014).

## 4.22 BUSINESS COMBINATIONS

No significant acquisitions were made in Fiscal 2015.

## 4.23 COMMITMENTS AND CONTINGENCIES

### 4.23.1 Sureties

As of August 31, 2015, the following guaranties were made in connection with financing arrangements:

- 4,304,408 Sodexo shares were pledged to Natixis,
- 2,548,709 Sodexo shares were pledged to CACIB
- 3,741,931 Sodexo shares were pledged to the U.S. investors in connection with the USD notes
- 1,009,542 Sodexo shares were pledged to the U.S. investors in connection with the euro notes
- 1 Sodexo share was pledged to Société Générale

As such, a total of 11,604,591 of the 59,252,063 Sodexo shares held by Bellon SA were pledged.

Commitments arising from surety arrangements (pledges, charges secured against plant and equipment, and real estate mortgages) contracted by Sodexo SA and its subsidiaries in connection with operating activities during Fiscal 2015 are not material.

### 4.23.2 Operating lease commitments

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

| *(in millions of euro)* | August 31, 2015 | August 31, 2014 |
|---|---|---|
| Less than 1 year | 115 | 119 |

| | | |
|---|---|---|
| 1 to 5 years | 217 | 231 |
| More than 5 years | 92 | 73 |
| **TOTAL** | **424** | **423** |

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

- equipment on sites, office equipment and vehicles for 102 million euro (120 million euro as of August 31, 2014);
- the rent for office premises of 306 million euro (283 million euro as of August 31, 2014), related mainly to Sodexo's corporate headquarters in Issy-les-Moulineaux (43 million euro) and the offices of Sodexo France (21 million euro) and Sodexo, Inc. (65 million euro).

### 4.23.3 Other commitments given

| | August 31, 2015 | | | | August 31, 2014 |
|---|---|---|---|---|---|
| *(in millions of euro)* | **Less than 1 year** | **1 to 5 years** | **More than 5 years** | **Total** | **Total** |
| Financial guarantees to third parties | 1 | | 1 | 2 | 14 |
| Site management commitments | | 1 | | 1 | 2 |
| Performance bonds given to clients | | 55 | 167 | 222 | 180 |
| Other commitments | 13 | 1 | 137 | 151 | 149 |
| **TOTAL** | **14** | **57** | **305** | **376** | **345** |

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

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

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

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

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

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

## 4.24 RELATED PARTIES

Transactions with non-consolidated companies relate to loans, commercial transactions, and off balance sheet commitments involving associates and non-consolidated companies.

| | August 31, 2015 | | | August 31, 2014 |
|---|---|---|---|---|
| *(in millions of euro)* | **Gross** | **Impairment** | **Carrying amount** | **Carrying amount** |
| Loans | 78 | | 78 | 61 |
| Client and other receivables | 21 | | 21 | |

| **Off-balance sheet commitments** | **August 31, 2015** | **August 31, 2014** |
|---|---|---|
| Financial guarantees to third parties | 2 | 14 |
| Performance bonds given to clients | 222 | 180 |

| **Transactions** | **Fiscal 2015** | **Fiscal 2014** |
|---|---|---|
| Revenues | 405 | 327 |
| Operating expenses | | |
| Financial income and expense, net | 4 | 4 |

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

| *(in euro)* | **Fiscal 2015** | **Fiscal 2014** |
|---|---|---|
| Compensation paid by Bellon S.A. to members of its Executive and Supervisory Boards | 848,727 | 672,044 |
| 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 | 256,500 | 265,225 |
| 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 | 386,464 | 301,945 |
| Total | 1,701,628 | 1,449,214 |

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

During Fiscal 2015, the Group did not grant any severance benefit or other long-term benefit to members of the Board of Directors, the Executive Committee or the Chief Executive Officer.

