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France

**Bellon S.A.**

**Statutory auditor's report on the  
financial statements**

Year ended December 31, 2012  
Bellon S.A.  
Espace Gaymard - 2, place d'Arvieux - 13002 Marseille  
*This report contains 14 pages*



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*This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's 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 financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the 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 management report and in the documents addressed to shareholders.*

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

## **Bellon S.A.**

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

## **Statutory auditor's report on the financial statements**

Year ended December 31, 2012

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2012, on:

- the audit of the accompanying financial statements of Bellon S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

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

## **1 Opinion on the 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 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 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 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 financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

## **2 Justification of our assessments**

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you that the assessments made by us focused on the appropriateness of the accounting principles used relating particularly to the evaluation of the shares in companies.

These assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

## **3 Specific verifications and information**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Executive Board, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

The statutory auditors

Paris La Défense, 25 April 2013

Marseille, 25 April 2013

French original signed by

French original signed by

KPMG Audit  
*Department of KPMG S.A.*  
Jean-Claude Reydel  
*Partner*

Olivier Belnet

# Financial statements BELLON SA as of December 31, 2012

## I INCOME STATEMENT

In thousands of euro	Year ended December 31	
	2012	2011
<b>REVENUES</b>	<b>6 250</b>	<b>5 696</b>
Other income	-	-
Employee costs	(5 960)	(6 559)
Other external charges	(2 677)	(3 579)
Taxes other than income taxes	(199)	(193)
Amortization, impairment and provisions	-	-
<b>OPERATING PROFIT</b>	<b>(2 786)</b>	<b>(4 635)</b>
Financial income	86 773	80 641
Financial expense	(31 158)	(32 873)
Amortization, impairment and provisions	-	-
<b>FINANCIAL RESULT</b>	<b>55 615</b>	<b>47 768</b>
Exceptional income/expense net	2	-
Profit sharing	-	(1)
Income taxes	-	-
<b>NET INCOME</b>	<b>52 831</b>	<b>43 132</b>

## II BALANCE SHEET

<b>ASSETS</b> (in thousands of euro)	<b>As of Dec 31, 2012</b>	<b>As of Dec 31, 2011</b>
<b>NON-CURRENT ASSETS, NET</b>		
Property, plant and equipment	-	-
Financial investments	1 567 048	1 567 048
• <b>Total non-current assets</b>	<b>1 567 048</b>	<b>1 567 048</b>
<b>CURRENT ASSETS</b>		
Accounts receivable	-	-
Other receivables	16	60
Marketable securities	-	1 767
Cash	11	12 416
• <b>Total current assets</b>	<b>27</b>	<b>14 243</b>
<b>TOTAL ASSETS</b>	<b>1 567 075</b>	<b>1 581 291</b>
<b>LIABILITIES AND EQUITY</b> (in thousands of euro)		
	<b>As of Dec 31, 2012</b>	<b>As of Dec 31, 2011</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	411	411
Additional paid in capital	396 706	396 706
Reserves and retained earnings	538 630	495 592
• <b>Total Shareholders' equity</b>	<b>935 747</b>	<b>892 709</b>
• <b>Provisions for contingencies and losses</b>	<b>139</b>	<b>139</b>
<b>LIABILITIES</b>		
Borrowings	626 606	683 233
Accounts payable	358	258
Other liabilities	4 225	4 952
<b>Total liabilities</b>	<b>631 189</b>	<b>688 443</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1 567 075</b>	<b>1 581 291</b>

# NOTES TO THE FINANCIAL STATEMENTS

## I SIGNIFICANT EVENTS

### 1.1 Borrowings

During 2012, Bellon SA completed its financing of the borrowings due to be reimbursed during 2012, which were as follows:

- The Equity Linked Swap (ELS) transaction (forward sale of Sodexo shares with interest rate conditions linked to the variation in Sodexo's share price) with CACIB entered into on April 12, 2011 in the amount of 70 million euro and maturing on February 15, 2012.
- The loan and capitalized interest with the CNCEP (*Caisse Nationale des Caisses d'Epargne Populaires*) in the amount of 467.3 million euro maturing on July 4, 2012.
- The Equity Linked Swap signed with Société Générale in the amount of 70 million euro maturing on August 31, 2012

In order to meet its commitments, on November 15, 2011, Bellon SA signed two ELS agreements with Natixis for a total amount of 300 million euro. The two ELS in the amount of 150 million euro each have a starting date of July 4, 2012 and mature respectively on July 4, 2015 and July 4, 2017. Interest rate swap agreements were entered into which fixed interest at 3.875% for the three-year agreement and at 4.89% for the five-year agreement.

On June 26, 2012, Bellon SA entered into a U.S. Private Placement Transaction with 11 U.S. investors (U.S.P.P.) to borrow 165 million U.S. dollars at a U.S. dollar interest rate of 5.20% and the euro equivalent of 50 million U.S. dollars at a U.S. dollar interest rate of 5.525%. These two borrowings mature in full in February 2022 with amortization of the principal starting in February 2016.

Currency swaps were arranged with three banks (CACIB, Natixis and Société Générale) for the U.S. dollar borrowing of 165 million:

- 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%.

To complete its financing, on August 30, 2012, Bellon SA contracted an Equity Linked Swap with CACIB for an amount of 70 million euro with a maturity date of August 4, 2016. In November 2012, an interest rate swap was put in place fixing the interest rate at 2.965% over the term of the loan.

Commission fees for these transactions totaling 1.3 million euro were paid at the conclusion of these contracts and are presented in the line item "Other external charges" in the income statement for the year ended December 31, 2012.

Commitment fees for the two Natixis ELS have also been recorded between November 15, 2011, date of the signature of the contracts, and the July 3, 2012 date of the financing. The amount of 2.2 million euro corresponds to an interest rate of 1.02% for the ELS maturing July 4, 2015 and 1.26% for the ELS maturing July 4, 2017.

### 1.2 Capital

As of December 31, 2012, Bellon SA held 37.71% of the issued capital of Sodexo and 49.70% of theoretical voting rights.

## **II ACCOUNTING PRINCIPLES, RULES AND METHODS**

The annual financial statements were prepared and presented in conformity with the principles, standards and accounting methods required by the general accounting plan of 1999 in compliance with Rule 99-03 of the Accounting Regulation Committee (CRC).

The accounting principles used in the preparation of the statutory financial statements for 2012 are the same as those used for 2011. The historical cost method was used in the preparation of these financial statements.

Amounts included in tables in the footnotes are expressed in thousands of euro.

The amounts reported as exceptional income/expense represent those items which do not relate to current activities, as well as certain exceptional items by their nature but which concern ordinary activities.

### **3.1 Financial assets**

Shares in companies and other financial investments are carried at historical cost. At each balance sheet date, an impairment write-down may be recognized if the value in use is less than the carrying amount.

### **3.2 Marketable securities**

Marketable securities are recognized at their acquisition cost and are written down for unrealized losses.

### **3.3 Borrowings**

Transaction costs on borrowings are expensed in « Commissions and expenses on loan issuance » in the period in which they are incurred.



### III NON-CURRENT ASSETS

	Amounts as of January 1, 2012	Increase	Decrease	Amounts as of December 31, 2012
Property, plant and equipment	-	-	-	-
Financial investments				
Sodexo	1 567 048	-	-	1 567 048
Other investments	-	-	-	-
<b>Total financial investments</b>	<b>1 567 048</b>	<b>-</b>	<b>-</b>	<b>1 567 048</b>
Other financial assets	-	-	-	-
<b>Total non-current assets (gross amount)</b>	<b>1 567 048</b>	<b>-</b>	<b>-</b>	<b>1 567 048</b>
Amortization and impairment write-down	-	-	-	-
<b>Total non-current assets (net)</b>	<b>1 567 048</b>	<b>-</b>	<b>-</b>	<b>1 567 048</b>

Sodexo shares are valued at historical cost. Market price as of the end of the year would have been 3 773 171 thousand euro.

### IV CHANGES IN SHAREHOLDERS' EQUITY

	Number of shares	Capital	Additional paid in capital	Legal reserve	Ordinary reserve	Retained earnings	Net income for the fiscal year	Shareholders equity
<b>Shareholders' equity as of December 31, 2010</b>	<b>25 710</b>	<b>411</b>	<b>396 706</b>	<b>41</b>	<b>417 218</b>	<b>6 899</b>	<b>36 278</b>	<b>857 553</b>
Dividends paid					28 000	301	(36 278)	(7 977)
Net income for the year							43 133	43 133
<b>Shareholders' equity as of December 31, 2011</b>	<b>25 710</b>	<b>411</b>	<b>396 706</b>	<b>41</b>	<b>445 218</b>	<b>7 200</b>	<b>43 133</b>	<b>892 709</b>
Dividends paid			-		33 000	340	(43 133)	(9 793)
Net income for the year							52 831	52 831
<b>Shareholders' equity as of December 31, 2012</b>	<b>25 710</b>	<b>411</b>	<b>396 706</b>	<b>41</b>	<b>478 218</b>	<b>7 540</b>	<b>52 831</b>	<b>935 747</b>