## 4.26 GROUP EMPLOYEES

The following table shows the breakdown of Group employees:

| | **August 31, 2015** | **August 31, 2014** |
|---|---|---|
| Executives, middle management, site managers and supervisory staff | 50,124 | 51,788 |
| Front-line service staff and other employees | 372,728 | 367,737 |
| **TOTAL** | **422,852** | **419,325** |

Group employees by activity and region were as follows:

| | **On-site Services** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **North America** | **Continental Europe** | **United Kingdom and Ireland** | **Rest of the World** | **Total** | **Benefits and Rewards Services** | **Holding companies** | **Total** |
| August 31, 2015 | 132,510 | 99,267 | 37,311 | 149,203 | 418,291 | 4,095 | 466 | 422,852 |
| August 31, 2014 | 132,030 | 99,073 | 34,641 | 149,134 | 414,878 | 3,983 | 464 | 419,325 |

## 4.27 LITIGATION

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

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

## 4.28 SUBSEQUENT EVENTS

On November 17, 2015, the Board of Directors decided to launch a share repurchase and cancellation program for 300 million euro, which will be realized over a twelve-month period.

# 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

## 5.1 EXPOSURE TO FOREIGN EXCHANGE AND INTEREST RATE RISK

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

The Group uses derivative instruments to manage the Group's exposure to interest rate and foreign exchange rate risk.

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

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

### 5.1.1 Analysis of sensitivity to interest rates

As of August 31, 2015 and 2014, a 0.5% increase or decrease in interest rates would have had no material impact on net profit before tax or on shareholders' equity as substantially all liabilities at those dates were at a fixed rate of interest.

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

**EXPOSURE TO CURRENCY RISK**

| | August 31, 2015 | | | | August 31, 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| **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* | *0.892* | *0.246* | *1.375* | *0.004* | *0.758* | *0.338* | *1.257* | *0.015* |
| **Monetary assets** | | | | | | | | |
| Working capital items and other receivables | 950 | 379 | 372 | 1 | 770 | 459 | 249 | 1 |
| Deferred tax assets | 106 | 25 | 20 | | 91 | 46 | 19 | |
| Restricted cash and financial assets of the Benefits and Rewards activity | 2 | 113 | 15 | 6 | 1 | 151 | | 20 |
| Cash and cash equivalents net of overdrafts | 699 | 245 | 395 | 12 | 724 | 350 | 301 | 23 |
| **TOTAL MONETARY ASSETS** | **1,757** | **762** | **802** | **19** | **1,586** | **1,006** | **569** | **44** |
| **Monetary liabilities** | | | | | | | | |
| Financial liabilities | 2,022 | 3 | 7 | | 1,721 | | 4 | |
| Working capital items and other liabilities | 1,546 | 628 | 730 | 13 | 1,297 | 816 | 477 | 30 |
| Deferred tax liabilities | 28 | 71 | 11 | | 31 | 99 | | |
| **TOTAL MONETARY LIABILITIES** | **3,596** | **702** | **748** | **13** | **3,049** | **915** | **481** | **30** |
| **Net position**[1] | **(1,839)** | **60** | **54** | **6** | **(1,463)** | **91** | **88** | **14** |

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

| | August 31, 2015 | | | | August 31, 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| **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* | *0.892* | *0.246* | *1.375* | *0.004* | *0.758* | *0.338* | *1.257* | *0.015* |
| **Monetary assets** | | | | | | | | |
| Working capital items and other receivables | 950 | 379 | 372 | 1 | 770 | 459 | 249 | 1 |
| Deferred tax assets | 106 | 25 | 20 | | 91 | 46 | 19 | |
| Restricted cash and financial assets of the Benefits and Rewards activity | 2 | 113 | 15 | 6 | 1 | 151 | | 20 |
| Cash and cash equivalents net of overdrafts | 699 | 245 | 395 | 12 | 724 | 350 | 301 | 23 |
| **TOTAL MONETARY ASSETS** | **1,757** | **762** | **802** | **19** | **1,586** | **1,006** | **569** | **44** |
| **Monetary liabilities** | | | | | | | | |
| Financial liabilities | 1,872 | 61 | 24 | | 1,592 | 178 | 48 | |
| Working capital items and other liabilities | 1,546 | 628 | 730 | 13 | 1,297 | 816 | 477 | 30 |
| Deferred tax liabilities | 28 | 71 | 11 | | 31 | 99 | | |
| **TOTAL MONETARY LIABILITIES** | **3,446** | **760** | **765** | **13** | **2,920** | **1,093** | **525** | **30** |
| **Net position**[1] | **(1,689)** | **2** | **37** | **6** | **(1,334)** | **(87)** | **44** | **14** |

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

**SENSITIVITY TO EXCHANGE RATES**

| Impact of a 10% appreciation of the exchange rate of the following currencies against the euro *(in millions of euro)* | August 31, 2015 | | | | August 31, 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | Impact on revenues | Impact on operating profit | Impact on profit before tax | Impact on shareholders' equity | Impact on revenues | Impact on operating profit | Impact on profit before tax | Impact on shareholders' equity |
| Dollar USD | 763 | 50 | 33 | 167 | 651 | 34 | 20 | 130 |
| Real BRL | 107 | 23 | 21 | 57 | 107 | 19 | 15 | 70 |
| Sterling GBP | 193 | 8 | 12 | 82 | 151 | 5 | 7 | 64 |
| **TOTAL** | **1,063** | **81** | **66** | **306** | **909** | **58** | **42** | **264** |

A 10% increase in the Bolivar/Euro exchange rate would not have had a material impact on revenues, operating profit, profit before tax or shareholders' equity for Fiscal 2015.

### 5.2 EXPOSURE TO LIQUIDITY RISK

The nature of the Group's borrowings and bond issuances as of August 31, 2015 is described in detail in note 4.14 of the consolidated financial statements.

As of August 31, 2015, around 89% of the Group's consolidated borrowings was borrowed on capital markets and bank financing was around 11% of the Group's financing needs. As of August 31, 2014, around 86% of the Group's consolidated borrowings was borrowed on capital markets and bank financing was around 14% of the Group's financing needs. The reimbursement maturity dates of the main borrowings range between Fiscal 2016 and Fiscal 2029. The Sodexo Group has a confirmed multi-currency line of credit for 531 million euro plus 709 million U.S. dollars which expires in July 2020. This line of credit had been utilized in the amount of 65 million euro as of August 31, 2015 (215 million euro as of August 31, 2014).

### 5.3 EXPOSURE TO COUNTERPARTY RISK

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

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

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

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

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

The maximum counterparty is approximately 11% (12% as of August 31, 2014) of the Group's operating cash (including restricted cash and financial assets of the Benefits and Rewards Services activity) with a banking group whose rating is A-1.

## 6. SCOPE OF CONSOLIDATION

Bellon SA holds 37.7% of the capital of Sodexo SA, a French *société anonyme* headquartered in Issy-les-Moulineaux, France, and 51.8% of voting rights.

Taking into consideration Sodexo SA's treasury shares and the shares held in Bellon SA by the Sodexo group, Bellon SA's interest in Sodexo is 34%. Summarized financial information for Sodexo is as follows *(in millions of euro based on the financial statements prepared in accordance with IFRS – this information is presented at 100%):*

| *(in millions of euro)* | **Fiscal 2015** | **Fiscal 2014** |
|---|---|---|
| Revenues | 19,815 | 18,016 |
| Operating profit(1) | 1,143 | 939 |
| Profit for the year | 723 | 509 |
| Comprehensive income | 804 | 478 |

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

| *(in millions of euro)* | **August 31, 2015** | **August 31, 2014** |
|---|---|---|

| | | |
|---|---|---|
| Non-current assets | 7,334 | 6,852 |
| Current assets | 7,143 | 7,626 |
| **TOTAL ASSETS** | **14,477** | **14,478** |
| Total shareholders' equity | 3,744 | 3,221 |
| Non-current liabilities | 3,593 | 3,830 |
| Current liabilities | 7,140 | 7,427 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **14,477** | **14,478** |

The total amount of dividends paid by Sodexo during the fiscal year was 276 million euro, taking into account treasury shares, a dividend of 1.8 euro per share and, as applicable, a dividend premium of 0.18 euro per share.