## V PROVISIONS FOR CONTINGENCIES AND LOSSES

	Provisions as of January 1, 2012	Increase	Decrease	Provisions as of December 31, 2012
Other provisions	-	-	-	-
Provision carry back 1995	139	-	-	139
<b>Total</b>	<b>139</b>	<b>-</b>	<b>-</b>	<b>139</b>

## VI BORROWINGS

	Amounts as of January 1, 2012	Increase	Decrease	Amounts as of December 31, 2012
<b>Bank borrowings</b>	<b>683 233</b>	<b>549 321</b>	<b>611 600</b>	<b>620 954</b>
<b>Overdraft</b>	<b>-</b>	<b>5 652</b>	<b>-</b>	<b>5 652</b>
<b>Total borrowings</b>	<b>683 233</b>	<b>554 973</b>	<b>611 600</b>	<b>626 606</b>

The following agreements contain terms that are customary for loans of this nature made to a holding company: the loan agreement signed in 2007 with Calyon, the Equity Linked Swap agreements signed with Natixis in November 2011 and CACIB in August 2012, the agreements signed with the US investors and the swap agreements. These conditions mainly include the following:

- the level of Bellon SA's investment in Sodexo should not be less than 33.33% of capital and voting rights
- the ratio of Bellon SA's total assets to Sodexo shares should be 90%
- the ratio of revaluated assets to revaluated net financial debt must be higher than 2.5 as of August 31 and December 31 of each year (except Calyon contract for which the ratio is 1.25)
- the ratio "dividends to net financial expenses" should be higher than 1.1 each year (except for the Calyon contract which requires a ratio of one).
- total borrowings should be lower than 1.1 billion euro at any point in time
- the Sodexo rating should not be lower than BBB-

As of December 31, 2012, Bellon SA met its commitments.

## VII MATURITIES OF RECEIVABLES AND PAYABLES

RECEIVABLES	Amounts	Less than 1 year	1 to 5 years
Other receivables	16	16	
<b>Sub total</b>	<b>16</b>	<b>16</b>	
<b>TOTAL RECEIVABLES (NET)</b>	<b>16</b>	<b>16</b>	

LIABILITIES	Amounts	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	626 606	14 883	440 000	171 723
<b>Total Borrowings</b>	<b>626 606</b>	<b>14 883</b>	<b>440 000</b>	<b>171 723</b>
Accounts payable	358	358		
Employee related liabilities	2 706	1 781	925	
Social and fiscal liabilities	1 519	1 266	253	
Other				
<b>Total other liabilities</b>	<b>4 225</b>	<b>3 047</b>	<b>1 178</b>	
<b>TOTAL LIABILITIES</b>	<b>631 189</b>	<b>18 288</b>	<b>441 178</b>	<b>171 723</b>

## VIII RELATED PARTY INFORMATION

	Amount	Related companies and associates	Companies with related investments
<b>ASSETS</b>			
Financial investments (gross)	1 567 048	1 567 048	
<b>INCOME STATEMENT</b>			
Operating revenues	6 250	6 250	
Operating expenses	90	90	
Financial income	86 508	86 508	

Transactions as stipulated by the regulation "ANC 2010-02" are presented below:

Related parties	Nature of transaction	Amount of transaction
Sodexo S.A.	Assistance and advisory services agreement between Bellon S.A. and Sodexo S.A.	The invoice issued by Bellon S.A. amounts to 6 250 thousand euro excl. taxes for the year ended December 31, 2012

Transactions signed with Colonne Vendôme of which Mr. Bernard Carton is a non-executive director are at arms' length under normal market conditions.

## **IX ACCRUED EXPENSES**

Accounts payable	265
Employee related liabilities	2 706
Social and fiscal liabilities	715
<b>Total</b>	<b>3 686</b>

## **X ISSUED CAPITAL**

Total capital is 411 360 euro divided into 25 710 shares of 16 euro each, all fully paid.

## **XI ANALYSIS OF REVENUES**

Revenues are related to services rendered in France and amount to 6 250 thousand euro.

## **XII AUDIT FEES**

The statutory auditors' fee for the year ended December 31, 2012 amounts to 123 thousand euro for the statutory audit of the financial statements.