The main companies consolidated by Sodexo as of August 31, 2015 and presented in the table below together represent over 80% of consolidated revenues. The other entities represent individually less than 1% of each of revenues, operating profit and the Sodexo Group share of net income and shareholders' equity.

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

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

| | % interest | % voting rights | Principal activity | Country |
|---|---|---|---|---|
| **France** | | | | |
| Sodexo Entreprises (consolidated) | | | On-site | France |
| Sodexo Santé Médico Social | | | On-site | France |
| Société Française de Restauration et Services (consolidated) | | | On-site | France |
| Sodexo Justice Services | | | On-site | France |
| Sogeres (consolidated) | | | On-site | France |
| Lenôtre SA (consolidated) | | | On-site | France |
| Bateaux Parisiens (consolidated) | | | On-site | France |
| Score Groupe | | | On-site | France |
| Sodexo Pass France SA | | | Benefits and Rewards | France |
| Groupe Crèche Attitude (consolidated) | | | On-site | France |
| Sodexo SA | | | Holding | France |
| **Americas** | | | | |
| Sodexo do Brasil Comercial SA (consolidated including Puras) | | | On-site | Brazil |
| Sodexo Pass do Brasil Serviços e Comercio SA | | | Benefits and Rewards | Brazil |
| Sodexo Pass do Brasil Serviços de Inovação Ltda | | | Benefits and Rewards | Brazil |
| Sodexo Canada Ltd (consolidated) | | | On-site | Canada |
| Sodexo Chile (consolidated) | | | On-site | Chile |
| Sodexo Soluciones de Motivacion Chile SA | | | Benefits and Rewards | Chile |
| Sodexo Colombia SA | 65% | 65% | On-site | Colombia |
| Sodexo, Inc. (consolidated) | | | On-site | United States |
| Roth Bros., Inc. (consolidated) | | | On-site | United States |
| Sodexo Remote Sites Partnership | | | On-site | United States |
| CK Franchising, Inc. | | | On-site | United States |
| Circle Company Associates, Inc. | | | On-site | United States |
| **Europe** | | | | |
| Sodexo Services GmbH (consolidated) | | | On-site | Germany |
| Sodexo Beteiligungs BV & Co. KG | | | On-site | Germany |
| Sodexo Belgium SA (consolidated) | | | On-site | Belgium |
| Imagor SA | | | Benefits and Rewards | Belgium |
| Sodexo Pass Belgium SA (consolidated) | | | Benefits and Rewards | Belgium |
| Compagnie Financière Aurore International | | | Holding | Belgium |
| Sodexo Iberia SA (consolidated) | | | On-site | Spain |
| Sodexo Italia SA (consolidated) | | | On-site | Italy |

| | % interest | % voting rights | Principal activity | Country |
|---|---|---|---|---|
| Sodexo Nederland BV (consolidated) | | | On-site | Netherlands |
| Sodexo Pass Ceska Republika AS | | | Benefits and Rewards | Czech Republic |
| Sodexo Pass Romania SRL | | | Benefits and Rewards | Romania |
| Sodexo Services Group Ltd | | | Holding | United Kingdom |
| Sodexo Ltd (consolidated) | | | On-site | United Kingdom |
| Sodexo Prestige Ltd (consolidated) | | | On-site | United Kingdom |
| Sodexo Remote Sites Scotland Ltd | | | On-site | United Kingdom |
| Motivcom plc | | | Benefits and Rewards | United Kingdom |
| Sodexo AB | | | On-site | Sweden |
| Sodexo Avantaj Ve Odullendirme Hizmetleri AS | | | Benefits and Rewards | Turkey |
| **Asia, Pacific, Middle East** | | | | |
| Sodexo Australia Pty Ltd (consolidated) | | | On-site | Australia |
| Sodexo Remote Sites Australia Pty Ltd | | | On-site | Australia |
| Sodexo Food Solutions India Private Limited | | | On-site | India |
| Sodexo Shanghai Management Services | | | On-site | China |
| Kelvin Catering Services (Emirates) LLC | 49% | 49% | On-site | United Arab Emirates |