## **XIII FINANCIAL RESULT**

The financial result of 55 615 thousand euro comprises the following:

- Dividends from Sodexo for 86 508 thousand euro.
- Gains on sale of marketable securities and interest income from Caisse d'Epargne for 265 thousand euro.
- Interest expense amounting to 31 158 thousand euro related to the interest on the company's debt.

## **XIV INCOME TAXES**

The company recognizes a tax loss and has accumulated tax losses of 437 837 thousand euro.

Consequently the information regarding the split of the income taxes is not applicable.

## **XV UNREALISED TAX GAINS AND LOSSES**

Following the September 1997 merger with Financière Sodexho, Bellon SA committed to calculating, in the future, any unrealized gains on the 3 306 684 Sodexo contributed shares as compared to the tax value recognized by Sodexho Financiere, which amounted to 201 271 thousand euro.

Following the April 1998 grant of three new shares for each previously held share and the 4 for 1 stock split in March 2001, the number of Sodexo shares held through the merger was multiplied by 16.

As of December 31, 2008, total Sodexo shares resulting from the merger was 46 726 226 for a tax value of 168 588 thousand euro.

As of December 31, 2012, Bellon SA has accumulated tax losses of 437 546 thousand euro which can be carried forward indefinitely, representing a decrease in future taxes payable of 145 834 thousand euro, based on the current rate of 33.33%.

## **XVI LEASES**

As of December 31, 2012, Bellon SA had no finance leases.

## **XVII PLEDGED SHARES**

9 974 234 Sodexo shares are pledged to the benefit Natixis  
1 529 100 Sodexo shares are pledged to the benefit of Calyon.  
2 237 494 Sodexo shares are pledged to the benefit of Cacib

For the US private placement:

3 887 424 Sodexo shares are pledged to the benefit of US investors (USD Notes)  
1 350 901 Sodexo shares are pledged to the benefit of US investors (Euro Notes)  
207 679 Sodexo shares are pledged to the benefit of CACIB  
126 867 Sodexo shares are pledged to the benefit of Natixis  
88 664 Sodexo shares are pledged to the benefit of Société Générale

A total of 19 402 363 Sodexo shares have been pledged.

## **XVIII RETIREMENT BENEFIT COMMITMENTS**

Bellon SA is required to pay benefits to retiring employees on the terms stipulated in the Sodexo collective agreement.

The commitment, which is not recognized as a liability in the balance sheet, is estimated at 1 394 thousand euro.

Bellon SA has no commitment to its employees related to pensions, complementary retirement plan or similar payments.

## **XIX FINANCIAL INSTRUMENT COMMITMENTS**

The company uses derivative financial instruments in order to manage its exposure to volatility in interest and currency exchange rates.

During the year, the company contracted six financial instrument commitments.

Bank	Inception date	Expiry date	Notional amount	Market value of swaps December 31, 2012.
Natixis	July 4, 2012	July 4, 2015	€150 million	€5.3 million
Natixis	July 4, 2012	July 4, 2017	€150 million	€11.3million
Natixis	June 29, 2012	February 14, 2022	\$ 49.5 million	€3.9 million
Société Générale	June 29, 2012	February 14, 2022	\$ 33 million	€ 2.7 million
Cacib	June 29, 2012	February 14, 2022	\$ 82.5 million	€6.5 million
Cacib	November 30, 2012	August 4, 2016	€70 million	€0.3 million

## **XX COMPENSATION, ADVANCES AND COMMITMENTS WITH RESPECT TO PENSIONS AND INDEMNITIES PAID TO THE MEMBERS OF THE SUPERVISORY BOARD AND NON-EXECUTIVE DIRECTORS**

• Total compensation paid to the members of the Board and non executive directors	576 thousand euro
• Advances and loans	None
• Amount paid to a defined benefit pension plan during the financial year	None

## **XXI NUMBER OF EMPLOYEES**

As of December 31, 2012, 8 executives were employed by the company.

## **XXII LIST OF SUBSIDIARIES**

	<b>% interest in Capital</b>	<b>Capital</b>	<b>Shareholders' equity</b>	<b>Book value of investment</b>	<b>Revenues</b>	<b>Net income for recent fiscal year</b>	<b>Date</b>	<b>Dividends</b>
<b>Sodexo</b>	<b>37.71 %</b>	<b>628 528</b>	<b>3 005 982</b>	<b>1 567 048</b>	<b>63 337</b>	<b>340 499</b>	<b>8/31/2012</b>	<b>86 508</b>

## **XXIII CONSOLIDATION**

The annual financial statements of Bellon SA are fully consolidated into the consolidated financial statements of Bellon SA.